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Via Electronic Filing Only

October 14, 2022

Ms. Carmen Diaz,
Acting Board Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: BCM One, Inc. – Referred to as (“BCM”) and Wholesale Carrier Services, Inc. –
Referred to as (“WCS”) Joint Petition for Approval to Obtain Debt Financing
BPU Docket No. TF22090554

Amended Comments

Dear Board Secretary:

The New Jersey Division of Rate Counsel (“Rate Counsel”) submits comments in the above referenced Joint Petition (“Joint Petition” and/or “Filing”) filed by BCM One, Inc. (“BCM One”) and Wholesale Carrier Services, Inc. (“WCS”), jointly (“Petitioners”) with the New Jersey Board of Public Utilities (“Board”) on September 2, 2022, requesting Board approval for additional financing totaling \$150 million in connection with contemplated acquisitions.¹ Information in the filing designated as proprietary and/or confidential has been filed under seal.² Rate Counsel requests acknowledgment of this electronic filing for its records.³ For the reasons discussed below, Rate Counsel does not oppose Board approval of Petitioners’ new financial arrangements.

¹ Petition, pp. 2-3. Rate Counsel submits this amended filing to correct the financing amount provided in its original filing dated October 7, 2022, from \$200 million to \$150 million. Other than this change no other changes have been made to Rate Counsel’s original filing and recommendation.

² Petitioners have provided pursuant to N.J.A.C. 14:1-12.3 2 copies of the filing one labeled “Confidential” and a confidential redacted version labeled as “Preliminary Public Copy.” Letter accompanying filing dated September 2, 2022.

³ Pursuant to e-filing procedures approved by the Board under Docket No. Docket No. EO20030254, dated March 19, 2020.

Discussion

Petitioners, BCM One, a New York corporation and WCS a Florida corporation provide local exchange telecommunications services throughout New Jersey and Time Division Multiplexing (“TDM”) and Internet Protocol-based voice services, and other connectivity services respectively and both are direct subsidiaries of BCM One Group Holdings, Inc., a Delaware corporation.⁴ Petitioners note Board approval in prior debt financing applications and affirm the “contemplated additional indebtedness would be on similar terms and conditions as set forth in the prior requests for indebtedness filed with the Board.”⁵

Petitioners request Board approval in connection with additional acquisitions of “complementary entities to BCM One and WCS, either directly or through one or more wholly-owned subsidiaries of BCM One Group Holdings, Inc.”⁶ Petitioners note that the “additional debt financing will not disrupt customer service in New Jersey and will not result in a degradation of services, and is intended to position BCM One and WCS for measured growth in the telecommunications market, while also developing improved operating efficiencies, all of which serves the public interest.”⁷ Additionally, Petitioners affirm approval of the financing “will not have any adverse effect on New Jersey employees or employee retirement benefits and is in the public interest.”⁸

⁴ BCM One authorized to provide services under BPU Docket No. TE01050329 (June 10, 2002) and WCS under BPU Docket No. TE08030171, Order (June 16, 2008)

⁵ Petition, p.2, noting prior Board action approving debt financing of Petitioners in BPU Dockets: TM18101120; TF19020149, TF0020136, TF21010036 and TM21030647, when WCS was acquired by BCM One, and most recently additional financing was approved in Board Order dated March 2, 2022, in Docket TF21121252.

⁶ Id., p. 3.

⁷ Id.

⁸ Id.

Prior Board approval of any encumbrance or mortgage of a telecommunications service provider is required; otherwise, the transaction is void under New Jersey law.⁹ As the Petitioner's assets will secure the debt, in part, the Board's approval must be based on its satisfaction that the debt is made according to law and that the debt serves a beneficial purpose.¹⁰ *N.J.S.A.* 48:3-9 and *N.J.A.C.* 14:1-5.9. Petitioners assert that the financing contemplated is not contrary to the public interest, will not detrimentally affect New Jersey customers or employees and will serve a beneficial purpose of growing Petitioners' ability to effectively compete in the market.¹¹ Petitioners have provided current and pro-forma capital structure reflecting the incurrence of the additional debt financing, including a calculation of the debt-to-equity ratio and the estimated cost of capital, as well as a schedule of the outstanding debt and other financial statements and related supportive documentation.¹² Petitioners have provided additional information in response to Board Staff's data requests in connection with the Board's financial review of the proposed financing.¹³

Rate Counsel relies on the assertions and information provided by Petitioner that the Financial Arrangements will promote quality service offerings and competition in the New Jersey telecommunications market ultimately for the benefit of both residential and business customers in this state. Accordingly, Rate Counsel has no objection should the Board determine

⁹ *N.J.S.A.* 48:3-9, *et seq.* If the Board finds that after investigation there is doubtful benefit to the petitioner, the Board may withhold approval. *See, Interstate Telephone & Telegraph Co. v. Board of Public Utility Commissioners*, 84 *N.J.L.* 184 (Sup. Ct. 1913), wherein the court interpreted the 'approval of the purpose' provision to empower the Board with the authority to withhold approval if in its judgment the purpose of the debt incurred will have doubtful benefit to the applicant.

¹⁰ Petition, p. 3.

¹¹ *Id.*

¹² *Id.*, pp. 4-5, and Exhibits 1-4.

¹³ In addition to the Petition and attached Exhibits, Petitioners provided additional information in response to Board Staff's data requests in connection with the financing and in support of the filing on September 20, 2022.

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after its financial review that approval is prudent and warranted. Thank you for your attention to this matter.

Very truly yours,
BRIAN O. LIPMAN, ESQ.
DIRECTOR
NJ DIVISION OF RATE COUNSEL

/s/ Maria T. Novas-Ruiz
Maria T. Novas-Ruiz,
Assistant Deputy Rate Counsel

MNR/td
c: Service List