



Agenda Date: 7/26/17
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) ORDER
MANHATTAN TELECOMMUNICATIONS)
CORPORATION OF NEW JERSEY FOR APPROVAL)
TO PARTICIPATE IN CERTAIN FINANCING) DOCKET NO. TF17010002
ARRANGEMENTS)

Parties of Record:

Amy Blumenthal, Esq., on behalf of Manhattan Telecommunications Corp. of New Jersey
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

On December 30, 2016, Manhattan Telecommunications Corporation of New Jersey ("Manhattan Telecommunications" or the "Petitioner"), filed a petition pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9, requesting approval from the New Jersey Board of Public Utilities ("Board"), to the extent necessary, to participate in a financing transaction whereby Petitioner would pledge its assets, including the Certificate of Public Convenience and Necessity currently held by Manhattan Telecommunications in the State of New Jersey, to guarantee and secure debt in an amount of up to approximately \$95 million.

BACKGROUND

Manhattan Telecommunications is a privately held Delaware corporation whose principal business is telecommunications. Manhattan Telecommunications is a wholly owned subsidiary of Manhattan Telecommunications Corporation and an indirect subsidiary of Metropolitan Telecommunications Holding Company ("MetTel Holding"), a privately held Delaware holding company. MetTel Holding, through its subsidiaries, provides voice and data solutions as well as telecommunications consulting services to businesses nationwide. MetTel Holding's service offerings cover traditional voice services, MPLS networks, and Voice over IP technologies. Manhattan Telecommunications, Manhattan Telecommunications Corporation, and MetTel Holding have their principal offices located at 55 Water Street, 32nd Floor, New York, New York 10041. In New Jersey, Manhattan Telecommunications provides local exchange

¹ Commissioner Upendra J. Chivukula did not participate.

telecommunications services pursuant to authority granted by the Board for a Certificate of Public Convenience and Necessity (the "NJ CPCN"). I/M/O the Verified Petition of Manhattan Telecommunications Corporation of New Jersey for Authority to Provide Local Exchange Telecommunications Services Throughout New Jersey, BPU Docket No. TE99120922 (June 22, 2000).

In addition to the services provided by Manhattan Telecommunications to New Jersey consumers, Manhattan Telecommunications' affiliates are authorized by the various state public service commissions to provide facilities-based and/or resold interexchange telecommunications services, and competitive local exchange services in 49 other states, the District of Columbia, Puerto Rico, and Canada, pursuant to certification, registration or tariff requirements, or on a deregulated basis.

Pursuant to Manhattan Telecommunications' request, the Board takes notice of information contained in Manhattan Telecommunications' initial application for authority to provide local exchange telecommunications services in New Jersey, including details on Petitioner's legal, technical, financial and managerial qualifications to provide telecommunications service to consumers in New Jersey.

DISCUSSION

Petitioner requests Board approval to participate in financing arrangements involving MetTel Holding, and certain of its direct and indirect subsidiaries, including Manhattan Telecommunications, to enter into a Second Amended and Restated Credit Agreement and related Security Agreement (the "Agreement") with JPMorgan Chase Bank, N.A. ("JPM"), the administrative agent for a series of lenders. The Agreement refinances the facility provided for under the existing credit agreement.

Pursuant to the Agreement, MetTel Holding expects to receive a revolving credit facility and an additional term loan capacity. Specifically, MetTel Holding will receive a committed revolving credit facility of up to \$15,000,000 for a five-year period after closing and an additional term loan capacity of (a) up to \$50,000,000 under a Senior Secured Term Loan with (b) up to \$30,000,000 for an acquisition basket for one year on the facility, amortizing 70% of the borrowings quarterly over a term of 60 months with the balance due at maturity. The debt obligations of the revolving credit facility and the additional term loan capacity will be secured by an interest in all of the assets of MetTel Holding and certain of its subsidiaries, including Manhattan Telecommunications. The proceeds of the revolving credit facility will be used for general corporate purposes of MetTel Holdings, while the proceeds of the additional term loan capacity will be used for dividends and/or acquisitions. As part of these financing arrangements, Manhattan Telecommunications will collateralize its assets, including the NJ CPCN.

Petitioner asserts that the Agreement is intended to sustain Manhattan Telecommunications' provisioning of competitive services and to enable Manhattan Telecommunications and its owners to improve the operational and cost efficiencies of its business. Petitioner further states that the transaction will directly benefit New Jersey consumers by facilitating the continued provision of innovative, high-quality telecommunications services to the public and thereby promoting competition in the New Jersey telecommunications market.

