LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER S-36479

LBH, L.L.C., D/B/A FASTWYRE BROADBAND,
EX PARTE

Docket No. S-36479, In re: Request for Letter of Non-Opposition to issuance of guarantees and pledge of assets as security in connection with debt incurrence by American Broadband Holding Company.

(Decided at the November 17, 2022 Business and Executive Session.)

ORDER

Overview

On July 1, 2022, American Broadband Holding Company ("ABHC"), Cameron Communications, LLC ("Cameron Communications"), Cameron Telephone Company, LLC ("Cameron Telephone"), Elizabeth Telephone Company, LLC ("Elizabeth Telephone"), and LBH, LLC ("LBH", and together with Cameron Communications, Cameron Telephone and Elizabeth Telephone, the "Regulated Subsidiaries") jointly filed the above-captioned request (the "Request"), pursuant to the LPSC General Order dated March 18, 1994[1], as amended, seeking approval and/or non-opposition of the Louisiana Public Service Commission ("LPSC" or the "Commission") to the Regulated Subsidiaries providing guarantees, and granting security interests in their respective assets (including Cameron Communications' ownership interests in Cameron Telephone, Elizabeth Telephone and LBH), and mortgages on their real property (as applicable), in connection with financing obtained by the Regulated Subsidiaries' indirect parent, ABHC, as borrower, and all of ABHC's direct and indirect subsidiaries as guarantors (the "Proposed Transaction").

ABHC, as borrower, is party to a credit agreement, dated June 13, 2022 (the "Credit Agreement"), which includes incurrence of a senior secured first lien term loan facility in the amount of $250 million (the "Initial Term Loans"), a senior secured delayed draw term loan facility in an aggregate principal amount of $75 million (the "Delayed Draw Term Loans"), and a senior secured first lien revolving credit facility in an aggregate principal amount of $50 million (the "Revolving Credit Facility", and collectively with the Initial Term Loans and the Delayed Draw Term Loans, the "Credit Facilities").

[1]In Re: Commission Approval Required of Sales, Leases, Mergers, Consolidations, Stock Transfers, and All Other Changes of Ownership or control of Public Utilities Subject to Commission Jurisdiction.

The Request was published in the Commission's Official Bulletin #1275 dated July 8, 2022. No intervention was received during, or subsequent to, the intervention period.

<u>Commission Jurisdiction and Authority</u>

The Commission exercises jurisdiction over public utilities and common carriers in Louisiana pursuant Article IV, Section 21 (B) of the Louisiana Constitution, which states:

> "The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law."

Pursuant to this authority, the Commission promulgated its March 18, 1994 General Order, as amended ("1994 General Order"), which provides in pertinent part:

> "No utility or common carrier subject to the jurisdiction of the Louisiana Public Service Commission shall sell, assign, lease, transfer, mortgage, or otherwise dispose of or encumber the whole or any part of its franchise, works, property, or system, nor by any means direct or indirect, merge or consolidate its utility works, operations, systems, franchises, or any part thereof, nor transfer control or ownership of any assets, common stock or other indicia of control of the utility to any other person, corporation, partnership, limited liability company, utility, common carrier, subsidiary, affiliated entity or any other entity, nor merge or combine with another person, corporation, partnership, limited liability company, utility, common carrier, subsidiary, affiliated company or any other entity, or divide into two or more utilities or common carriers, where the values involved in such action exceed one percent (1%) of the gross assets of such regulated utility or common carrier, or subsidiary thereof, nor in any way commit itself to take such action or affect any right, interest, asset, obligation, stock ownership, or control involved in such action without prior full disclosure of the prior intendment and plan of such utility or common carrier with regard to such action and without prior official action of approval or official action of non-opposition by the Louisiana Public Service Commission. This section is intended to apply to any transfer of the ownership and/or control of public utilities and common carriers regardless of the means used to accomplish that transfer."

Herein, the Proposed Transaction, is analyzed only within the context of the 1994 General Order and the 18 public interest factors contained therein.

<u>Summary of the Proposed Transaction</u>

As set forth in the Request, the following entities are party to the Proposed Transaction:

- ABHC is a Delaware corporation and borrower under the Credit Facilities. ABHC is a holding company that does not directly provide telecommunication services. Through its operating subsidiaries, including the Regulated Subsidiaries, ABHC partners in the provision of telecommunications, high-speed broadband and other advanced services to consumers in Alaska, Louisiana, Missouri, Nebraska, and Texas. ABHC is not regulated by the Commission.[2]

[2] See LPSC Order No. S-35825, dated March 19, 2021 for the upstream ownership structure of ABHC.

