



Agenda Date: 10/31/16
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF)
ACCESS POINT, INC. FOR APPROVAL OF)
FINANCING TRANSACTION.)
)
) BPU DOCKET NO. TF16080787

Parties of Record:

Richard Brown, Chief Executive Officer, Access Point, Inc., on behalf of Petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On August 11, 2016, Access Point, Inc. ("API" or "Petitioner") submitted a Verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:3-7 and 48:3-9 requesting Board approval to participate in new financing arrangements in an amount of up to \$6 million.

BACKGROUND

API is a private corporation incorporated in North Carolina with principal office located at 1100 Crescent Green, Suite 1009, Cary, NC 27518. Petitioner is a non-dominant telecommunications carrier authorized to provide facilities-based local exchange services in the state of New Jersey. Information supporting API's financial qualifications has been submitted to the Board in response to Staff Discovery.

DISCUSSION

The Petitioner proposes to enter into a senior secured credit facility ("Facility") with East West Bank ("the Bank" or "Issuer"). The Facility provides for a revolving line of credit up to \$6 million, to mature three years from the closing date. The Issuer will issue Letters of Credit ("LOC"), which may not have an initial term of greater than twelve (12) months, although a LOC may contain renewal provisions satisfactory to Issuer. The LOCs will reduce the availability of funds under the credit facility on a dollar for dollar basis.

The proceeds of the Facility will be used: (i) to refinance certain existing indebtedness of the Petitioner; (ii) for working capital and other corporate purposes, including capital expenditures

and redemption of preferred equity interests of the Petitioner; and (iii) to pay transaction fees, costs and expenses related to the Facility. The Facility will be secured by perfected first priority liens and security interested encumbering: (i) all tangible and intangible assets of Petitioner and Guarantors (including, without limitation, deposit accounts, securities accounts, investments, accounts receivable, inventory, equipment, investment property, cash, leases, contract rights, intellectual property and licenses); and (ii) a pledge of all equity interests of Petitioner and of its commonly held affiliates, Telecom Expense Management Company, LLC and Access Point of Virginia, Inc.

The interest rate on funds borrowed from the Facility will be the London Interbank Offered Rate (LIBOR) + 3.5% with a 1% LIBOR floor. In the event the LIBOR rate is unavailable or deemed illegal in accordance with then applicable law, the interest rate will be Prime + 1.5%.

The Petitioner states that its participation in the proposed financing transaction for the purposes stated will not result in a change in management matters or in the Petitioner's day-to-day operations in New Jersey; nor will it adversely affect current or proposed operations in New Jersey.

In its Petition, the Petitioner emphasized that approval of the Financing Transaction will serve the public interest by providing Petitioner with the opportunity to strengthen its competitive position through access to greater financial resources. Furthermore, Petitioner states that by increasing the breadth and scope of its telecommunications services made available through an increased ability to expand and enhance its operations, greater access to capital afforded by the Facility will strengthen Petitioner's ability to bring competitive telecommunications services to consumers in the state of New Jersey.

The Division of Rate Counsel has reviewed this matter and, by letter dated September 16, 2016, stated that it does not object to approval of the Petition.

FINDINGS AND CONCLUSIONS

After careful review of this matter, the Board **FINDS** that the proposed transaction will not have a negative impact on competition, the rates of current customers, or New Jersey employees. Therefore, after investigation and consideration of the record and information submitted in this proceeding, the Board **FINDS** that the financing arrangements are in accordance with the law and in the public interest, and **HEREBY AUTHORIZES** Petitioner to participate in financing arrangements up to an aggregate amount of \$6 million, and to take those actions necessary to effectuate such financing arrangements.

This Order is issued 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 regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioner.
2. Petitioner 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.

3. Petitioner shall notify the Board of any material default in the terms of the proposed financing within five business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transaction or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
5. 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 the Petitioner.

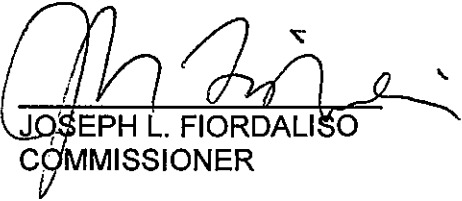
This Order shall become effective on November 10, 2016.

DATED: 10/31/16


BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



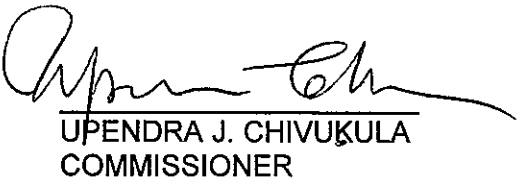
JOSEPH L. FIORDALISO
COMMISSIONER



MARYANNA HOLDEN
COMMISSIONER

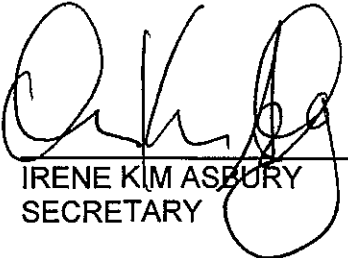


DIANNE SOLOMON
COMMISSIONER



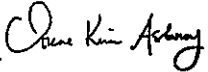
UPENDRA J. CHIVUKULA
COMMISSIONER

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



**IN THE MATTER OF THE VERIFIED PETITION OF ACCESS POINT, INC FOR APPROVAL
OF FINANCING TRANSACTION**

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SERVICE LIST

Sharon Thomas
Consultant to Access Point, Inc.
Technologies Management, Inc.
151 Southhall Lane, Suite 450
Maitland, Florida 32751
Sthomas@tminc.com

Richard Brown, Chief Executive Officer
Access Point, Inc.,
Access Point, Inc.
1100 Crescent Green
Suite 109
Cary, NC 27518
Richard.brown@accesspointinc.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 0003
Trenton, NJ 08625-0003
sbrand@rpa.state.nj.us

Maria Novas-Ruiz, Esq.
Assistant Deputy Rate Counsel
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 0003
Trenton, NJ 08625-0003
mnovas-ruiz@rpa.state.nj.us

Veronica Beke, Esq.
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
Veronica.beke@dol.lps.state.nj.us

Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350

Irene Kim Asbury, Esq.
Secretary of the Board
irene.asbury@bpu.nj.gov

Paul Flanagan
Executive Director
Paul.flanagan@bpu.nj.gov

Mark Beyer, Chief Economist
Mark.beyer@bpu.nj.gov

Christine Lin
Administrative Analyst
Christine.lin@bpu.nj.gov

Carol Artale, Esq., Legal Specialist
Counsel's Office
Carol.artale@bpu.nj.gov

Lawanda Gilbert, Director
Office of Cable and Telecommunications
Lawanda.gilbert@bpu.nj.gov

Harold Bond
Bureau Chief
Office of Cable and Telecommunications
Harold.bond@bpu.nj.gov