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Via Electronic Mail

Aida Camacho-Welsh,
Board Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Fl.
P.O. Box 350
Trenton, New Jersey 08625-0350

April 19, 2021

Re: I/M/O the 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. **BPU Docket No.: TM21030674**

Dear Secretary Camacho-Welch:

The New Jersey Division of Rate Counsel (“Rate Counsel”) has reviewed the above referenced verified joint petition of Wholesale Carrier Services, Inc. (“WCS,” “Company,” or “Transferor”) and BCM One Group Holdings, Inc. (“BCM One Group Holdings” or “Transferee”) (collectively “Petitioners”) filed with the New Jersey Board of Public Utilities (“Board”) seeking Board approval to effectuate a 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 in connection with financing previously approved by the Board in Docket No. TF19020149.¹ Rate Counsel is submits the commits herein electronically. Kindly acknowledge receipt of the electronic filing for Rate Counsel’s record. Rate Counsel does not oppose Board approval of Petitioners’ transfer of control request and respectfully recommends Petitioner’s 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.

¹ Petition at pp 1 and 4-5.

Petitioners and Transaction

WCS is incorporated and headquartered in the State of Florida, authorized to provide local exchange telecommunications services throughout New Jersey and currently provides enterprise solutions to businesses, such as Time Division Multiplexing (“TDM”) and Internet Protocol-based voice services, and other connectivity services.² BCM One Group Holdings is a Delaware corporation, headquartered in Missouri, a controlling interest in BCM One Group Holdings (70%) is held by Thompson Street Capital Partners V, L.P. (“Thompson Street”), a Delaware Limited Partnership based in Missouri, that specializes in growth capital, recapitalizations, management buyouts, and private investments in middle market companies to ensure that they are positioned for continued growth in their markets.³

The petition notes that pursuant to the Share Purchase Agreement (“SPA”) WCS will be acquired by BCM One Group Holdings, indirectly through one of its wholly owned subsidiaries, BCM One, Inc., (“BCM One”) a New Jersey corporation authorized to provide

² *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 (June 16, 2008).

³ Petition, pp. 2-3. Petitioners note that the General Partner of Thompson Street is Thompson Street Capital V GP, L.P., also a Delaware Limited Partnership and further state that “no limited partner in Thompson Street owns more than 10% of the equity of Thompson Street Capital Partners V, L.P.” Additionally noting that its general partner is Thompson Street Capital LLC and “one of its limited partners, Thompson Street Capital Manager LLC, a Delaware limited liability company, owns approximately 16.9% of the equity of Thompson Street Capital V GP, L.P. The Petition states that the only other limited partners that own more than 10% of the equity of Thompson Street Capital V GP, L.P. are James A. Cooper and Robert C. Dunn. Thompson Street Capital LLC is a Delaware Limited Liability Company and its sole member is James A. Cooper.” *Id.*, pp. 3-4.

telecommunications services in New Jersey.⁴ Petitioners have depicted the pre-closing and post-closing ownership structure at Exhibits A and B, attached to the petition. Post-closing it is expected that “several members of WCS’s current management team will remain with WCS, continuing to direct its day-to-day operations.”⁵ Petitioners state “the transaction will combine the strength and success of WCS’s performance in telecommunications markets with Thompson Street’s management and financial expertise” and expect “the transaction will enable WCS to achieve measurable growth in its business operations, while also developing and implementing enhanced operating efficiencies.”⁶

In addition to approval of the proposed SPA transaction, Petitioners request approval for “WCS to become a co-borrower with respect to the debt financing previously approved and authorized by the Board for BCM One Group Holdings and BCM One.”⁷ Petitioners intend that upon completion of the acquisition, “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.”⁸

⁴ Petition, p. 3 at *fn* 4, referencing *In the Matter of the Petition for an Order Authorizing McGraw Communications, Inc. to Provide Local Exchange and Interexchange Telecommunications Services Throughout New Jersey*, Order, Docket No. TE01050329 (June 10, 2002).

