



Agenda Date: 3/26/18  
Agenda Item: IVA

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION ) ORDER  
OF THE CHILLICOTHE TELEPHONE COMPANY, )  
D/B/A HORIZON TELCOM, AND NOVACAP TMT V, )  
L.P., FOR THE CHILLICOTHE TELEPHONE )  
COMPANY TO PARTICIPATE IN A FINANCING )  
ARRANGEMENT OF NOVACAP TMT V, L.P. ) DOCKET NO. TF18020092

**Parties of Record:**

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

BY THE BOARD:

On February 1, 2018, the Chillicothe Telephone Company, d/b/a Horizon Telecom (“Horizon”), and Novacap TMT V, L.P. (“Novacap V”) (together with Horizon, the “Petitioners”) submitted a Verified Joint 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 Horizon to participate in certain financing arrangements upon completion of the transfer of indirect control of Horizon to Novacap V.<sup>1</sup>

Pursuant to a certain Agreement and Plan of Merger, dated as of January 25, 2018, by and among Horizon Acquisition Parent LLC (“Parent”),<sup>2</sup> Horizon Acquisition Merger Sub, Inc. (“Merger Sub”),<sup>3</sup> and Horizon Telcom, Inc. (“Horizon Telcom”), the parent of Horizon, Novacap V will acquire indirect control of Horizon. Merger Sub will merge with and into Horizon Telcom, whereupon the separate existence of Merger Sub will cease and Horizon Telcom will survive as a direct, wholly owned subsidiary of Parent (the “transaction”). As a result, Horizon will remain a

<sup>1</sup> On February 1, 2018, Petitioners simultaneously filed for Board approval of the proposed transfer of indirect control of Horizon to Novacap V pending under review in another BPU docketed matter. See Order, In the Matter of the Verified Joint Petition of The Chillicothe Telephone Company, d/b/a Horizon Telecom and Novacap TMT V, L.P., for Approval of the Transfer of Indirect Control of The Chillicothe Company from Horizon Telecom, Inc. to Novacap TMT V, L.P., BPU Docket No. TM18020091 (March 26, 2018).

<sup>2</sup> Parent is a Delaware limited liability company and a controlled subsidiary of Novacap V created for purposes of the merger.

<sup>3</sup> Merger Sub is an Ohio corporation and a direct, wholly owned subsidiary of Parent created for purposes of this merger.

direct subsidiary of Horizon Telcom and, therefore, Horizon will become an indirect subsidiary of Novacap V and certain affiliated funds.

Horizon is a local voice, video and data service provider and a regional fiber optic transport provider. The company is an incumbent local exchange carrier ("ILEC") serving Ross County, Ohio. As an ILEC, Horizon provides local exchange and interexchange telecommunications service to its Ohio customers. Horizon also provides, in addition to voice services, cable television services. Horizon is also authorized to provide services as a competitive local exchange carrier ("CLEC") in the entirety of Ohio. As a CLEC, Horizon provides primarily data transport services to its Ohio service area. Horizon furnishes intrastate and interstate telecommunications services in Michigan, Illinois, Indiana, Pennsylvania, West Virginia and New Jersey as a competitive service provider. In New Jersey, Horizon has been authorized to provide telecommunications services as a CLEC throughout the State by Order of the Board. See Order, In the Matter of the Verified Petition of The Chillicothe Telephone Company, d/b/a Horizon Telcom, for Authorization to Provide Telecommunications Services in the State of New Jersey, BPU Docket No. TE17030307 (November 21, 2017). In addition, Horizon provides fiber optic-based carrier services over its extensive regional network and the networks of vendor carriers. In addition, Horizon has been an established provider of telecommunication services to its customers in Ohio for more than 120 years. Horizon has not been denied authority to provide telecommunications services in any state, nor has any state revoked the authority of Horizon to operate therein.

Petitioners request Board approval to participate in financing arrangements entered into by Merger Sub, initially, and upon the merger of Merger Sub into Horizon Telcom, Horizon Telcom (Merger Sub and Horizon Telcom, collectively, the "Borrower"), wherein Borrower will receive senior secured credit facilities in an amount of \$155 million issued by Antares Holdings LP, subject to the terms and conditions set forth in a Commitment Letter dated January 25, 2018, previously provided to the Board. Specifically, Horizon seeks Board approval to act as a guarantor of the financing arrangements and to pledge as collateral existing and future assets in support. The financing arrangements will provide, in part, Novacap V with the funds necessary to consummate the transaction.

The New Jersey Division of Rate Counsel submitted comments by letter dated March 9, 2018, stating it does not oppose the Board's grant of the Petitioners' requests under the verified joint petition.

Board approval is required prior to effectuating a transfer of assets, a sale or merger or any encumbrance or mortgage of a telecommunications services provider, otherwise the transaction is void under New Jersey law. N.J.S.A. 48:3-7, requiring prior approval of utility property transactions, and N.J.S.A. 48:3-9, requiring prior approval of utility security transactions.

After review of this matter, the Board **FINDS** that Horizon's participation in financing arrangements is made in accordance with law and serves a beneficial purpose. Therefore, after investigation and consideration of the information submitted in this proceeding, the Board **HEREBY AUTHORIZES** Horizon to participate in financing arrangements whereby it will receive senior secured credit facilities in an amount of \$155 million and Horizon will act as guarantor and pledge its assets following completion of the transfer of indirect control of Horizon to Novacap V and to take those actions necessary to effectuate the financing arrangements.

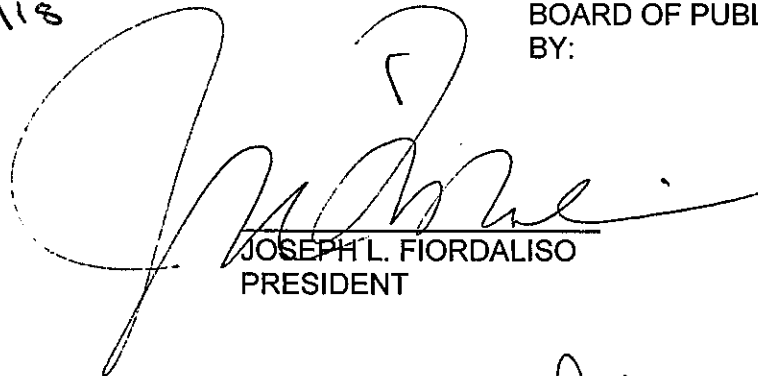
This Order is issued subject to the following provisions:

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 Petitioners.
2. Petitioners shall notify the Board, within five 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. Petitioners shall notify the Board of any material default in the terms of the proposed financing within five 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 Petitioners' 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 April 5, 2018.

DATED: 3/26/18

BOARD OF PUBLIC UTILITIES  
BY:




JOSEPH L. FIORDALISO  
PRESIDENT



MARY-ANNA HOLDEN  
COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER

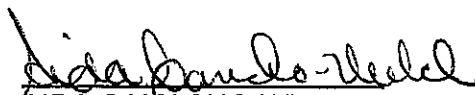


UPENDRA J. CHIVUKULA  
COMMISSIONER



RICHARD S. MROZ  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
SECRETARY

**IN THE MATTER OF THE VERIFIED JOINT PETITION OF THE CHILLICOTHE TELEPHONE  
COMPANY, D/B/A HORIZON TELCOM, AND NOVACAP TMT V, L.P., FOR THE  
CHILLICOTHE TELEPHONE COMPANY TO PARTICIPATE IN A FINANCING  
ARRANGEMENT OF NOVACAP TMT V, L.P.  
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