



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

IN THE MATTER OF THE VERIFIED )  
JOINT PETITION OF EUREKA )  
BROADBAND CORPORATION, EUREKA ) TELECOMMUNICATIONS  
TELECOM, INC., A.R.C. NETWORKS, INC. ) ORDER OF APPROVAL  
AND BROADVIEW NETWORKS )  
HOLDINGS, INC. FOR APPROVAL OF THE )  
INDIRECT TRANSFER OF CONTROL OF )  
EUREKA TELECOM, INC. AND A.R.C. )  
NETWORKS, INC. TO BROADVIEW )  
NETWORKS HOLDINGS, INC. AND )  
RELATED FINANCING TRANSACTIONS )

DOCKET NO. TM07030145

(SERVICE LIST ATTACHED)

BY THE BOARD:

On March 1, 2007, Eureka Broadband Corporation (Eureka Parent), A.R.C. Networks, Inc. (A.R.C.), Eureka Telecom Inc. (Eureka), and Broadview Networks Holdings, Inc. (Broadview Holdings) (collectively, Petitioners), pursuant to N.J.S.A. 48:2-51.1, 48:3-7, 48:3-9 and 48:3-10, filed a petition seeking the Board's approval for a transaction that will result in the transfer of control of Eureka and A.R.C., both subsidiaries of Eureka Parent, to Broadview Holdings. In addition, Eureka and A.R.C. request approval to participate in certain existing and proposed financing arrangements of Broadview Holdings. On March 18, 2007, Petitioners submitted a Supplement to the Petition (Supplement Letter) which requests that the Board also grant Eureka the authority to provide interexchange service. Upon consummation of the transfer, Eureka and A.R.C. will continue to offer services at the same terms, rates and conditions that they currently provide such services in the State.

**BACKGROUND**

Eureka Parent is a Delaware corporation with principal offices in New York, New York. Eureka Parent's operating subsidiaries provide voice and data communications primarily to business customers in major markets in the northeastern United States and selected areas of Texas. Among other services its subsidiaries provide are local and long distance telephone services, point-to-point data services, high-speed Internet services, network design and wiring. Eureka and A.R.C. are both indirectly owned subsidiaries of Eureka Parent. In New Jersey, Eureka (previously known as Gillette Global Network, Inc.) is authorized to provide local exchange telecommunications services. See Order I/M/O the Petition for an Order Authorizing Gillette Global Network, Inc. to Provide Local Exchange Telecommunications Services Throughout New Jersey, Docket No. TE0010817 dated June 28, 2001. Currently, Eureka has approximately 1,800 customers in New Jersey. A.R.C. is authorized to provide local exchange and intrastate

toll telecommunications services. See Order I/M/O/ for an Order Authorizing A.R.C. Networks Inc. d/b/a/ INFOHIGHWAY to provide Local Exchange and Intrastate Toll Telecommunications Services, Dated July 28, 2000. Currently A.R.C. has no customers in New Jersey.

Broadview Holdings is a privately held Delaware corporation with principal offices in Rye Brook, New York. Broadview Holdings is the ultimate parent company of Broadview Networks, Inc. (Broadview Networks), Broadview NP Acquisition Corp. (Broadview NP), BridgeCom International, Inc. (BridgeCom), TruCom Corporation (TruCom), and ATX Licensing, Inc. (ATX), which provide telecommunications services in multiple states. In New Jersey, Broadview Networks is authorized to provide facilities-based and resold interexchange and local exchange services pursuant to authority granted by the Board in Docket No. TE99120912, on August 16, 2000. Broadview NP, BridgeCom, and ATX are Delaware corporations. TruCom is a New York corporation. Broadview NP, BridgeCom and TruCom all have principal offices located in, Rye Brook, New York. ATX has its principal offices in King of Prussia, Pennsylvania. According to the petition, these subsidiaries also hold authorizations to provide competitive telecommunications services in multiple states and authority from the FCC to provide international and interstate services. In New Jersey, Broadview NP is authorized to provide interexchange and local exchange services pursuant to authority granted by the Board in Docket No. TE02040253, on August 7, 2002; BridgeCom is authorized to provide facilities based competitive interexchange and local exchange services pursuant to authority granted by the Board in Docket No. TE01010040, on February 6, 2002; TruCom is authorized to provide facilities-based competitive interexchange and local exchange services pursuant to authority granted by the Board in Docket No. TE00090630, on March 15, 2001; ATX is authorized to provide interexchange and local exchange telecommunications services pursuant the authority granted by the Board in Docket No. TE99070467, on March 29, 2000.

