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|  | **PENNSYLVANIA**  **PUBLIC UTILITY COMMISSION**  **Harrisburg, PA 17105-3265** | |  |
|  | | Public Meeting held May 9, 2013 | | |
| Commissioners Present: | |  | | |

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| Robert F. Powelson, Chairman | |  | |
| John F. Coleman, Jr., Vice Chairman  Wayne E. Gardner | |  | |
| James H. Cawley | |  | |
| Pamela A. Witmer | |  | |
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| Securities certificates of RCN Telecom Services (Lehigh), LLC and RCN Telecom Services of Philadelphia, LLC to amend existing debt arrangements as guarantors in connection with the debt financing of their corporate parents, RCN Telecom Services, LLC and Yankee Cable Acquisition, LLC for up to $1.2 billion in aggregate. | Docket Numbers:  S-2013-2354080  S-2013-2354093 | |

**ORDER**

**BY THE COMMISSION:**

On March 20, 2013, RCN Telecom Services (Lehigh), LLC (RCN Lehigh) and RCN Telecom Services of Philadelphia, LLC (RCN Philadelphia) filed for registration pursuant to Chapter 19 of the Public Utility Code, 66 Pa. C.S. §§ 1901, *et seq.,* the above-captioned securities certificates to participate in amended debt arrangements entered into by RCN Telecom Services, LLC (RCN Telecom) and Yankee Cable Acquisition, LLC (Yankee Cable) (collectively, Parents). RCN Telecom is the immediate parent of RCN Lehigh and RCN Philadelphia; Yankee Cable is the immediate parent of RCN Telecom. Parents are proposing to amend their existing debt arrangements as co-borrowers to increase their current financing arrangements from up to $898 million[[1]](#footnote-1) to up to $1.2 billion in the aggregate.

RCN Lehigh and RCN Philadelphia voluntarily extended the statutory consideration period to May 9, 2013.

RCN Lehigh, utility code 3112071, is a Delaware limited liability company which offers telecommunication, internet and cable television services throughout the Lehigh Valley in cities such as Allentown, Bethlehem and Easton and their surrounding communities. RCN Lehigh is certified in Pennsylvania to provide telecommunications services as an interexchange carrier, local exchange carrier and competitive access provider pursuant to authority granted by the Commission in an Order entered June 16, 2010, at Docket Numbers: A‑2010‑2171445 (IXC reseller), A‑2010‑2171448 (facilities‑based IXC), A‑2010‑2171449 (CAP), A‑2010‑2171450 (CLEC in Verizon Pennsylvania Inc.’s territory), A‑2010‑2171452 (CLEC in Verizon North LLC’s territory), A‑2010‑2171457 (CLEC in Frontier Communications Commonwealth, LLC’s territory), A‑2010‑2171458 (CLEC in Ironton Telephone Company’s territory) and A‑2010‑2171460 (CLEC in Palmerton Telephone Company’s territory).

RCN Philadelphia, utility code 3112083, is a Delaware limited liability company which offers telecommunication, internet and cable television services in Philadelphia and its surrounding communities. RCN Philadelphia is certified in Pennsylvania to provide telecommunications services as an interexchange carrier, local exchange carrier and competitive access provider pursuant to authority granted by the Commission in an Order entered June 16, 2010, at Docket Numbers: A‑2010‑2171661 (IXC reseller), A‑2010‑2171662 (facilities‑based IXC), A‑2010‑2171664 (CAP), A‑2010‑2171665 (CLEC in Verizon Pennsylvania Inc.’s territory), and A‑2010‑2171666 (CLEC in Verizon North LLC’s territory).

Parents are privately-held Delaware limited liability companies with their principal offices located at 650 College Road East, Suite 3100, Princeton, New Jersey. As noted above, RCN Telecom is the immediate parent of RCN Lehigh and RCN Philadelphia, and Yankee Cable is the immediate parent of RCN Telecom. Parents are ultimately owned by ABRY Senior Equity III, LP and ABRY Partners VI, LP,[[2]](#footnote-2) which are private equity funds whose investors include public and private pension funds, university endowments, prominent endowments and major insurance companies.

