



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
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Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT )  
PETITION OF EXTENET ASSET ENTITY, LLC, )  
ASSIGNEE AND EXTENET SYSTEMS, INC., )  
ASSIGNOR, FOR APPROVAL FOR EXTENET )  
ASSET ENTITY, LLC, TO PARTICIPATE IN )  
CERTAIN FINANCING ARRANGEMENTS )

ORDER

DOCKET NO. TF19050649

**Parties of Record:**

**Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel  
**Dennis C. Linken, Esq.**, Scarinci Hollenbeck, on behalf of Petitioners

BY THE BOARD:

On May 23, 2019, ExteNet Asset Entity, LLC (“EAE”) and ExteNet Systems, Inc. (“ESI”) (collectively, “Petitioners”) submitted a Verified Petition (“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 EAE to enter into or participate in certain financing arrangements, following completion of a certain associated transaction filed simultaneously with the Petition.<sup>1</sup> On May 25, 2021, Petitioners submitted a letter confirming the proposed participation in the Financing Arrangements would remain consistent with the terms set forth in the Petition.

**BACKGROUND**

EAE is a Delaware limited liability company and a direct, wholly owned subsidiary of ExteNet Issuer, LLC (“ExteNet Issuer”), which in turn is wholly owned by ExteNet Guarantor, LLC (“ExteNet Guarantor”), which in turn is wholly owned by ESI. ESI is a privately held Delaware corporation and a direct, wholly owned subsidiary of Odyssey Acquisition, LLC (“Odyssey”), a Delaware limited liability company. Odyssey is an indirect, wholly owned subsidiary of Mount Royal Holdings, LLC (“Parent Company”), a Delaware limited liability company. The Parent

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<sup>1</sup> A separate petition seeking approval for EAE to acquire certain assets, including customer contracts and related telecommunications network infrastructure, of its indirect parent, ESI, was simultaneously filed with the Petition in this matter. See In the Matter of the Verified Joint Petition of ExteNet Asset Entity, LLC, Assignee, and ExteNet Systems, Inc., Assignor, for Approval for Assignee to Acquire Certain Customers and Assets of Assignor, Docket #TM19050648 (Order dated September 27, 2019).

Company has executive offices located at 750 Park of Commerce Drive, Suite 200, Boca Raton, Florida 33487. It has no majority owner, but instead is owned by multiple private equity firms and certain individuals in management of ESI.<sup>2</sup>

Founded in 2002, ESI and its subsidiaries (collectively “ExteNet”) design, build, own and operate distributed networks for use by national and regional wireless service providers (“WSPs”) in key strategic markets in North America. According to the Petition, using fiber-fed distributed antenna systems (“DAS”), small cells, Wi-Fi and other technologies, ExteNet deploys distributed networks to enhance coverage and capacity and enable superior wireless service in both outdoor and indoor environments. Primary markets addressed by ExteNet include outdoor distributed networks in a variety of densely occupied or heavily traveled settings, and venues used for sports and entertainment events, the hospitality industry, commercial buildings, and healthcare facilities. ExteNet also provides private lines or IP-based transport services to other carrier customers.

Collectively, ExteNet holds authorizations to provide intrastate telecommunications services in the District of Columbia and every state except Alaska, Iowa, Maine, Montana, North Dakota, Vermont, and Wyoming. In New Jersey, ESI is authorized to provide local exchange and interexchange services pursuant to an Order issued by the Board in Docket No. TE05121059<sup>3</sup>; EAE is authorized to provide resold and facilities-based local exchange telecommunications services in New Jersey pursuant to an Order issued in Docket No. TE19020196<sup>4</sup>. ESI also holds authorization from the FCC to provide domestic (interstate) telecommunications services.

## **DISCUSSION**

Petitioners seek Board approval for EAE to enter into, or to otherwise participate in, financing arrangements up to an aggregate amount of \$780 million (“Financing Arrangements”). Petitioners expect that any long-term indebtedness incurred as part of the Financing Arrangements 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 ExteNet Guarantor and its subsidiaries, including EAE. A portion of the Financing Arrangements may be unsecured facilities. For secured facilities, the equity of ExteNet Guarantor and its subsidiaries may be pledged as additional security. Additionally, ExteNet Guarantor and certain of its current and future subsidiaries, including EAE, may provide a guaranty as security for the full amount of the Financing Arrangements. The Financing Arrangements may be used to pay off existing financing arrangements of ESI and for other permitted purposes of ESI and its subsidiaries, including EAE. Although ExteNet Issuer is expected to be the borrower under the Financing Arrangements, in order to maintain flexibility, approval is sought for EAE to be a borrower or co-borrower under the Financing Arrangements.

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<sup>2</sup> Additional information regarding the ownership of Parent Company was provided in Docket Nos. TM15080862 and TM16030187 and is incorporated by reference.

<sup>3</sup> In New Jersey, ESI, formerly known as ClearLinx Network Corporation, is authorized to provide local exchange and interexchange services. I/M/O ClearLinx Network Petition for Approval to Provide Local Exchange and Interexchange Telecommunications Services Throughout the State of New Jersey, Docket No. TE05121059 (Order dated April 13, 2006).

<sup>4</sup> See In the Matter of the Petition of ExteNet Asset Entity, LLC for Authorization to Provide Local Exchange and Interexchange Telecommunications Services in the State of New Jersey, Docket No. TE19020198 (Order dated April 18, 2019).

In the Petition, the Petitioners state that the Financing Arrangements will serve the public interest by promoting competition among telecommunications carriers by providing ESI and its subsidiaries, including EAE, with access to greater financial resources that will allow ExteNet to deploy additional communications infrastructure and compete more effectively. Petitioners state that the participation of EAE in the Financing Arrangements is necessary and appropriate, is consistent with its provision of services to WSP customers who, in turn, can then improve the services provided directly to the public, will not impair its ability to perform such services, and will promote the purposes of ESI and EAE. Petitioners represent that the Financing Arrangements will be transparent to the WSP customers of EAE and will not disrupt service or cause customer confusion or inconvenience.

The 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 EAE operates, the Board Staff satisfied that the Financing Arrangements will not have an adverse impact on the operations of EAE in New Jersey.

The Division of Rate Counsel has reviewed this matter and, by letter dated July 22, 2021 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 Financing Arrangements 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, and consistent with N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9, the Board **FINDS** that the Financing Arrangements are in accordance with the law and in the public interest, and **HEREBY AUTHORIZES** EAE to participate in Financing Arrangements, 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 EAE.
2. Petitioners shall notify the Board in writing, 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 in writing 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 August 25, 2021.

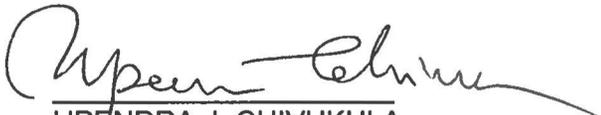
DATED: 8/18/21

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COMMISSIONER

ATTEST:   
AIDA CAMACHO-WELCH  
SECRETARY

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ASSIGNEE, AND EXTENET SYSTEMS, INC., ASSIGNOR, FOR APPROVAL FOR EXTENET  
ASSET ENTITY, LLC, TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS  
DOCKET NO. TF19050649

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