



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION)	ORDER
OF CROWN CASTLE OPERATING COMPANY AND)	
SUNESYS, LLC FOR APPROVAL (1) OF THE)	
TRANSFER OF INDIRECT CONTROL OF SUNESYS,)	
LLC TO CROWN CASTLE OPERATING COMPANY)	
AND RELATED TRANSACTIONS AND (2) FOR)	
SUNESYS, LLC TO PARTICIPATE IN CERTAIN)	
FINANCING ARRANGEMENTS)	DOCKET NO. TM15050637

Parties of Record:

James H. Laskey, Esq., Norris, McLaughlin & Marcus, P.A., on behalf of Petitioners
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On May 29, 2015, Crown Castle Operating Company ("CCOC") and Sunesys, LLC ("Sunesys") (together, the "Petitioners"), pursuant to N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-7, N.J.S.A. 48:3-9, N.J.S.A. 48:3-10 and the regulations of the New Jersey Board of Public Utilities ("Board"), filed a verified petition ("Verified Petition" or "Petition") requesting approval for: (1) a transfer of the indirect control of Sunesys to CCOC (the "Sunesys Transaction") and related post-closing transactions, and (2) for Sunesys to participate in financing arrangements in the aggregate amount of up to \$6.25 billion.¹ Following the proposed Transaction, Sunesys will continue to offer the same services in New Jersey at the same rates, terms, and conditions.

¹ Included in the Petition of CCOC is a request for the authority to implement certain intra-company changes that will occur shortly following the closing of the Sunesys Transaction. (The Sunesys Transaction and related post-closing intra-company changes are herein collectively referred to as the "Transaction").

BACKGROUND

CCOC is a Delaware corporation and directly wholly owned subsidiary of Crown Castle International Corp. ("CCIC") (CCIC and its subsidiaries are collectively referred to as "Crown Castle"). CCIC is a publicly traded Delaware corporation that according to the Petition does not have any 10% or greater owners and that since January 1, 2014, has operated as a real estate investment trust ("REIT") for U.S. federal income tax purposes. CCIC, through certain of its subsidiaries, owns, operates, leases and manages over 39,600 towers and rooftop sites for wireless communications throughout the United States. Subsidiaries of Crown Castle Solutions Corp. ("Solutions"), a wholly owned direct subsidiary of CCOC, have deployed approximately 14,000 distributed antenna systems ("DAS") small cell nodes supported by approximately 7,000 miles of fiber in the United States. In New Jersey, Solutions' wholly owned subsidiary Crown Castle NG East LLC ("CCNG-East", f/k/a NextG Networks of NY, Inc. d/b/a NextG Networks East) has been authorized to provide local exchange and interexchange telecommunications services. See, I/M/O the Verified Petition of NextG Networks of NY, Inc. d/b/a NextG Networks East for Authority to Provide Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey, Docket No. TE04111434, February 1, 2005. CCNG-East is also authorized to provide intrastate telecommunications services in Alabama, Connecticut, Delaware, Florida, Georgia, Indiana, Massachusetts, New Hampshire, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, and South Carolina.

Sunesys is a single member Delaware limited liability company with its principal office located in Warrington, Pennsylvania. Sunesys is a wholly owned indirect subsidiary of Quanta Fiber Networks, Inc. ("QFN"), a Delaware corporation and wholly owned direct subsidiary of Quanta Services, Inc. ("Seller"), a publicly traded Delaware corporation. Sunesys provides dedicated point-to-point telecommunications services. Sunesys provides service to a variety of commercial, education and health care customers in New Jersey. Sunesys is authorized to provide local exchange and interexchange telecommunications services. See, I/M/O the Petition for an Order Authorizing Sunesys, Inc., to Provide Local Exchange and Inter-Exchange Telecommunications Services throughout New Jersey, Docket No. TE00040261, May 9, 2001. Sunesys has fifteen employees in New Jersey.