- Cameron Communications is a Louisiana limited liability company and is the direct parent of Cameron Telephone, Elizabeth Telephone, and LBH. Cameron Communications is authorized by the LPSC to provide competitive access and interexchange telecommunications services throughout Louisiana.[3] Cameron Communications and its subsidiaries are engaged in the business of providing cable services, telecommunications and information services and products to the public, including local dial tone, long distance telephone services, high-speed broadband internet services, and cable television services.
- Cameron Telephone is a Louisiana limited liability company and is a wholly owned subsidiary of Cameron Communications. Cameron Telephone is the incumbent rural local exchange carrier authorized to provide local exchange and other telecommunications services to end user customers throughout its local exchange service area in Louisiana pursuant to its filed tariffs and Commission regulations. Cameron Telephone provides service in Calcasieu and Cameron Parishes in Louisiana.
- Elizabeth Telephone is a Louisiana limited liability company and is a wholly owned subsidiary of Cameron Communications. Elizabeth Telephone is the incumbent rural local exchange carrier authorized to provide local exchange and other telecommunications services to end user customers throughout its local exchange service area in Louisiana pursuant to its filed tariffs and Commission regulations. Elizabeth Telephone provides service in Allen, Beauregard, Rapides, and Vernon Parishes in Louisiana.
- LBH is a Louisiana limited liability company and is a wholly owned subsidiary of Cameron Communications. LBH is a competitive local exchange carrier authorized to provide competitive access, local exchange, interexchange long distance and other telecommunications services to end user customers throughout Louisiana pursuant to its filed tariffs and Commission regulations.[4] LBH provides services in Calcasieu and Cameron Parishes in Louisiana.

According to the Request, by the Proposed Transaction, the Regulated Subsidiaries will provide guarantees and grant security interests in their respective assets (including Cameron Communications' ownership interests in Cameron Telephone, Elizabeth Telephone and LBH), and mortgages on their real property (as applicable), in connection with the Credit Facilities. By the Credit Facilities, ABHC has incurred the Initial Term Loans in the amount of $250 million, the

[3] See LPSC Certificate of Authority TSP-0098-B dated March 24, 2003.
[4] LPSC Certificate TSP-00538 dated July 6, 2004.

Delayed Draw Term Loans in an aggregate principal amount of $75 million, and the Revolving Credit Facility in an aggregate principal amount of $50 million. The Credit Facilities comprise a total of $375 million between the Initial Term Loans, the Delayed Draw Term Loans and the Revolving Credit Facility.

The Credit Facilities are pursuant to the Credit Agreement by and among ABHC, as borrower, the guarantors parties thereto, Toronto Dominion (Texas) LLC, as the administrative agent, and the lenders from time to time party thereto, including among others, ING Capital LLC as the structuring agent, along with TD Securities (USA) LLC, Fifth Third Bank, National Association, MUFG Bank Ltd., and Regions Capital Markets, a Division of Regions Bank, as joint lead arrangers and bookrunning managers, with Bank of America N.A and BankUnited, N.A as co-documentation agents.

The proceeds from the Initial Term Loans have been used by ABHC to replace and repay in full previously existing indebtedness of ABHC and its subsidiaries held by CoBank, ACB, which the Regulated Subsidiaries previously granted security interests and issued guarantees as previously approved by the Commission,[5] to fund general corporate activities, including without limitation, working capital needs, and pay fees and expenses and other transaction costs associated with the Credit Facilities. The proceeds from the Delayed Draw Term Loans will be used to finance capital expenditures, acquisitions and investments permitted by the Credit Agreement. The proceeds from the Revolving Credit Facility will be used for general corporate purposes, working capital for ABHC and its subsidiaries, including the Regulated Subsidiaries, and other purposes not prohibited by the Credit Agreement.

The Credit Facilities administered by Toronto Dominion (Texas) LLC will be secured by a perfected pledge of equity of ABHC by ABHC's parent, ABC Acquisition Inc., a perfected pledge of equity of ABHC's direct and indirect wholly owned domestic subsidiaries, including the Regulated Subsidiaries, and perfected security interests in substantially all of the assets of ABHC and its direct and indirect wholly owned domestic subsidiaries, including the Regulated Subsidiaries, and guaranteed by ABHC and its direct and indirect wholly-owned domestic subsidiaries, including the Regulated Subsidiaries, subject in each case to post-closing requirements to seek and obtain requisite approvals for the provision of security and guarantees by the Regulated Subsidiaries. Any foreclosure on such security and guarantees, and exercise of

[5] See LPSC Order No. S-35614, dated October 5, 2020.

remedies will be subject to customary conditions to obtain any required approval from the Federal Communications Commission and the LPSC.