## DISCUSSION

Pursuant to the terms of an Agreement and Plan of Merger (Agreement), between Broadview Holdings and Eureka Parent dated as of February 23, 2007 a newly created subsidiary of Broadview Holdings will merge with Eureka Parent, with Eureka Parent surviving. As a result, Broadview Holdings will acquire indirect control of A.R.C. and Eureka. Petitioners state that immediately following the consummation of the proposed transaction, A.R.C. and Eureka will continue to offer service with no change in the rates or terms and conditions of service. Further, A.R.C. and Eureka will continue to provide service to its customers under the same name. Therefore, the transfer of control of A.R.C. and Eureka will be seamless and transparent to consumers in the State of New Jersey.

As noted in the Supplement Letter, Eureka holds authority to provide local exchange telecommunications services pursuant to authority granted by the Board in Docket No. TE00100817. Petitioners note that there does not appear to be any reason why Eureka does not also hold authority to provide facilities based interexchange services in New Jersey, except that it inadvertently failed to request such authority at the time its petition was filed in October of 2000. Accordingly, Petitioners have requested that in connection with its review of the proposed change in control, the Board also grant Eureka the authority to provide interexchange service in New Jersey.

In connection with the proposed transfer of control, petitioners have requested Board Approval for certain financing transactions. More specifically, they are requesting authority to become guarantors in the existing indebtedness of Broadview Holdings and will pledge their assets as security and participate in financings with a total aggregate amount of up to \$450 million, approved by the Board in Docket Nos. TF06060445, TM06060480 and TF 07010004.

Proceeds from the financings will be used to fund potential corporate acquisitions by Broadview Holdings, for working capital and other general corporate purposes of the Petitioners. The latter purposes may include expanding and developing Petitioners' network and operations and making other capital expenditures necessary to execute their strategic business plan.

Petitioners state that approval of the proposed financing arrangements will serve the public interest by enhancing the ability of Petitioners to grow and compete in the highly competitive markets for telecommunications services in New Jersey and nationwide by providing Petitioners with the opportunity to strengthen their competitive position through access to greater financial resources. Approval of the financing transaction described herein is not expected directly to affect in any way Petitioners' ownership, name, or management and will have no negative effects on New Jersey customers or competition. Furthermore, Petitioners state that by increasing the breadth and scope of telecommunications services made available through an increased ability to expand Petitioners' operations, greater access to capital will also strengthen Petitioners' ability to bring competitive telecommunications services to consumers in the State of New Jersey.

Staff's review indicates that the financing transactions are in accordance with the law and that the use of the proceeds associated therewith is appropriate. Given the competitive environment in which Petitioner operates, the Board is satisfied that the transactions will not have an adverse impact on Petitioner's operations in New Jersey.

#### FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since Eureka and A.R.C.'s New Jersey customers will continue to receive the same services from the same entity at the same rates and under the same terms and conditions. Nor will there be a negative impact on employees or on competition. Moreover, a positive benefit may be expected from the strengthening of the Petitioners in the telecommunications market.

Accordingly, after careful review of this matter, the Board FINDS that the change of control will have no material negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the proposed transfer and entering into the financial arrangements with Broadwing are in accordance with the law and public interest. The Board HEREBY ORDERS that the Petitioners shall notify the Board of the closing of the proposed transactions within 7 days of the consummation of the transfer.

With regard to Petitioners request for the Board to grant authority to provide interexchange services, the Board points out that since Eureka has already been granted local authority and there is no additional showing required to obtain interexchange authority, the Board HEREBY AUTHORIZES Eureka to provide interexchange services in New Jersey.

The Board has reviewed the financing arrangements proposed to be undertaken by the Petitioners and concludes that the financing arrangements are necessary and appropriate. The Board FINDS that the proposed transaction is consistent with the applicable law and the public interest. The Board therefore, approves the purposes thereof. The Board HEREBY

AUTHORIZES the petitioners to provide their guarantee, serve as co-borrowers, or otherwise provide security in connection with financing up to \$450 million.

This order is 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 of the State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioners.
2. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does 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.
3. 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.

Further, the Board FINDS that the financing arrangements described above will serve the public interest in promoting competition among telecommunications carriers in New Jersey. The Board HEREBY APPROVES and AUTHORIZES Petitioners to participate in the financing arrangements as described above.

DATED: 5/15/07

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ATTEST:

Kristi Izzo  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
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