



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 VERIFIED JOINT PETITION) ORDER
OF EXTENET SYSTEMS, LLC AND EXTENET LVS, LLC)
FOR APPROVAL (1) TO TRANSFER CERTAIN ASSETS)
BETWEEN PETITIONERS, INCLUDING A WAIVER OF)
MASS MIGRATION RULES AND (2) FOR EXTENET)
LVS, LLC TO PARTICIPATE IN CERTAIN FINANCING) DOCKET NO. TF24110848
ARRANGEMENTS)

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
James J. Creech, Esq., Norris McLaughlin, P.A., on behalf of the Petitioners

BY THE BOARD:

On November 15, 2024, ExteNet Systems, LLC ("ESL") and ExteNet LVS, LLC ("ELVS") (collectively, "Petitioners"), submitted a verified joint petition with the New Jersey Board of Public Utilities ("Board") requesting approval, pursuant to N.J.S.A. 48:3-7, to transfer certain assets, including customer contracts and related telecommunications network infrastructure, from ESL to ELVS ("Pro Forma Asset Transfer") ("Petition"). Petitioners also sought a waiver of the Board's mass migration rules, N.J.A.C. 14:10-12.1 et seq., and approval for ELVS to participate in certain financing arrangements. The Board considers the Petition herein.

BACKGROUND

ELVS and ESL are both Delaware limited liability companies with principal offices in Frisco, Texas. ELVS is a direct, wholly owned subsidiary of ExteNet LVS Holdings, LLC, which in turn is wholly owned by ESL. By Order dated December 6, 2023, ELVS was authorized to provide local exchange and interexchange service in New Jersey.¹

¹ In re Petition of ExteNet LVS, LLC for Authorization to Provide Local Exchange and Interexchange Telecommunications Services in the State of New Jersey, BPU Docket No. TE23040242, Order dated December 6, 2023.

ESL is a direct, wholly owned subsidiary of Odyssey Acquisition, LLC (“Odyssey”), a Delaware limited liability company. ESL holds authorization from the Federal Communications Commission to provide domestic (interstate) telecommunications services and was authorized to provide local exchange and interexchange services in New Jersey by Order dated April 13, 2006.² Odyssey is an indirect, wholly owned subsidiary of Mount Royal Holdings, LLC (“Parent”). Parent is a Delaware limited liability company with executive offices located in Boca Raton, Florida. Parent is owned by multiple private equity firms, an insurance company, and certain individuals in management of ESL.³

ESL and its subsidiaries, including ELVS and ExteNet LVS Holdings, LLC (collectively, “Extenet”), hold authorizations to provide intrastate telecommunications services in the District of Columbia and every state except Alaska, Iowa, Maine, Montana, North Dakota, Vermont, West Virginia, and Wyoming. Extenet primarily designs, builds, owns, and operates distributed networks for use by national and regional wireless service providers in North America. Extenet deploys distributed networks to improve coverage and capacity and enable wireless service in both outdoor and indoor environments using fiber-fed distributed antenna systems, small cells, Wi-Fi, and other technologies. Extenet’s primary markets 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 Internet Protocol-based transport services to other communications providers and enterprise customers.

The Petitioners stated that the Pro Forma Asset Transfer is part of Extenet’s plan to separate its operations into two (2) distinct service offerings: “outdoor” networks that use the public rights of way to provide service through the use of small cells, fiber builds, and related equipment; and “indoor” networks that use many of the same types of equipment but are limited to installations in indoor settings and exclusively on private property. That plan also involves the transfer of certain contracts and related network assets between the Petitioners, including customer accounts and contracts, antennas, small cell, fiber, and other telecommunications equipment on private property. The Petitioners stated that once the Pro Forma Asset Transfer is complete, ESL will retain assets dedicated to outdoor networks and those services and customers served through, in part, access to the public rights of way, and ELVS will have assets and associated customers, limited to indoor networks and exclusively on private property with no facilities or equipment located in the public rights of way. The Petitioners contended that following the Pro Forma Asset Transfer, the business of each Petitioner will remain the same aside from the segregation of the customers into those served with facilities and equipment located in the public rights of way, i.e., ESL’s customers, and those served with facilities and equipment exclusively on private property, i.e., ELVS’s customers.

