



Agenda Date: 7/19/13

Agenda Item: IVB

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION OF PEG )  
BANDWIDTH NJ, LLC, FOR APPROVAL TO ) ORDER  
PARTICIPATE IN A FINANCING ARRANGEMENT )  
) DOCKET NO. TF13020114

**Parties of Record:**

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

**BY THE BOARD:**

On or about January 30, 2013, PEG Bandwidth NJ, LLC ("PEG" or "Petitioner") filed a petition pursuant to N.J.S.A. 48:3-9 and N.J.S.A. 48:3-7 requesting approval from the New Jersey Board of Public Utilities ("Board"), to the extent necessary, to participate in a financing arrangement (the "Financing"). The financing is in the amount of \$250 million. On or about May 8, 2013, Petitioner notified the Board that the Financing had closed in December 2012. Petitioner therefore amended its Petition so as to seek approval of the Financing "as within time."

**BACKGROUND**

Petitioner is a Delaware limited liability company, with principal offices located at 3 Bala Plaza East, Suite 502, Bala Cynwyd, PA 19004. PEG is a wholly owned subsidiary of PEG Bandwidth, LLC ("Parent"). PEG is a carrier's carrier and provides telecommunications services to providers of wireless telecommunications as well as to other carriers. In New Jersey, PEG is authorized to provide facilities based and resold telecommunications services, including private line dedicated point to point and point to multipoint, local exchange and interexchange services pursuant to authority granted by the Board in Docket No. TE12040317 on August 15, 2012.

**DISCUSSION**

PEG, its Parent and affiliates entered into a company-wide secured financing arrangement. The interest rate for the promissory note is competitive with market conditions. The financing arrangement is secured by a lien on substantially all of the assets of PEG and its affiliates as

well as the equity interests held directly and indirectly in PEG and its affiliates by its parent and controlling investors. PEG and its Parent will use the proceeds from the loan to purchase new equipment and facilities and for operating expenses to provide telecommunications services in New Jersey and other states where PEG and its affiliates are authorized to provide services.

Petitioner emphasizes that participation in the financing arrangement will not result in a change in PEG's (or its Parent's) management or in its day-to-day operations in New Jersey; nor will it adversely affect PEG's operations in New Jersey. The financing arrangement will enable PEG to bring services to new markets and allow more consumers to benefit from its competitive services. Accordingly, and to the extent required, Petitioner requests that the Board approve the participation of PEG in the financial arrangement described herein.

Petitioner asserts that approval of the proposed financing arrangement described herein will serve the public interest in promoting competition among telecommunications carriers by providing PEG with the opportunity to strengthen its competitive position through access to greater financial resources. PEG expects that by increasing the breadth and scope of telecommunications services made available through an increased ability to expand its operations, greater access to capital will also strengthen Petitioner's ability to bring competitive telecommunications services to consumers in New Jersey. Furthermore, PEG states that this financing transaction will be transparent to consumers and that consumers will benefit from the continued receipt of quality telecommunications services that are priced competitively.

The Division of Rate Counsel has reviewed this matter and, by letter dated May 22, 2013 does not object to the Board approval of this petition.

### **FINDINGS AND CONCLUSIONS**

After careful review of this matter, the Board **FINDS** that the transaction will have no negative impact on competition, the rates of current customers or on employees. Therefore, the Board after investigation, having considered the record and exhibits submitted in this proceeding, **FINDS** that the financing transaction is in accordance with law and in the public interest, and **HEREBY AUTHORIZES** Petitioner to participate in the financing arrangements described herein, as within time.

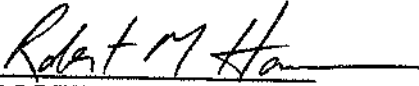
This Order is issued subject to the following provisions:

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 Petitioner.
2. Petitioner shall notify the Board of any material default in the terms of the proposed financing within five business days of such occurrence.
3. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents (the "Agreement"), a default or assignment under such Agreement does not constitute an automatic transfer of Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

4. 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 Petitioner.

DATED: 7/19/13


BOARD OF PUBLIC UTILITIES  
BY:


  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER


  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

ATTEST:  
  
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 Utilities



**SERVICE LIST**

**In The Matter Of The Petition Of PEG Bandwidth NJ, LLC, For Approval To Participate In  
A Financing Arrangement**

**Docket No. TF13020114**

Kristi Izzo, Secretary  
Board of Public Utilities  
44 S. Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Stefanie Brand, Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-003

Dennis C. Linken  
Scarinci & Hollenbeck, LLC  
1100 Valley Brook Avenue,  
Post Office Box 790  
Lyndhurst, NJ 07071-0790

Mark Beyer, Chief Economist  
Office of the Economist  
Board of Public Utilities  
44 S. Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Ayelet Hirschhorn, DAG  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029

Caroline Vachier, DAG  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029

Robert Wojciak  
Office of the Economist  
Board of Public Utilities  
44 S. Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

James F. Murphy  
Division of Telecommunications  
Board of Public Utilities  
44 S. Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Anthony Centrella, Director  
Division of Telecommunications  
Board of Public Utilities  
44 S. Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Rocco Della-Serra  
Division of Telecommunications  
Board of Public Utilities  
44 S. Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350