



Agenda Date: 11/21/17
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 JOINT PETITION) ORDER
OF GTT AMERICAS, LLC AND GC PIVOTAL, LLC)
D/B/A GLOBAL CAPACITY FOR APPROVAL FOR GC)
PIVOTAL, LLC TO PARTICIPATE IN CERTAIN)
FINANCING ARRANGEMENTS) DOCKET NO. TF17070761

Parties of Record:

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

BY THE BOARD:

On July 7, 2017, GTT Americas, LLC ("GTTA") and GC Pivotal, LLC d/b/a Global Capacity ("Global Capacity")(together, "Petitioners") 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 for Global Capacity to participate in financing arrangements in an aggregate amount of up to \$2 billion.¹

BACKGROUND

GTTA is a Delaware limited liability company and a direct, wholly owned subsidiary of GTT Parent, a Delaware corporation. GTT Parent is a publicly traded company (NYSE: GTT) with no majority shareholder. GTT Parent and GTTA are headquartered at 7900 Tysons One Place, Suite 1450, McLean, Virginia 22102. GTT Parent, through its subsidiaries (collectively with GTT Parent, "GTT"), including GTTA, is a global provider of cloud networking services. Transferee provides regulated and non-regulated interstate and international communications services to

¹ By order dated August 23, 2017, the Board approved the companion filing transaction involving the transfer of control of GC Pivotal, LLC d/b/a Global Capacity to GTTA. See Order, I/M/O the Verified Joint Petition of GTT Americas, LLC Pivotal Global Capacity, LLC and GC Pivotal, LLC d/b/a Global Capacity for Approval to Transfer Control of GC Pivotal, LLC to GTT Americas, LLC, Docket No. TM17060688 (August 23, 2017). The transfer of control transaction was subsequently completed on September 15, 2017. Global Capacity's participation in the financing arrangements was not a condition to closing on the transaction and could occur following the transaction.

customers throughout the United States. GTTA is authorized to provide interstate and international telecommunications services by the Federal Communications Commission. GTTA is authorized to provide intrastate telecommunications services in California and New York.

Global Capacity is a Delaware limited liability company with headquarters at 265 Winter Street, Waltham, Massachusetts 02451. In New Jersey, Global Capacity is authorized to provide resold and facilities-based local exchange and interexchange telecommunications services pursuant to authority granted by Order dated November 21, 2014, in Docket No. TE14091076.

DISCUSSION

Petitioners seek Board approval for Global Capacity to participate in new, amended and restated financing arrangements up to an aggregate amount of \$2 Billion. GTT expects that any long-term indebtedness incurred as part of the financing will mature up to ten years after issuance, depending on the type of debt instrument. Interest rates will be set according to market conditions at issuance and may be fixed or floating, or a combination thereof, depending on the type of debt. Some or all of the financing arrangements may be secured facilities, which may include a grant of a security interest in the assets of GTT Parent and its current and future subsidiaries, including Global Capacity. A portion of the financing arrangements may be unsecured facilities. For the secured facilities, the equity of GTT Parent and its current and future subsidiaries, including Global Capacity, may be pledged as additional security. Additionally, GTT Parent and its current and future subsidiaries, including Global Capacity, may provide a guaranty as security for some or all of the financing arrangements. The financing arrangements may be used for acquisitions, transaction associated fees and costs, refinancing or repaying the existing debt of GTT and its acquisitions, including Global Capacity, working capital requirements and general corporate purposes of the company. Thus, Petitioners seek Board authorization for Global Capacity to incur debt, as borrower, co-borrower or guarantor and pledge its assets as security for financing arrangements up to \$2 billion consistent with the parameters outlined above.

Petitioners contend that the financings will provide GTT access to greater financial resources that will allow GTT, including Global Capacity, to become more effective competitors in the communications industry. Petitioners state that the financings may be used to fund purchase prices for future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital, and for other corporate purposes. Petitioners claim that the financing arrangements are necessary and appropriate, are consistent with the performance by Global Capacity of its services to the public, and will not impair its ability to perform such services and will promote its corporate purposes. Petitioners indicate that GTT has 24 employees in New Jersey while Global Capacity has 10 employees in New Jersey. Petitioners further state they do not offer an employee pension plan, but that their employees do have other retirement benefits that they will retain upon completion of the financing arrangements. While N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10 require the Board to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its New Jersey employees, the lack of an employee pension plan reflects there is no negative impact on employee pensions.

The Division of Rate Counsel has reviewed this matter and, by letter dated October 25, 2017, stated that it does not oppose approval of the Petition. Financing under favorable market conditions and restructuring existing credit facilities and long-term debt enables Petitioner to continue to expand networks and enhance quality services to New Jersey customers.

Board Staff's review indicates that the financing arrangements and the use of the proceeds associated therewith are appropriate. While there is no guarantee in this regard, especially given the competitive environment in which Global Capacity operates, the financing arrangements do not appear to adversely impact Global Capacity's operations in New Jersey.

FINDINGS AND CONCLUSIONS

After careful review of this matter, the Board **FINDS** that the expanded financing arrangements are in accordance with the law and in the public interest, and **HEREBY AUTHORIZES** Global Capacity to incur debt, as borrower, co-borrower or guarantor and pledge its assets as security for financing arrangements up to an aggregate amount of \$2 billion, thus expanding its existing authority by \$852 million, and to take those actions necessary to effectuate such financing arrangements.

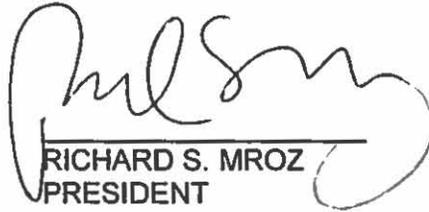
This Order is issued subject to the following provisions:

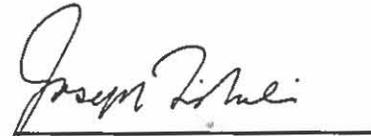
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Global Capacity.
2. 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.
3. Petitioners 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 documents shall not constitute an automatic transfer of Global Capacity'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 Global Capacity.

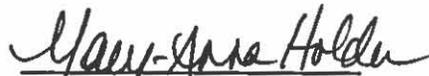
This Order shall become effective on December 1, 2017.

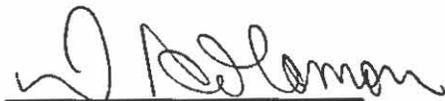
DATED: 11/21/17

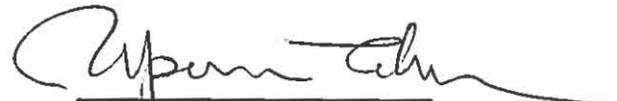
BOARD OF PUBLIC UTILITIES
BY:

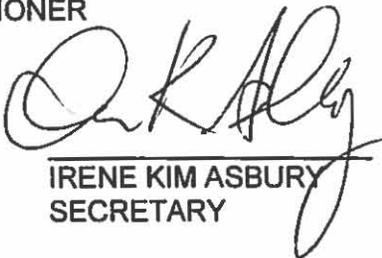

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

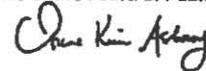

MARY-ANNA HOLDEN
COMMISSIONER


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



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PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS
DOCKET NO. TF17070761

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