



Agenda Date: 12/1/21
Agenda Item: IVA

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 PETITION) ORDER
OF XTEL COMMUNICATIONS, INC. FOR)
APPROVAL TO INCUR DEBT) DOCKET NO. TF21081081

Parties of Record:

Laura M. Miller, Esq., Norris McLaughlin, P.A., on behalf of Petitioner
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On August 24, 2021, Xtel Communications, Inc. (“Xtel” or “Petitioner”), 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 Board approval for Xtel to incur new indebtedness needed to fund Xtel’s continued expansion and growth.

BACKGROUND

Xtel is a New Jersey corporation, with principal offices located at 10000 Midlantic Drive, Suite 410E, Mount Laurel, New Jersey 08054.

In New Jersey, Xtel is authorized to provide facilities-based and resold telephone service with authority to provide local exchange service pursuant to authority granted by the Board.¹ Xtel is also authorized by the Federal Communications Commission (“FCC”) to provide interstate telecommunications services.

Xtel seeks to borrow \$8,700,000.00 (“Indebtedness”) and to pledge its assets as security for the Indebtedness, in accordance with the following tentative terms.²

¹ I/M/O Petition of Xtel Communications, Inc. for Approval to Provide Interexchange and Local Exchange Services, Docket No. TE99020058 (Order of Approval August 18, 1999).

² In Xtel’s initial filing on August 24, 2021, Xtel requested approval from the Board for financing in the amount of \$7.5 million at a rate of 4.5% with a maturity date of December 1, 2027. On November 8, 2021, Xtel filed an amendment to the original Verified Petition revising its request for Board approval consistent with the terms set forth above.

Principal Amount: \$8.7 million
Debt Instrument: Term Note
Maturity: December 1, 2027
Interest Rate: 5.75 %

Xtel represents that the Indebtedness will be used to pursue acquisitions and other investments, such as adding to Xtel’s existing network infrastructure, working capital requirements (including the development and expansion of distributed network systems), and general corporate purposes of Petitioner.

In the Verified Petition, Xtel states that the proposed Indebtedness will serve the public interest. Among other things, the proceeds of the Indebtedness will be used to fund some, or all, of the purchase price from future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital, and for other corporate purposes. The Indebtedness will provide access to financial resources that will allow Petitioner to become a more effective competitor in the communications industry. The Indebtedness is necessary and appropriate, will not impair Petitioner’s ability to provide its services, and will promote its corporate purposes. Petitioner fully expects to be able to repay the Indebtedness in accordance with its terms, and without any disruption of service or customer confusion or inconvenience.

The New Jersey Division of Rate Counsel (“Rate Counsel”) has reviewed this matter and, by letter dated November 9, 2021, stated that it does not object to approval of the Petition. Rate Counsel supports the continued provision of innovative, high-quality telecommunications services to the public and the promotion of increased service offerings and competition in the New Jersey telecommunications market.

Board Staff’s (“Staff’s”) review indicates that the Indebtedness is appropriate. While there is no guarantee in this regard, especially given the competitive environment in which Petitioner operates, Staff is satisfied that the Indebtedness will not have an adverse impact on the operations of Petitioner in New Jersey.

FINDINGS AND CONCLUSIONS

After review of this matter, the Board **FINDS** that the Indebtedness is in accordance with law, in the public interest, and will have no 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 **HEREBY AUTHORIZES** Petitioner to incur the new Indebtedness needed to fund Xtel’s continued expansion and growth and to take those actions necessary to effectuate same.

This Order is issued subject to the following provisions:

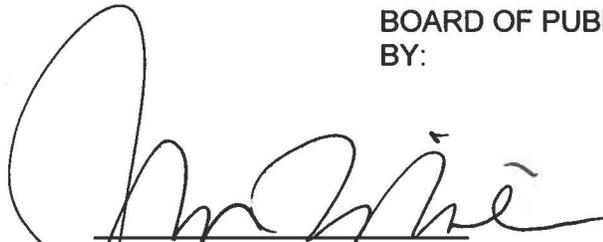
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioner.
2. Petitioner shall notify the Board, 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.

3. Petitioner shall notify the Board of any material default in the terms of the proposed financing within five (5) business days of such occurrence.
4. 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 Petitioner'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.

This Order shall become effective on December 8, 2021.

DATED: December 1, 2021

BOARD OF PUBLIC UTILITIES
BY:



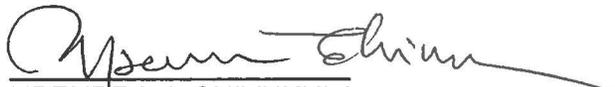
JOSEPH L. FIORDALISO
PRESIDENT



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 PETITION OF XTEL COMMUNICATIONS, INC. FOR
APPROVAL TO INCUR DEBT

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SERVICE LIST

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