DISCUSSION

Pursuant to the terms of a Stock Purchase Agreement, (the "Agreement") dated as of April 29, 2015, by and among the Seller, CC SCN Fiber LLC ("Purchaser"),² and CCIC, Purchaser will acquire all of the issued and outstanding stock of QFN from Seller. As a result, at closing of the Sunesys Transaction, Sunesys will become an indirect wholly owned subsidiary of CCOC and, ultimately, CCIC. The Petition states that following the closing of the Sunesys Transaction, CCOC expects to undertake certain intra-company transactions to meet tax and other business requirements. First, CCOC expects that Purchaser and QFN will consolidate. The consolidation is expected to result from either: (1) the merger of QFN with and into Purchaser, whereupon the separate existence of QFN will cease and Purchaser will be the surviving entity;

² Purchaser, a Delaware limited liability company, is a direct wholly owned subsidiary of CCOC created for the purposes of the Sunesys transaction.

or (2) the merger of Purchaser with and into QFN, whereupon the separate existence of Purchaser will cease and QFN will be the surviving entity, will change its name and may convert to a limited liability company. Petitioners note that they will notify the Board of the final structure and specific consolidation steps ultimately adopted to implement that structure. Further, Petitioners state that certain assets and non-telecommunications service functions of Sunesys are expected to be assigned to a newly formed subsidiary of Sunesys ("New-Sub"). New-Sub will lease certain assets to and perform certain non-telecommunications functions for Sunesys. The Petition notes that the functions assigned may include maintenance and repair functions and that New-Sub is not expected to provide telecommunications services, but understands that prior Board authorization is required if it intends to do so.

Petitioners also seek Board approval for Sunesys, following closure of the Sunesys Transaction, to participate in amended or future financing arrangements in an aggregate amount of up to \$6.25 billion ("Aggregate Amount"). In order to maintain adequate flexibility to respond to market conditions and requirements and to respond to new acquisition and other business opportunities, CCOC seeks authorization for Sunesys to participate in financing arrangements that are substantially consistent with the following parameters:

CCOC has a committed aggregate amount of approximately \$5.711 billion in existing financing arrangements ("Existing Facilities"). The borrower under the Existing Facilities is CCOC. In order to maintain flexibility, CCOC seeks approval for Sunesys, following completion of the Sunesys Transaction, to be a borrower under amended or future financing arrangements up to the Aggregate Amount.

The financing arrangements may include one or more of the following forms of debt instruments: notes or debentures (including notes convertible into equity and private notes that may be exchanged for public notes); conventional credit facilities, such as revolving credit facilities and term loans; letters of credit; and bridge loans; or a combination thereof.

The maturity is up to ten (10) years after issuance or amendment depending on the type of facility.

Interest rates will be the market rate for similar debt instruments and will not be determined until the financing arrangement(s) are finalized. Depending on the type of debt instrument, interest will accrue at (a) rate(s) that may be fixed (typically set at signing or closing based on then current market conditions) or floating (consisting of a base rate, which will float with a rate index such as LIBOR or Federal Funds Rate, plus an applicable margin), or a combination of fixed rates and floating rates. To maintain flexibility, CCOC seeks authorization for Sunesys, following completion of the Sunesys Transaction, to participate in financing arrangements at an interest rate(s) at the then current market conditions.

Subsidiaries of CCOC may be required to pledge their assets as security for some or all of the amended or future financing arrangements, and therefore to the extent necessary, CCOC seeks authorization for Sunesys, following completion of the Sunesys Transaction, to provide a security interest in its assets for the full Aggregate Amount of the financing arrangements. For the secured facilities, following the Sunesys Transaction, the equity of Sunesys may also be pledged as additional security.

CCNG-East and certain other material subsidiaries of CCOC are guarantors for the Existing Financings. Certain subsidiaries of CCOC may be guarantors for amended or future financing arrangements. CCOC seeks approval for Sunesys, following completion of the Sunesys Transaction, to participate as a guarantor or co-guarantor in financing arrangements up to the Aggregate Amount.

