



Agenda Date: 2/23/22
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT PETITION OF BCM)
ONE, INC. ("BCM) AND WHOLESALE CARRIER) ORDER
SERVICES, INC. ("WCS") FOR APPROVAL TO)
OBTAIN DEBT FINANCING) DOCKET NO. TF21121252

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Marc A. Korman, Esq., Sidley Austin LLP, on behalf of Petitioners

BY THE BOARD:

On December 17, 2021, BCM One, Inc. ("BCM One") and Wholesale Carrier Services, Inc. ("WCS") (together, "Petitioners") 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 ("Petition").

BACKGROUND:

BCM One is a corporation organized under the laws of the State of New York with principal offices located in New York, New York. BCM One, formerly known as McGraw Communications, Inc., was authorized to provide local exchange and interexchange telecommunications services.¹ BCM One currently has 18 employees in New Jersey.

WCS is a corporation organized under the laws of the State of Delaware with principal offices in Coral Springs, Florida. WCS was authorized to provide resold and facilities-based Unbundled Network Element local exchange telecommunications services.² WCS currently has no employees in New Jersey.

¹ 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 (Order dated June 10, 2002).

² In the Matter of the Petition of Wholesale Carrier Services, Inc. for Approval to Provide Local Exchange Telecommunications Services Throughout the State of New Jersey, Docket No. TE08030171 (Order dated June 16, 2008).

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.³ The debt financing approval was for an aggregate amount of \$105 million. BCM One subsequently received Board approval for additional debt financing in the amount of \$50 million.⁴ Pursuant to that Order, BCM One submitted a semi-annual letter on January 31, 2020 updating the Board on the use of the debt financing. BCM One then received Board approval for additional debt financing in the amount of \$200 million.⁵ BCM One submitted another semi-annual letter on December 29, 2020, further updating the Board on the use of the debt financing and providing updated loan documentation. BCM One received Board approval for additional debt financing in the amount of \$100 million.⁶ BCM One submitted another semi-annual letter on November 22, 2021, providing an update to the Board on the use of the debt financing and provided updated loan documentation.

The Board previously approved a transfer of control petition for BCM One Group Holdings, Inc., parent company of BCM One, to obtain control of WCS and for WCS to become a co-borrower on the same debt authorizations as BCM One.⁷

On December 17, 2021, BCM One and WCS filed the Petition with the Board pursuant to N.J.S.A. 48:3-9 for approval and authority to obtain debt financing in the amount of \$200 million. BCM One and WCS are 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 and WCS. According to the Petition, 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 and WCS will become co-borrowers 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 Nos. TM18101120, TF19020149, TF20020136, and TF21010036, respectively. Specifically, the \$145 million in additional financing will be secured by: (1) substantially all of the assets of BCM One Group Holdings, Inc., BCM and the other complementary entities, and (2) a pledge by BCM One Group Holdings, Inc. of its equity interests in BCM and the other complementary entities. The debt financing is expected to include a combination of senior secured financing consisting of a term loan, revolving credit-facility, and certain other incremental loans. The maturity date of the senior facility is November 17, 2027. The maturity date of the mezzanine facility is May 17, 2028. The

³ 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 (Order dated Dec. 18, 2018).

⁴ In the Matter of BCM One, Inc. – Referred To As (“BCM”) Petition for Approval to Obtain Debt Financing, Docket No. TF19020149 (Order dated April 18, 2019).

⁵ In the Matter of BCM One, Inc. – Referenced To As (“BCM One”) Petition for Approval to Obtain Debt Financing, Docket No. TF20020136 (Order dated May 5, 2020).

⁶ In the Matter of BCM One, Inc. – Referenced To As (“BCM ONE”) Petition for Approval to Obtain Debt Financing, Docket No. TF21010036 (Order dated April 7, 2021).

⁷ In the Matter of the Verified Joint Petition of Wholesale Carrier Services, Inc. and BCM One Group Holdings, Inc. for Approval of a Transfer of Control and for Authorization for Wholesale Carrier Services, Inc. to Become a Co-Borrower With Respect to Certain Debt Financing Previously Approved by the Board of Public Utilities, Docket No. TM21030647 (Order dated June 24, 2021).

general interest rate for the senior facility is the base rate plus a margin equal to 3.50% or LIBOR plus a margin equal to 4.50%, as applicable. The general interest rate for the mezzanine facility is 10.25% per year. As described in the provisions below, BCM One and WCS will notify the Board of any changes to these terms and submit new term sheets or amendments for its additional debt.

By letter dated January 31, 2022, the New Jersey Division of Rate Counsel stated that it does not object to approval of the Petition, subject to the provisions outlined below.

DISCUSSION AND FINDINGS

As to the proposed financing arrangements, the Board has reviewed information provided by Petitioners 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** Petitioners to participate in additional financing arrangements up to an aggregate amount of \$200 million, and to effectuate such financing arrangements.

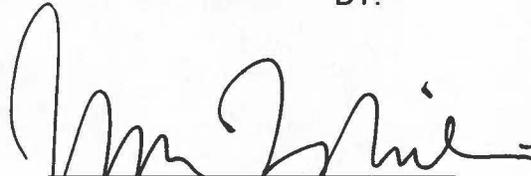
This Order is issued subject to the following provisions:

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 Petitioners.
2. Petitioners shall notify the Board, within five (5) 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 continue to semi-annually 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).
4. Petitioners shall file with the Board any additional term sheets and amendments for the indebtedness.

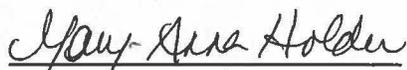
This Order shall become effective on March 2, 2022.

DATED: February 23, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE JOINT PETITION OF BCM ONE, INC. ("BCM) AND WHOLESALE
CARRIER SERVICES, INC. ("WCS") FOR APPROVAL TO OBTAIN DEBT FINANCING

DOCKET NO. TF21121252

SERVICE LIST

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