



Agenda Date: 6/22/18
Agenda Item: IVB

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 GC PIVOTAL, LLC D/B/A GLOBAL CAPACITY AND)
TRANSBEAM, INC. FOR APPROVAL FOR GC)
PIVOTAL, LLC AND TRANSBEAM, INC. TO)
PARTICIPATE IN CERTAIN FINANCING)
ARRANGEMENTS) DOCKET NO. TF18030349

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 March 27, 2018, GC Pivotal, LLC d/b/a Global Capacity (“Global Capacity”) and Transbeam, Inc. (“Transbeam”) (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 Petitioners to enter into or participate in financing arrangements up to an aggregate amount of \$4 billion.

BACKGROUND

Global Capacity is a Delaware limited liability company and Transbeam is a Delaware corporation. Petitioners are direct, wholly owned subsidiaries of GTT Americas, LLC (“GTTA”). GTTA is a Delaware limited liability company and a direct, wholly owned subsidiary of GTT Communications, Inc. (“GTT Parent”), a Delaware corporation. GTT Parent is a publicly traded company (NYSE: GTT) with no majority shareholder. GTT Parent, through its subsidiaries (collectively with GTT Parent, “GTT”), including Petitioners, is a global provider of cloud networking services. GTT has its headquarters at 7900 Tysons One Place, Suite 1450, McLean, Virginia 22102.

Through its One Marketplace, Global Capacity brings together customers and suppliers in an automated platform that provides ubiquitous access network solutions that deliver on its brand promise – Connectivity Made Simple. One Marketplace provides simple, cost-effective and high-performance network solutions that support the exploding bandwidth requirements driven by cloud, mobility and globalization. Global Capacity delivers its solutions to telecommunication

carriers, managed service providers, application service providers, and enterprise customers globally. Transbeam delivers private wide area network solutions, dedicated Internet access, integrated solutions, LTE wireless solutions and a comprehensive suite of cloud and IT services. 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; Transbeam is authorized to provide resold and facilities-based local exchange telecommunications services pursuant to authority granted by Order of Approval dated July 9, 2003, in Docket No. TE00050309. Petitioners are also authorized by the Federal Communications Commission to provide interstate and international telecommunications services.

DISCUSSION

Petitioners seek Board approval to enter into or participate in new, amended and restated financing arrangements up to an aggregate amount of \$4 billion (the "Financing Arrangements"), which amount includes the \$2 billion that the Board previously authorized Global Capacity to participate in.¹ 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 rate(s) 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 and Transbeam. 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 and Transbeam, may be pledged as additional security. Additionally, GTT Parent and its current and future subsidiaries, including Global Capacity and Transbeam, may provide a guaranty as security for some or all of the Financing Arrangements. The Financing Arrangements may be used for acquisitions, refinancing or repaying the existing debt of GTT and its acquisitions, working capital requirements and general corporate purposes of the company.

In order to maintain adequate flexibility, Petitioners seek authority to each incur debt, as borrower, co-borrower or guarantor and pledge its assets as security for Financing Arrangements up to \$4 Billion consistent with the parameters outlined above.

In the Joint Petition, the Petitioners state that the Financing Arrangements will serve the public interest by enhancing GTT's access to greater financial resources that will allow GTT, including Petitioners, to become more effective competitors in the communications industry. Among other things, the Financing Arrangements also may be used to fund some or all of the purchase price for future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital and for other corporate purposes. The Financing Arrangements are necessary and appropriate, are consistent with the performance by Petitioners of their services to the public, will not impair their ability to perform such services and will promote their corporate purposes. The Financing Arrangements will be transparent to the customers of Petitioners and will not disrupt service or cause customer confusion or inconvenience.

¹ See I/M/O the Verified Joint Petition 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, Order dated November 21, 2017.

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 New Jersey employees. Petitioners do not have any employees of their own in New Jersey, but GTTA has 27 employees in New Jersey. Petitioners assert that GTT does not offer an employee pension plan, but that its employees do have other retirement benefits that they will retain upon completion of the financing arrangements.

The 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 Board is satisfied that the transactions will not have an adverse impact on Global Capacity's operations in New Jersey.

The Division of Rate Counsel has reviewed this matter and, by letter dated May 29, 2018, 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 Financing Arrangements will not have a negative impact on competition, the rates of current customers, or on 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** Global Capacity and Transbeam to participate in Financing Arrangements up to an aggregate amount of \$4 billion, 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 and Transbeam.
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 Petitioners' 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 Petitioners.

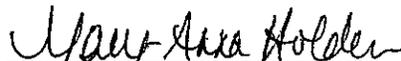
This Order shall become effective on July 2, 2018.

DATED: 6/22/18

BOARD OF PUBLIC UTILITIES
BY:



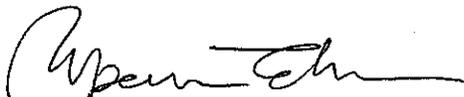
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PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



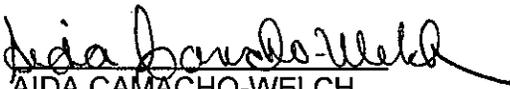
DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
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 JOINT PETITION OF GC PIVOTAL, LLC D/B/A
GLOBAL CAPACITY AND TRANSBEAM, INC. FOR APPROVAL FOR GC PIVOTAL, LLC
AND TRANSBEAM, INC. TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS
DOCKET NO. TF18030349**

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