The Petitioners asserted that to ensure seamless and uninterrupted service, all customers assigned to ELVS will continue to receive service from ELVS under the same rates, terms, and conditions of services as governed by their existing contracts with ESL. Future changes in the rates, terms, and conditions of service to the affected customers will be undertaken pursuant to

² The authorization was granted to ClearLinx Network Corporation, which subsequently changed its name to ExteNet Systems, Inc. In re the Petition of ClearLinx Network Corporation for Approval to Provide Local Exchange and Interexchange Telecommunications Services within the State of New Jersey, BPU Docket No. TE05121059, Order dated April 13, 2006. ExteNet Systems, Inc. subsequently converted from a Delaware corporation to a Delaware limited liability company named ExteNet Systems, LLC.

³ Additional information regarding the ownership of Parent was provided in Docket No. TM15080862 and TM16030187 and is incorporated by reference.

customer contracts and the applicable law. The Petitioners affirmed that the Pro Forma Asset Transfer would not cause confusion or disruption to customers, since ESL and ELVS will market and perform their respective services under the “Extenet” brand with which customers are familiar, will provide existing customers with the same rates and terms of service, and will operate through the same customer service, technical, operational, and managerial personnel, who shall remain employed by ESL.

The Petitioners stated that all of ESL’s and ELVS’s customers in New Jersey are sophisticated carriers or commercial entities that receive service under individually negotiated contracts and therefore would not be considered mass market service customers. Petitioners do not believe that the Board’s mass migration rules, pursuant to N.J.A.C. 14:10-12.1 et seq., were intended to cover a change in the provider for such customers, especially under the circumstances presented (*i.e.*, where the change in provider will occur as part of a pro forma transaction pursuant to which terms of service, rates, and brand under which services are provided remain the same). Consequently, the Petitioners requested, to the extent required, a waiver of the Board’s mass migration rules. Petitioners stated that it would be unduly burdensome, unnecessary, and potentially confusing to customers for Petitioners to comply with the Board’s mass migration rules without modification or waiver because, from customers’ point of view, the Pro Forma Asset Transfer would simply result in a change in the legal name of their provider rather than a discontinuance or other change in their services.

The Petitioners also sought Board approval for ELVS to enter into or participate in new, amended, and restated financing arrangements up to an aggregate amount of \$750 million (“Financing Arrangements”). By Order dated November 21, 2017, ESL was authorized to enter into Financing Arrangements with an aggregate amount of \$750 million, with flexibility within that aggregate amount to negotiate market-based terms within the range described in its petition in Docket No. TF17091000.⁴ Petitioners sought identical authority for ELVS to participate in Financing Arrangements as was granted to ESL in the November 2017 Order.

In response to Board Staff’s discovery request, Petitioners indicated that they expect that any long-term indebtedness incurred as part of the Financing Arrangements will mature up to ten (10) years after issuance, depending on the type of debt instrument. Interest rate(s) will be set between 7-10%, subject to then-current interest rate conditions. According to the Petition, some or all of the Financing Arrangements may be secured facilities, which may include a grant of a security interest in the assets of ELVS. For secured facilities, the equity of ESL and its subsidiaries may be pledged as additional security. Additionally, ESL’s parent(s) and subsidiaries, including ELVS, may provide a guaranty as security for a portion of or the full amount of the Financing Arrangements. The Financing Arrangements may be used for acquisitions, refinancing of then-current outstanding debt, working capital requirements (including the development and expansion of distributed network systems), and general corporate purposes of ELVS, as well as ESL and its subsidiaries. In order to maintain flexibility, approval is sought for ELVS to be a borrower or co-borrower under the Financing Arrangements. Petitioners stated that both the Pro Forma Asset Transfer and Financing Arrangements will serve the public interest.

