



STATE OF NEW JERSEY
Board of Public Utilities
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OFFICE OF CABLE
TELEVISION AND
TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF)
SPECTROTEL OF NEW JERSEY, LLC, SPECTROTEL,)
INC., AND SPECTROTEL ULTIMATE HOLDINGS, LLC)
FOR APPROVAL FOR SPECTROTEL OF NEW)
JERSEY, TO PARTICIPATE IN CERTAIN FINANCING)
ARRANGEMENTS) DOCKET NO. TF22100630

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Michael Gruin, Esq., Stevens, & Lee, P.C. on behalf of Petitioners

BY THE BOARD:

On October 17, 2022, Spectrotel of New Jersey, LLC (“Spectrotel NJ”), Spectrotel, Inc., and Spectrotel Ultimate Holdings, LLC (collectively, “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 approval for Spectrotel NJ to participate in financing arrangements in an aggregate amount of up to \$70 million, comprised of a \$55 million term loan facility and a \$15 million revolving credit facility (collectively, “Financing Arrangements”).

Spectrotel NJ is a Delaware limited liability company that maintains its headquarters at 3535 State Highway 66, Neptune, New Jersey. Spectrotel NJ is a majority-owned subsidiary of Spectrotel, Inc., a Delaware corporation that maintains its headquarters at the same address. Spectrotel NJ holds authority from the Board to provide facilities-based and resold local and interexchange telecommunications services in New Jersey.¹

Spectrotel, Inc. and its subsidiaries provide resold voice and IP-based data services to small and medium-sized businesses and enterprise customers across the United States. Spectrotel, Inc. was previously authorized by the Board to provide facilities-based competitive local exchange

¹ In the Matter of Spectrotel of New Jersey LLC’s Verified Petition To Provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services Throughout New Jersey, BPU Docket No. TE12100948, Order dated December 19, 2012.

and exchange access telecommunications services in New Jersey.² Spectrotel, Inc. subsequently surrendered its authority to the Board after Spectrotel NJ obtained equivalent authority.³

Spectrotel Ultimate Holdings, LLC is a limited liability company organized under the laws of the State of Delaware, with its primary office located at 1900 K Street NW, Suite 650, Washington, DC. By Order dated January 11, 2023, Spectrotel Ultimate Holdings, LLC was authorized to acquire all outstanding equity interests in Spectrotel, Inc., including indirect ownership and control of Spectrotel NJ.⁴ Grain Management, LLC, which invests in and manages communications businesses in North America and South America, manages Spectrotel Ultimate Holdings, LLC. The Financing Arrangements are for the purpose of financing the transaction authorized by the January 2023 Order.

The borrower under the Financing Arrangements is expected to be Spectrotel, Inc., but in order to maintain flexibility, authorization is sought for Spectrotel NJ to be a borrower or co-borrower under the Financing Arrangements. The interest rate likely will be the market rate for similar financings and will not be determined until the Financing Arrangements are finalized. Each interest rate will be a floating rate (consisting of a base rate, which will float with a rate index such as the Term Secured Overnight Financing Rate or the Federal Funds Rate, plus an applicable margin), depending on credit conditions at the time it is priced and issued.

Spectrotel NJ and the other subsidiaries of Spectrotel, Inc. are expected to be guarantors of the Financing Arrangements, and Spectrotel NJ seeks authority to participate as a guarantor for the full amount of the Financing Arrangements.

The Petitioners contend that participation by Spectrotel, Inc. and its subsidiaries in the Financing Arrangements will not adversely affect their current or proposed operations in New Jersey. The Petition provides that the Financing Arrangements will serve the public interest because, among other reasons, the Financing Arrangements will provide Spectrotel NJ access to additional capital, enabling Spectrotel NJ to continue to provide high-quality and innovative communications solutions to its customers, none of which will suffer any loss or impairment of service as a result of the transaction that was approved by the January 2023 Order.

