



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

OFFICE OF CABLE TELEVISION
AND TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION) ORDER
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

Parties of Record:

Todd B. Lantor, Esq., Lukas, LaFuria, Guitierrez and Sachs, LLP, on behalf of Petitioners
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On March 4, 2021, Wholesale Carrier Services, Inc. (“WCS,” “Company,” or “Transferor”), and BCM One Group Holdings, Inc. (“BCM One Group Holdings” or “Transferee”) (collectively “Petitioners”), submitted a Verified Petition (“Petition”) with the New Jersey Board of Public Utilities (“Board”) pursuant to N.J.S.A. 48:2-51.1 for the transfer of control of WCS to BCM One Group Holdings, and for authorization, pursuant to N.J.S.A. 48:3-9, for WCS to become a co-borrower with respect to certain debt financing previously approved by the Board.¹ Following completion of the transfer, WCS will continue to provide competitive services to existing customers in New Jersey at the same rates, terms, and conditions and in the same geographic areas as currently provided.

¹ See In The Matter of BCM One, Inc. – Referred to as (“BCM”), Petition For Approval to Obtain Debt Financing, Docket Number TF19020149, Order Dated April 18, 2019.

BACKGROUND

WCS is a corporation organized under the laws of the State of Florida. The principal office of WCS is located in Coral Springs, Florida. It is registered with the New Jersey Department of the Treasury, Division of Revenue and Enterprise Services, as a foreign for-profit corporation. WCS provides enterprise solutions to businesses. It offers Time Division Multiplexing (“TDM”) and Internet Protocol-based voice services, and other connectivity services. In New Jersey, WCS is authorized to provide facilities-based Unbundled Network Element local exchange telecommunications services throughout the state.² WCS currently does not have any employees in New Jersey.

BCM One Group Holdings is incorporated in Delaware, the Certificate of Incorporation having been filed in the Office of the Secretary of the State of Delaware on September 14, 2018. The principal office of BCM One Group Holdings is located in St. Louis, Missouri. The controlling interest in BCM One Group Holdings is held by Thompson Street Capital Partners V, L.P. (“Thompson Street”). Thompson Street is a Delaware limited partnership and is part of a privately held investment firm based in St. Louis, Missouri. Thompson Street specializes in growth capital, recapitalizations, management buyouts, and private investments in middle market companies. The general partner of Thompson Street is Thompson Street Capital V GP, L.P., a Delaware limited partnership. The Petition states that no limited partner in Thompson Street owns more than 10% of the equity of Thompson Street Capital Partners V, L.P.

DISCUSSION

The Petition states that on February 23, 2021, BCM One Group Holdings and the owners of WCS entered into a Share Purchase Agreement (“SPA”) for BCM One Group Holdings, together with Thompson Street and its co-investors, to acquire WCS. Pursuant to the SPA, WCS will be acquired by BCM One Group Holdings, indirectly through one of its wholly-owned subsidiaries, BCM One, Inc., a New York corporation (“BCM One”). BCM One, formerly known as McGraw Communications, Inc., is authorized by the Board to provide local exchange and interexchange telecommunications services in New Jersey.³ Thompson Street holds approximately 70% of the equity and voting interests in BCM One Group Holdings. The remaining approximate 30% of BCM One Group Holdings and BCM One is held separately and independently by certain individual investors, certain lender co-investors, and other commercial partners. Except for Thompson Street, no interest holder ultimately has equity or voting shares of 10% or greater in BCM One Group Holdings or BCM One. The Petitioners state that several members of WCS’s current management team will remain with WCS continuing to direct its day-to-day operations. Petitioners state that this will ensure WCS’s business decisions going forward will be guided by an experienced team with a proven record in the telecommunications field and with detailed knowledge and experience concerning the operations of WCS.

Petitioners assert that the proposed transaction will advance the public interest. The transfer of control will not involve any assignment of operating authority, assets, or customers. The Petition

² See, 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.

³ See, 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.

states that WCS will benefit from the additional capital, in addition to Thompson Street's financial and managerial expertise, to better serve its existing customers and compete more effectively in the marketplace. Services will continue to be provided by experienced personnel. WCS will continue to provide competitive services to existing customers in New Jersey at the same rates, terms, and conditions and in the same geographic areas as currently provided. Further, Petitioners state that the proposed transfer of control will enhance competition that benefits WCS's business consumers that have access to enterprise solutions, including TDM and Internet Protocol-based voice services, and other connectivity services. These benefits include competitive pricing and increased availability of a variety of service options, enabling WCS to better serve its customers and compete more effectively in the marketplace.