Staff Review and Recommendation

The Applicants requested that the Commission issue an order of approval or non-opposition to the Proposed Transaction pursuant to the Commission's General Order Dated March 18, 1994, as amended. The Commission's General Order dated March 18, 1994, sets forth eighteen factors to guide Commission analysis of a proposed transaction involving a change in ownership or control of a regulated utility.[6] Applicants provided responses to the public interest factors, which are summarized as follows:

- The Proposed Transaction will not result in any loss or impairment of service to any customers of the Regulated Subsidiaries. The Proposed Transaction does not involve a transfer of operating authority, assets or customers, and therefore, will not affect the identity or ability of the carriers authorized to provide telecommunications services in Louisiana.
- The Proposed Transaction will not change the rates or terms and conditions of regulated services. Any future change in rates, terms or conditions of regulated service will be made in accordance with applicable Commission requirements.
- The terms of the Credit Facilities are necessary and appropriate for, and consistent with the performance by the Regulated Subsidiaries of their services to the public and will not impair their ability to perform such services.
- The terms of the Credit Facilities will facilitate a reduction in the cost of capital of the Regulated Subsidiaries and enhance their ability to provide high-quality products and services while appropriately balancing financial and business risks.
- The Credit Facilities will provide the Regulated Subsidiaries with sufficient cash flow and the financial resources needed to maintain, further grow and expand their networks, and to effectively compete in the highly competitive telecommunications environment.
- While the Regulated Subsidiaries' equity and assets in Louisiana will be pledged and mortgaged (as applicable) as security against the Credit Facilities, no negative impact on the Regulated Subsidiaries' operations is anticipated as a result of the Proposed Transaction.

[6] The Proposed Transaction is not part of any merger, acquisition, consolidation or other change in corporate structure, ownership or control of the Regulated Subsidiaries.

- The Proposed Transaction and Credit Facilities will not affect the Commission's exercise of its regulatory authority over the Regulated Subsidiaries in Louisiana.

Staff reviewed the Request and Exhibits included as part thereof, including the detailed information regarding the Credit Facilities, and responses to Staff data requests provided by the Applicants. Based on Staff's review of the Request submitted in connection with the Proposed Transaction and analysis of the 18 factors set forth in the 1994 General Order, Staff recommended that the Commission express its non-opposition to the Proposed Transaction, including the Credit Facilities, and the pledge and mortgage of security and issuance of guaranties by the Regulated Subsidiaries in connection with the Credit Facilities administered by Toronto Dominion (Texas) LLC, subject to the following conditions:

1. The Applicants shall file into the record of this proceeding copies of the signed loan agreements, guarantees, security agreements and other related documents finalizing the Proposed Transaction within thirty (30) days of the completion date of each transaction comprising the Proposed Transaction and provide copies to the LPSC's Legal and Auditing Divisions; however, if such documents are not filed within ninety (90) days of the issuance of an order in this docket, the Applicants shall file a report into the docket explaining the delay;

2. That the non-opposition be granted without prejudice to the authority of the Commission to make investigations and require any reasonably necessary change that the Commission may legally find to be in the public interest; and,

3. That the order be effective immediately.

Commission Consideration

This matter was considered at the Commission's November 17, 2022 Business and Executive Session. On motion of Commissioner Greene, seconded by Commissioner Skrmetta, with Chairman Boissiere and Vice Chairman Francis concurring, and Commissioner Campbell absent, the Commission voted to accept the Staff Report and Recommendation filed into the record on November 4, 2022.

THEREFORE, IT IS ORDERED:

That the Louisiana Public Service Commission expresses its non-opposition to the Proposed Transaction, including the Credit Facilities, and the pledge and mortgage of security and issuance of guarantees by the Regulated Subsidiaries in connection with the Credit Facilities administered by Toronto Dominion (Texas) LLC, subject to the following conditions:

1. The Applicants shall file into the record of this proceeding copies of the signed loan agreements, guarantees, security agreements and other related documents

finalizing the Proposed Transaction within thirty (30) days of the completion date of each transaction comprising the Proposed Transaction, and provide copies to the LPSC's Legal and Auditing Divisions; however, if such documents are not filed within ninety (90) days of the issuance of an order in this docket, the Applicants shall file a status report into the docket explaining the delay;

2. This non-opposition is granted without prejudice to the authority of the Commission to make investigations and require any reasonably necessary change that the Commission may legally find to be in the public interest; and

3. This Order is effective immediately.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
December 22, 2022

/S/ LAMBERT C. BOISSIERE, III
DISTRICT III
CHAIRMAN LAMBERT C. BOISSIERE, III

/S/ MIKE FRANCIS
DISTRICT IV
VICE CHAIRMAN MIKE FRANCIS

ABSENT
DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

/S/ ERIC F. SKRMETTA
DISTRICT I
COMMISSIONER ERIC F. SKRMETTA

/S/ CRAIG GREENE
DISTRICT II
COMMISSIONER CRAIG GREENE

LOUISIANA PUBLIC SERVICE COMMISSION

BRANDON M. FREY
SECRETARY