The Petitioners asserted that the Financing Arrangements are necessary and appropriate, and will not impair the ability of Spectrotel NJ to provide its services to the public. The Petitioners contend that the Financing Arrangements will provide Spectrotel NJ access to additional capital, enabling Spectrotel NJ to enhance and expand its service offerings. The Petitioners further asserted that enabling Spectrotel NJ to enhance and expand its service offerings and thereby compete more effectively with other service providers will serve the public interest in promoting competition among telecommunications carriers by providing Spectrotel NJ with the opportunity to strengthen its financial position.

² In the Matter of the Petition for an Order Authorizing ADVAMTEL, LLC d/b/a Plan B Communications, Inc. to Provide Local Exchange and Exchange Access Telecommunications Services, BPU Docket No. TE00020117, Order dated December 19, 2000.

³ In the Matter of the Verified Joint Petition of Spectrotel, Inc. and Spectrotel of New Jersey, LLC for Approval of a Transfer of Assets, BPU Docket No. TM1210094, Order dated December 19, 2012.

⁴ In the Matter of the Verified Petition of Spectrotel of New Jersey, LLC, Spectrotel, Inc. and Spectrotel Ultimate Holdings, LLC, for Approval of a Change of Control of Spectrotel of New Jersey, LLC, BPU Docket TM22100628, Order dated January 11, 2023 ("January 2023 Order").

The Petitioners claimed that Spectrotel NJ does not have an employee pension plan, and the existing rights of Spectrotel NJ's employees in any other retirement benefit plan offered by Spectrotel NJ will not be impacted by the Financing Arrangements.

The New Jersey Division of Rate Counsel ("Rate Counsel") has reviewed this matter and, by letter dated March 7, 2023, indicated that it does not object to Board approval of the petition, subject to certain conditions.

DISCUSSION AND FINDINGS

The Board, after investigation, having considered the petition and exhibits, as well as the comments of Rate Counsel and Board Staff, **HEREBY FINDS** that Spectrotel NJ's participation in the Financing Arrangements is in accordance with the law, in the public interest, and will have no negative impact on Spectrotel NJ or its rates, customers or New Jersey employees. The Board, pursuant to N.J.A.C. 14:1-5.9A and N.J.S.A. 48:3-9, approving of the purposes of the Financing Arrangements, **HEREBY AUTHORIZES** Spectrotel NJ to participate in Financing Arrangements in an aggregate amount of up to \$70 million, comprised of a \$55 million term loan facility and a \$15 million revolving credit facility and for Spectrotel NJ 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 Spectrotel NJ.
2. Spectrotel NJ shall notify the Board, within five (5) business days, of any material changes in the proposed Financing Arrangements and shall provide complete details of such transactions, including any anticipated effects upon service in New Jersey.
3. Spectrotel NJ shall notify the Board of any material default on the terms of the proposed Financing Arrangements within five (5) business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the Financing Arrangements or other supporting documents, a default or assignment under such documents shall not constitute an automatic transfer of Spectrotel NJ'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 Petitioners.
6. Beginning January 15, 2024, no later than January 15 of each year following the issuance of this Order, Petitioners shall submit to the Board Secretary and provide a copy to the Chief Economist of a letter report detailing each debt issuance, term loan, use of revolving credit, opened or concluded in the prior year pursuant to the authorization contained in this Order. Each report must include the name of the issuing entity, issue date, amount of debt issued, the term in years, final maturity date, coupon rate, price to public, underwriters discount, net proceeds after expenses, gross

expenses, breakdown of estimated issuance costs (including, but not limited to, information such as the underwriting fees, underwriting expenses, legal fees and expenses, recordation taxes and fees, trustee fees, etc.) and any other material provision with respect to the terms and conditions of the new issuance.

This Order shall become effective on April 19, 2023.

DATED: April 12, 2023

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST: 

SHERRI L. GOLDEN
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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SPECTROTEL, INC. AND SPECTROTEL ULTIMATE HOLDINGS, LLC FOR APPROVAL FOR
SPECTROTEL OF NEW JERSEY, LLC TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS

DOCKET NO. TF22100630

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