



## DISCUSSION

By the petition, West Telecom seeks Board approval to participate in three financing arrangements reflected in Notes provided under a series of indentures and in a credit agreement. West, in order to support these financing instruments, will obtain the commitment of certain West subsidiaries, including West Telecom, to secure and guarantee the indebtedness. West Telecom therefore requests Board approval to guarantee and secure the indebtedness.

West Telecom seeks approval to guarantee and secure an Amended and Restated Credit Agreement dated October 5, 2010 among West, certain of its domestic subsidiaries, Wells Fargo Bank, N.A. ("Wells Fargo"), as administrative agent, and the various lender parties thereto (the "Credit Agreement"). On June 17, 2016, West, certain domestic subsidiaries of West, as subsidiary borrowers, Wells Fargo and the various lender parties thereto entered into Amendment No. 7 to the Amended and Restated Credit Agreement (the "Seventh Amendment"), amending the Credit Agreement (the Credit Agreement, as amended by the Seventh Amendment, is hereafter referred to as the "Amended Credit Agreement"). The Amended Credit Agreement refinanced prior indebtedness, provided credit to prepay other existing indebtedness and provided extended credit facilities. Under the terms of the Amended Credit Agreement, West will obtain the commitment of certain West subsidiaries, including West Telecom, to execute financial instruments to secure and guarantee the Amended Credit Agreement.

West Telecom also seeks approval to guarantee and secure an Indenture dated July 1, 2014, among West, the guarantors named on the signature pages thereto, and The Bank of New York Mellon Trust Company, N.A., as Trustee, with respect to certain Senior Notes of \$1,000,000,000 aggregate principal amount bearing an interest rate of 5.375% due July 15, 2022 ("2022 Senior Notes Indenture"). Under the terms of the 2022 Senior Notes Indenture, West Telecom would be one of several guarantors of the indebtedness.

West Telecom additionally seeks approval to guarantee and secure an Indenture dated as of June 17, 2016, among West, the guarantors named on the signature pages thereto, and U.S. Bank, National Association, as Trustee and Collateral Agent, with respect to certain Senior Secured Notes of \$400,000,000 aggregate principal amount bearing an interest rate of 4.75% due July 15, 2021 ("2021 Senior Secured Notes Indenture"). Under the terms of the 2021 Senior Secured Notes Indenture, West Telecom would be one of several guarantors of the indebtedness.

Petitioner asserts that approval of the financing arrangements will serve the public interest. According to the petition, the financing arrangements will enable West and its subsidiaries, including West Telecom, to leverage their existing borrowing capacity to obtain better financing terms and conditions than they would be able to obtain if each subsidiary were to negotiate independently. This access to debt at more favorable terms will allow West Telecom to grow and compete in the highly competitive markets for telecommunications services in New Jersey and nationwide. In addition, the resulting financial flexibility will enable West Telecom to continue delivering services to new markets, thus allowing more consumers to benefit from its competitive services. The financing transactions will not be expected to have any direct effect upon rates nor any adverse effect upon services. Following consummation of the financing arrangements, West Telecom will continue to provide high-quality communications services to customers without interruption and without immediate change in rates, terms or conditions.

Additionally, while the ability of the utility to fulfill pension obligations to its employees is a factor for the Board to consider pursuant to N.J.S.A. 48:3-7, West Telecom has no employees in New Jersey that are impacted.

The Division of Rate Counsel ("Rate Counsel") has reviewed this matter and, by letter dated October 25, 2016 stated it had no objection to Board approval of the petition. Specifically, Rate Counsel notes Petitioner has provided all the information required under the applicable statutes and the Board's regulations, and Petitioner has asserted the financing arrangements contemplated are not contrary to the public interest and will serve a beneficial purpose for New Jersey customers. Rate Counsel further indicates that it supports innovative, high quality telecommunications services to the public which promotes increased competition in the telecommunications market for the benefit of both residential and business customers in the state.

### **FINDINGS AND CONCLUSIONS**

After careful review of this matter, the Board **FINDS** that the transactions will have no negative impact on competition, the rates of current customers or on employees. Therefore the Board, after investigation and having considered the record submitted in this proceeding, **FINDS** that the financing transactions are in accordance with law and in the public interest and **HEREBY AUTHORIZES** Petitioner to participate in the financing arrangements described herein.

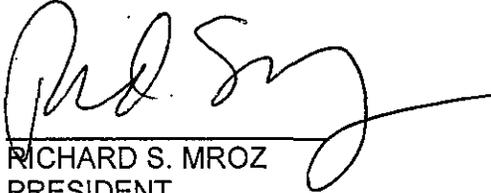
This Order is issued subject to the following provisions:

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 arrangements and shall provide complete details of such changes 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 arrangements within five business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents (the "Financing Documents"), a default or assignment under such Financing Documents shall 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 Petitioner.

This Order shall become effective on December 22, 2016.

DATED: 12/12/16

BOARD OF PUBLIC UTILITIES  
BY:

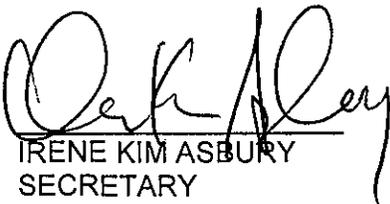
  
RICHARD S. MROZ  
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COMMISSIONER

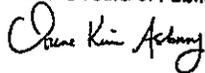
  
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COMMISSIONER

  
DIANNE SOLOMON  
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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



**I/M/O the Verified Petition of West Telecom Services, LLC for  
Approval to Participate in Financing Arrangements  
BPU Docket No. TF16090917**

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