Petitioner asserts that approval of the financing transaction will serve the public interest. According to the Petitioner, the financing transaction provides Manhattan Telecommunications with the opportunity to strengthen its competitive position by providing additional working capital

and the ability to finance acquisitions to enhance the company's services. Petitioner further states that the financing arrangements are necessary and appropriate, will not impair Manhattan Telecommunications' ability to perform such services to the public, and will promote the corporate purposes of Petitioner.

Petitioner advises that an assignment of the NJ CPCN or a change in the day-to-day operations of the certificated company is not involved. In addition, Petitioner confirms that there will be no change in the services offered to Manhattan Telecommunications' customers or the rates for Manhattan Telecommunications' regulated services. In other words, Petitioner confirms that the financing arrangements will be transparent to Manhattan Telecommunications' customers.

The Division of Rate Counsel ("Rate Counsel") has reviewed this matter and, by letter dated June 30, 2017, stated that it does not object to 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 subscribers.

FINDINGS AND CONCLUSIONS

After careful review of this matter, the Board **FINDS** that the transaction will have no negative impact on competition or the rates of current customers. Therefore, the Board after investigation, having considered the record and exhibits submitted in this proceeding, **FINDS** that the financing transaction is in accordance with law and in the public interest, and **HEREBY AUTHORIZES** Manhattan Telecommunications Corporation of New Jersey to participate in the financing arrangements described herein.

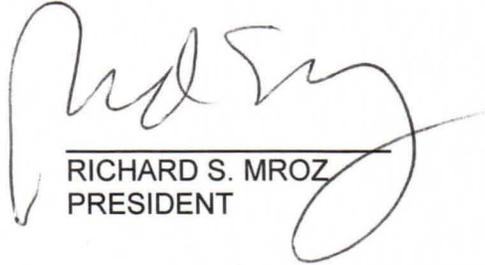
This Order is issued subject to the following provisions:

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.

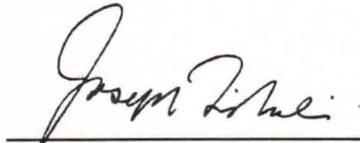
This Order shall become effective on August 5, 2017.

DATED: 7/26/17

BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



JOSEPH L. FIORDALISO
COMMISSIONER

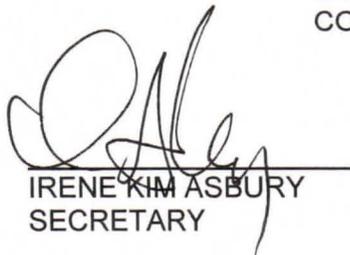


MARY-ANNA HOLDEN
COMMISSIONER



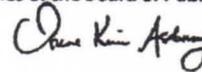
DIANNE SOLOMON
COMMISSIONER

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 MANHATTAN TELECOMMUNICATIONS
CORPORATION OF NEW JERSEY FOR APPROVAL TO PARTICIPATE IN CERTAIN
FINANCING ARRANGEMENTS
BPU DOCKET NO. TF17010002**

SERVICE LIST

Amy Blumenthal, Esq.
Kutak Rock LLP
1760 Market Street Ste. 1100
Philadelphia, PA 19103-4104
amy.blumenthal@kutakrock.com

Joseph Farano, Esq.
General Counsel
MetTel BellWorks
101 Crawfords Corner Road #4-202
Holmdel, NJ 07733
jfarano@mettel.net

Michael P. Donahue, Esq.
Alexander Schneider, Esq.
Marashlian & Donahue PLLC
1420 Spring Hill Road Suite 401
McLean, VA 22102
mpd@commlawgroup.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.state.nj.us

Maria T. Novas-Ruiz, Esq.
Assistant Deputy Rate Counsel
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
Mnovas-ruiz@rpa.state.nj.us

Veronica Beke, Esq.
Deputy Attorney General
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
veronica.beke@dol.lps.state.nj.us

Irene Kim Asbury, Esq.
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
irene.asbury@bpu.state.nj.us

Paul E. Flanagan, Esq.
Executive Director
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Paul.flanagan@bpu.state.nj.us

Lawanda Gilbert, Esq., Director
Office of Cable Television &
Telecommunications
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Lawanda.gilbert@bpu.state.nj.us

Harold Bond
Office of Cable Television and
Telecommunications
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Harold.bond@bpu.state.nj.us

Mark Beyer, Chief Economist
Office of the Economist
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Mark.beyer@bpu.state.nj.us

Caroline Vachier, Chief, DAG
NJ Attorney General's Office
Division of Law & Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
caroline.vachier@dol.lps.state.nj.us

Christine Lin
Office of the Economist
Board of Public Utilities
44 S. Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Christine.lin@bpu.state.nj.us

Carol Artale
Legal Specialist
Board of Public Utilities
44 S. Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Carol.artale@bpu.state.nj.us