According to the Petition, Extenet has fourteen (14) employees in New Jersey but does not have an employee pension plan. Petitioners asserted that neither the Pro Forma Asset Transfer nor

⁴ The authorization was granted to ExteNet Systems Inc., which subsequently became ExteNet Systems, LLC. In *re the Verified Petition of ExteNet Systems, Inc., for Approval to Expand its Authority to Participate in Financing Arrangements*, BPU Docket No. TF17091000, Order dated November 21, 2017 (“November 2017 Order”).

Financing Arrangements are expected to have an effect on those employees or the retirement benefit plan(s) offered to employees.

On March 24, 2025, the New Jersey Division of Rate Counsel ("Rate Counsel") submitted comments on the Petition. Rate Counsel indicated it had no objection should the Board grant approval of the Petition.

DISCUSSION AND FINDINGS

Pursuant to N.J.S.A. 48:3-7, a utility shall not, among other things, dispose of its property or consolidate its property with that of any other public utility without the approval of the Board. Where the disposition of all, or a substantial portion of, a utility's property is proposed, the Board shall not approve the proposed transaction if it appears that the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to its employees. N.J.S.A. 48:3-7.

Here, the Pro Forma Asset Transfer contemplates a transfer of assets, including customer contracts and related telecommunications network infrastructure, between two (2) regulated utilities, ELVS and ESL, in order to streamline each entity's operations and redistribute certain assets within each company. The Board, having reviewed the Petition and the entire record, **HEREBY FINDS** that the proposed Pro Forma Asset Transfer is consistent with the public interest and in accordance with the law. The Board **FURTHER FINDS** that the Pro Forma Asset Transfer will not adversely impact the Petitioners' employees and/or pension obligations.

As to the request for a waiver of the mass migration rules at N.J.A.C. 14:10-12.1 et seq., the Board **HEREBY FINDS** that Petitioners have demonstrated good cause for the waiver pursuant to N.J.A.C. 14:1-1.2. Petitioners serve commercial entities which will remain customers post-closing of the Pro Forma Asset Transfer in accordance with the terms of their customer service agreements, and who will be advised of the Pro Forma Asset Transfer. Further, ownership, control, and management policies will remain the same following the Pro Forma Asset Transfer. For these reasons, Petitioners' request for a waiver of N.J.A.C. 14:10-12.1 et seq. is **HEREBY GRANTED**.

Accordingly, the Board **FINDS** that the proposed Pro Forma Asset Transfer is consistent with applicable law and is not contrary to the public interest. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **HEREBY AUTHORIZES** Petitioners to complete the Pro Forma Asset Transfer.

Additionally, 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** ELVS 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:

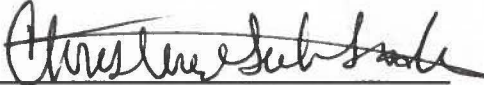
1. The Petitioners will be required to notify the Board of any reduction in employment of fifteen percent (15%) or more within a three (3)-year period after the date of closing.

2. 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 the Petitioners.
3. Petitioners shall notify the Board, in writing, 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.
4. 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.
5. 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.
6. 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.
7. Beginning January 15, 2026, and every six (6) months thereafter, Petitioners shall submit to the Board Secretary, and provide a copy to the Chief Economist, a letter report detailing each debt issuance, term loan, and use of revolving credit opened or concluded in the prior six (6) months, along with copies of executed indentures associated with the authorization contained in this Order. The reports shall 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 proceeds before 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.

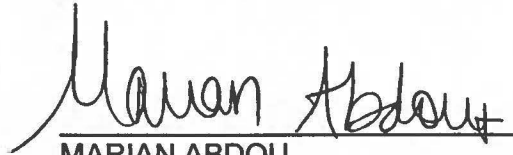
This Order shall become effective on May 28, 2025.

DATED: May 21, 2025

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST: 
SHERRIL L. LEWIS
BOARD 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 EXTENET SYSTEMS, LLC AND EXTENET LVS, LLC
FOR APPROVAL (1) TO TRANSFER CERTAIN ASSETS BETWEEN PETITIONERS, INCLUDING A WAIVER OF
MASS MIGRATION RULES AND (2) FOR EXTENET LVS, LLC TO PARTICIPATE IN CERTAIN FINANCING
ARRANGEMENTS

DOCKET NO. TF24110848

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