Parents are proposing to amend their current financing arrangements to increase their borrowing capacity from $898 million in aggregate to $1.2 billion in aggregate. The proposed debt arrangements will consist of a term loan, a revolving credit facility and an incremental facility. As with the current debt arrangements, shares of RCN Lehigh and RCN Philadelphia will be pledged, and security interest in their assets will be granted as a guarantee. In addition to RCN Lehigh and RCN Philadelphia, and as is with the current financing arrangements, other regulated and unregulated RCN Telecom operating subsidiaries will also act as guarantors.

Parents state that the proceeds from the additional borrowing capacity will be used by Parents for general corporate purposes including; funding capital expenditures and future acquisitions; repaying debt of Parents and its current and future subsidiaries; dividend payments; financing working capital; and dividend payments.

RCN Lehigh and RCN Philadelphia aver that registration of the securities certificate would serve the public interest by enhancing the ability of RCN Lehigh and RCN Philadelphia to continue to grow and compete in the highly competitive markets for telecommunications services in Pennsylvania and nationwide. The proposed financing arrangements will yield financial benefits by expanding and improving the terms of the credit arrangements and these benefits will ultimately accrue to the benefit of their customers. RCN Lehigh and RCN Philadelphia further aver that greater access to capital will strengthen their ability to bring competitive telecommunication services to consumers of the Commonwealth and is therefore in the public interest.

Compliance checks found that RCN Lehigh and RCN Philadelphia are current with their annual and Security Planning and Readiness Reports, and have no outstanding Commission fines or assessments.

Having examined the instant securities certificates, we conclude that the financing proposal of RCN Lehigh and RCN Philadelphia to act as guarantors in the financing arrangements of RCN Telecom and Yankee Cable in an aggregate principal amount of $1.2 billion, appears to be necessary or proper for the present and probable future capital needs of the utilities and as a result the securities certificates should be registered; **THEREFORE,**

**IT IS ORDERED:**

1. That the securities certificates of RCN Telecom Services (Lehigh), LLC and RCN Telecom Services of Philadelphia, LLC to act as guarantors of credit facilities in an aggregate principal amount of up to $1.2 billion by their parent companies RCN Telecom Services, LLC and Yankee Cable Acquisition, LLC, are hereby registered.

2. That within 60 days of RCN Telecom Services (Lehigh), LLC and RCN Telecom Services of Philadelphia, LLC becoming guarantors, RCN Telecom Services (Lehigh), LLC and RCN Telecom Services of Philadelphia, LLC shall file notice with the Commission of such guaranties along with a copy of the executed Loan Agreements together with a summary of the interest rate and repayment terms.

3. That the authority granted by this Order replaces any authority remaining pursuant to RCN Telecom Services (Lehigh), LLC’s and RCN Telecom Services of Philadelphia, LLC’s securities certificates for the guaranty of debt securities registered at Docket Numbers. S‑2012-2291520 and S‑2012-2291521.

4. That consistent with section 1903(b) of the Public Utility Code, 66 Pa C.S. 1903(b), the registration of the subject securities certificates does not represent Commission approval of the proposed projects for rate recovery pursuant to 66 Pa C.S. §§ 1301-1328.

5. That upon submission of the notice required under Ordering Paragraph 2, above this case be marked closed.



**BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: May 9, 2013

ORDER ENTERED: May 9, 2013

1. The Commission registered securities for borrowings in a principal amount up to $898 million in an order entered on April 12, 2012 at Docket Numbers S-2012-2291520 and S-2012-2291521. [↑](#footnote-ref-1)
2. *See* Joint Application of RCN Telecom Services, Inc. RCN Telecom Services of Philadelphia, Inc. RCN Telecom Services of Philadelphia, LLC, RCN Telecom Services (Lehigh), LLC, RCN Communications, LLC, NEON Connect, Inc., Yankee Cable Acquisition, LLC and Yankee Metro Parent, Inc. for Approval of a Merger and an Internal Corporate Reorganization at Docket Numbers A‑2010‑2172658, A‑2010‑2172659, A‑2010‑2169669 and A‑2010‑2169672; Order entered June 16, 2010. [↑](#footnote-ref-2)