In connection with the proposed transaction, Petitioners have requested Board approval for WCS to become a co-borrower with respect to certain debt financing previously approved by the Board in Docket No. TF19020149. Petitioners would like Board approval contemporaneously with the approval of the proposed transfer of control application. This concurrent approval of both the transfer of control and the debt financing is consistent with the actions previously taken by the Board in regards to BCM One, Inc. in Docket No. TM18101120 where BCM One Group Holdings was granted debt financing in the aggregate amount of up to \$105 million to effect the acquisition of BCM One.

BCM One has obtained additional debt financing to effect the acquisition of complementary entities engaged in similar business activities to itself. The debt financing for which the Petitioners seek approval has already been reviewed and approved by the Board in Docket Nos. TF21010036, TF20020136, TF19020149 and TM18101120.

If this authorization is granted, the debt financing obtained by BCM One Group Holdings and BCM One will be secured by substantially all of the assets of WCS, in addition to those of BCM One Group Holdings, BCM One and certain other entities upon completion of the acquisition. Authorizing WCS to become a co-borrower with respect to the debt financing obtained by BCM One Group Holdings and by BCM One will provide additional security for that financing.

WCS has agreed to participate in the conditions BCM One has abided by in filing semi-annual updates with the Board regarding use of the debt proceeds and updates of loan documentation. Concurrent review would allow for a streamlined and efficient process for both the Board and the Petitioners.

The New Jersey Division of Rate Counsel ("Rate Counsel") submitted comments to the Board on April 19, 2021 stating that it does not oppose Board approval of Petitioners' transfer of control request; however, it recommends Petitioners' request to participate as a co-borrower in previously Board approved BCM One Group Holdings financial arrangements be handled under a separate filing and Board review post transfer ("April Rate Counsel Letter").

On April 23, 2021, Petitioners responded to the recommendation in the April Rate Counsel Letter, and requested the concurrent approval of both the transfer of control and for WCS to become a co-borrower ("Petitioners' Response Letter"). Petitioners' Response Letter further stated that Petitioners were willing to provide whatever additional financial information that the Board or Rate Counsel requested in order to proceed contemporaneously. Subsequently, Staff served additional data requests on Petitioners specific to and in connection with the financial review portion of Petitioners' filing. Petitioners provided responses to the Board's data requests on May 20, 2021.

On May 25, 2021, Rate Counsel filed a second letter with the Board stating that it has no objection should the Board determine after it concludes its financial review that approval is prudent and warranted.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

In considering a transfer of control request, the Board shall evaluate the impact of acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates⁴. The Board must be satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1.⁵ Also, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board must determine whether the public utility, or a wholly-owned subsidiary thereof, may be unable to fulfill its pension obligations to any of its employees.

After a careful review of this matter, the Board **FINDS** that the proposed transaction is consistent with the applicable law, is in the public interest, and will have no material impact on the rates of current customers or on New Jersey employees. The Board also **FINDS** that the proposed transaction will have no impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **HEREBY AUTHORIZES** Petitioners to complete the proposed transaction.

The Board also **FINDS** that the proposed financing transaction is consistent with the applicable law and is in the public interest. The Board, therefore, approves the purposes thereof.

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 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 purposes whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.
4. Petitioners shall notify the Board, within five (5) business days, of any material changes in the proposed financing, and shall complete details of such transaction including any anticipated effects upon service in New Jersey.
5. Petitioners shall notify the Board of any material default on the terms of the financing within five (5) business days of such occurrence.

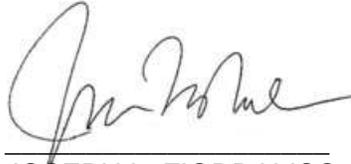
⁴ See N.J.S.A. 48:2-51.1(a)

⁵ See N.J.A.C. 14:1-5.14(c).

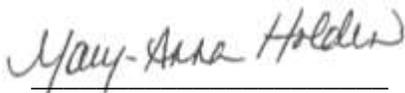
This Order shall be effective June 30, 2021.

DATED: June 24, 2021

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



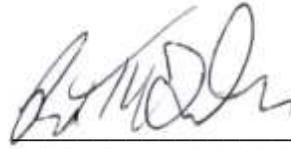
MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

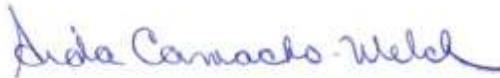


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

**IN THE MATTER OF THE 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**

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