⁵ Petition, p. 4.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*, p. 5, Petitioners noting at *fn* 7 that BCM One, Inc., (“BCM One”) is currently awaiting Board approval on financing I/M/O BCM’s Petition for Approval to Obtain Debt Financing, Docket No. TF21010036 (filed Jan. 13, 2021); and further note at *fn* 8, “These are complementary entities that are obligated to secure the debt financing approved by the Board in its orders in Docket No. TM18101120, Docket No. TF19020149” and under Docket TF20020136, providing the amounts and terms of the previously approved financings at *fn*s 5 and 6, *id.*, pp. 4-5.

Petitioners assert that the transaction will be transparent to WCS’s New Jersey customers, will not require the assignment of licenses, certificates of public convenience, assets, or customers, and will not trigger a change in the rates, terms, and conditions of service to existing customers.⁹ Additionally, Petitioners assert that the Transaction will not result in the discontinuance, reduction, loss, or impairment of service to customers and the added financial, technical, and managerial resources will enhance Licensees’ ability to compete in the telecommunications marketplace.¹⁰ Lastly, Petitioners assert the transaction will not result in a reduction of competitors and will not harm consumers or negatively impact the telecommunications market in New Jersey.¹¹

Prior Board approval of any sale or merger Board’s approval must be based on its satisfaction that the transaction will result in positive benefits and are in the public interest. Petitioners have provided information required by *N.J.S.A. 48:2-51.1 et seq.*, and *N.J.S.A. 48:3-10* regarding a petition for approval of a transfer of control. Additionally, Petitioners have asserted that the transfer will strengthen and increase Petitioners’ ability to effectively compete resulting in high-quality telecommunications for New Jersey customers; will not impact rates, or detrimentally impact pensions.¹² Based on the assertions contained in the Petition and attachments thereto, Rate Counsel does not oppose the transfer requested action by Petitioners.

⁹ Petition, p. 6-8.

¹⁰ *Id.*

¹¹ *Id.*

¹² Petitioners do not have employees in New Jersey, Petition, p. 2.

In connection with Petitioner’s request seeking Board approval herein to become a co-borrower in prior BCM One Group Holdings financial arrangements approved by the Board, post transaction, Rate Counsel respectfully recommends Petitioners file separately post transaction for Board approval to add WCS as a co-borrower to those transactions. Generally, when reviewing a petition seeking approval of financing arrangements the Board will evaluate several distinct points to determine the feasibility and ability of a petitioner to be a guarantor on the proposed financing. For example, the Board will review the borrower’s current financial statements, current and pro-forma capital structure, including but not limited to the debt-to-equity ratio, the estimated cost of capital, and a schedule of all outstanding debt of the borrower (herein, WCS) among other items to ascertain and ensure the guarantor’s security pledge is in the public interest and does not jeopardize or detrimentally affect services to customers. *N.J.S.A. 48:3-9* and *N.J.A.C. 14:1-5.9*. Rate Counsel opines that without a review of WCS’s financial information the Board would be unable to make certain findings of fact to support a solid determination and decision regarding this request. The Board should not circumvent its review process. Notwithstanding, this recommendation, Rate Counsel defers to the Board’s decision in connection with Petitioner’s request to *sua sponte* post transaction become a co-borrower on previously Board approved BCM One Group Holdings financial arrangements, if the Board considers it efficient, and that it will not harm services to customers and is in the public interest.

Rate Counsel supports the contemplated continued provision of innovative, high quality telecommunications services to the public and the promotion of increased competition in the

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New Jersey telecommunications market for the benefit of both residential and business customers in this state. Accordingly, Rate Counsel does not oppose Board approval of the proposed transfer transaction and relies on its discussion regarding the other requests made by Petitioners in this matter. Thank you for your attention to this matter.

Very truly yours,

STEFANIE A. BRAND, ESQ.
DIRECTOR
DIVISION OF RATE COUNSEL

/s/ Maria Novas-Ruiz

Maria T. Novas-Ruiz,
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