



Agenda Date: 4/18/19  
Agenda Item: IVA

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF BCM One, Inc. – REFERRED TO ) ORDER  
AS (“BCM”) PETITION FOR APPROVAL TO OBTAIN )  
DEBT FINANCING ) DOCKET NO. TF19020149

**Parties of Record:**

**Marc A. Korman, Esq.**, Sidley Austin LLP, on behalf of Petitioner  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On February 5, 2019, BCM One, Inc. (“BCM One” or the “Company”) submitted a petition to the New Jersey Board of Public Utilities (“Board”) pursuant to N.J.S.A. 48:3-9, requesting Board approval to obtain debt financing.

**BACKGROUND**

BCM One is a corporation organized under the laws of the State of New York with its principal office located in New York, New York. BCM One, formerly known as McGraw Communications, Inc., was authorized to provide local exchange and interexchange telecommunications services. See In the Matter of the Petition for an Order Authorizing McGraw Communications, Inc. to Provide Local Exchange and Interexchange Telecommunications Services Throughout New Jersey, Docket No. TE01050329 (June 10, 2002). BCM One currently has one employee in New Jersey.

The Board previously approved a transfer of control petition and supplemental approval to obtain debt financing submitted by BCM One and BCM One Group Holdings, Inc. See In the Matter of BCM One, Inc.’s Notification for a Change in Stock Ownership Resulting in a Transfer of Control and Related Financing, Docket No. TM18101120 (December 18, 2018). The debt financing approval was for an aggregate amount of \$105 million.

On February 5, 2019, BCM One filed a petition with the Board pursuant to N.J.S.A. 48:3-9 for approval and authority to obtain additional debt financing in the amount of \$50 million. Specifically, BCM One is wholly owned by BCM One Group Holdings, Inc., which will take on the additional indebtedness, the proceeds of which will be used to effect the acquisition of complementary entities engaged in similar business activities to BCM One. Should such complementary entities be regulated by the Board, approval of such acquisitions would be necessary and undertaken at a later time.

After the loan proceeds are disbursed to BCM One Group Holdings, Inc., BCM One may become a co-borrower with respect to the debt financing, along with the other complementary entities that would also become co-borrowers of the debt financing. The debt financing will be on terms and conditions similar to those approved by the Board in Docket No. TM18101120. Specifically, the \$50 million in additional financing will be secured by (1) substantially all of the assets of BCM One Group Holdings, Inc., BCM One, and the other complementary entities, and (2) a pledge by BCM One Group Holdings, Inc. of its equity interests in BCM One and the other complementary entities. The debt financing includes senior secured financing (consisting of a five-year term loan of up to \$48 million, a five-year revolving credit facility of up to \$5 million, and certain other incremental and other loans), all to be secured by: (1) substantially all of the assets of Buyer and, upon the completion of the acquisition, BCM One and the other complementary entities, and (2) upon the completion of the acquisition, a pledge by Buyer of its equity interests in BCM One and the other complementary entities. The senior secured financing will accrue interest at a rate per annum up to the sum of a benchmark interest rate to be described in the senior secured financing documentation, plus 4.50%, plus, if applicable, default interest of 2.00%. The debt financing also includes a 5.5-year unsecured subordinated mezzanine term loan of up to \$16 million and certain other loans. The subordinated mezzanine term loan will accrue interest at a rate per annum equal to 11.0%, plus, if applicable, default interest of 2.00%.

The New Jersey Division of Rate Counsel has reviewed this matter and, by letter dated March 26, 2019, stated that it does not object to approval of the Petition.

### **DISCUSSION, FINDINGS, AND CONCLUSIONS**

As to the proposed financing arrangements, the Board has reviewed information provided by Petitioner in accordance with N.J.A.C. 14:1-5.9. 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, pursuant to N.J.A.C. 14:1-5.9A, the Board **FINDS** that the expanded financing arrangements are in accordance with the law and in the public interest and **HEREBY AUTHORIZES** the Company to participate in additional financing arrangements up to an aggregate amount of \$50 million and to take those actions necessary to effectuate such financing arrangements.

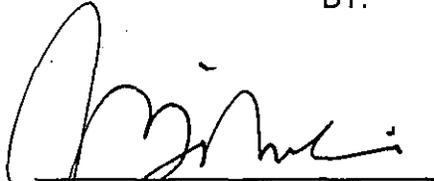
This Order is issued subject to the following provisions:

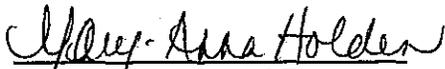
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation, financing or any other matters 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 semiannually file with the Board a statement setting forth: (1) the amount of indebtedness issued under this order of approval; and (2) the extent to, and in detail, the manner in which the proceeds thereof have been disbursed, pursuant to N.J.A.C. 14:1-5.9(b).

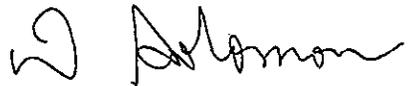
This Order shall be effective on April 28, 2019.

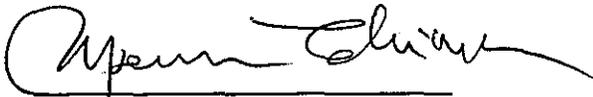
DATED: 4/18/19

BOARD OF PUBLIC UTILITIES  
BY:

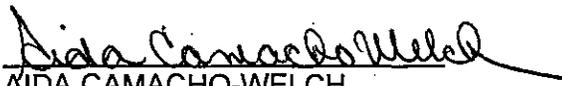
  
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JOSEPH L. FIORDALISO  
PRESIDENT

  
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MARY-ANNA HOLDEN  
COMMISSIONER

  
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DIANNE SOLOMON  
COMMISSIONER

  
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UPENDRA J. CHIVUKULA  
COMMISSIONER

  
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ROBERT M. GORDON  
COMMISSIONER

ATTEST:   
\_\_\_\_\_  
AIDA CAMACHO-WELCH  
SECRETARY

WE HEREBY CERTIFY that the within  
document is a true copy of the original  
files of the Board of Public Utilities.

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