The financing arrangements may be used for acquisitions, refinancing existing debt, working capital requirements and general corporate purposes of CCOC and its subsidiaries.

Accordingly and to the extent necessary, CCOC requests Board authorization for Sunesys, following completion of the Sunesys Transaction, to participate as a borrower or guarantor and by pledging its assets as security for financing arrangements in an aggregate amount of up to \$6.25 billion substantially consistent with the parameters outlined above.

Pursuant to N.J.S.A. 48:2-51.1(a), "the [B]oard shall evaluate the impact of [an] acquisition [of control of a public utility] on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates". In evaluating this petition, the Board must be "satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1" set forth above. N.J.A.C. 14:1-5.14(c).

Also, under N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board is required to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its employees.

Petitioner states that the Transaction is in the public interest. Petitioner submits that the financial, technical, and managerial resources that CCOC will bring to the Sunesys are expected to enhance the ability of Sunesys to compete in the telecommunications marketplace.

Following the Transaction, Sunesys will continue to provide services at the same rates, terms and conditions. In addition, Petitioners assert that although no current plans for Sunesys' New Jersey employees have been developed, employment will not be affected as Petitioners expect to maintain substantially similar employee staffing levels in New Jersey and to the extent that employees have retirement benefits they will be able to keep these or may be able to roll over pre-closing contributions to another Crown Castle retirement plan or an Individual Retirement Rollover Account. Petitioners contend that the purchase and contemplated financing is solely intended to provide the companies greater flexibility for future equity and other financial transactions, and strengthen Petitioners' financial qualifications.

By letter dated June 29, 2015, the Division of Rate Counsel advised that it "does not oppose the Board's grant of Petitioners' requests contained in the Verified Petition" Letter from Rate Counsel at 3.

FINDINGS AND CONCLUSIONS

After a thorough review of the Petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since Petitioners' New Jersey customers will continue to receive the same services at the same rates and under the same terms and conditions. Also, the Board is satisfied that positive benefits will flow to customers based on the record presented by Petitioners and that the Transaction and financing arrangements will strengthen Sunesys' competitive posture in the telecommunications market due to its access to additional resources. The Board **FINDS** that the Transaction and financing arrangements will have no material impact on the rates of current customers or on employees. The Board also **FINDS**, for the reasons set forth by Petitioners that the Transaction and financing arrangements will have no negative impact on the provision of safe, adequate and proper service, but they will positively benefit competition. The Board therefore concludes that the Transaction and financing arrangements described herein are in accordance with the public interest and **HEREBY APPROVES** Petitioners' requests to participate in the Transaction and financing arrangements.

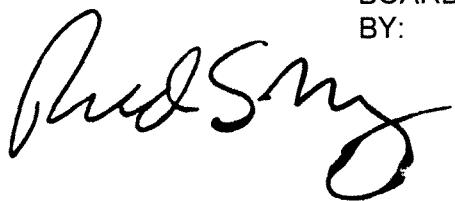
This order is subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting Petitioners.
2. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
3. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.
4. Petitioners shall notify the Board, within five business days, of any material changes in the proposed financing, and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
5. Petitioners shall notify the Board of any material default in the terms of the proposed financing within five business days of such occurrence.

This order shall become effective on July 30, 2015.

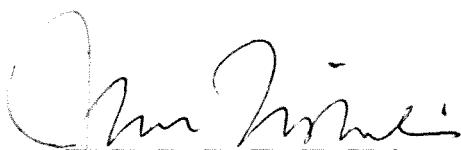
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July 23, 2015

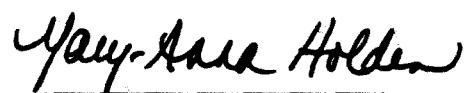


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BY:

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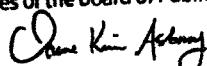

DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:


IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities



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COMPANY AND SUNESYS, LLC FOR APPROVAL (1) OF THE TRANSFER OF INDIRECT
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