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January 25, 2018

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor
Harrisburg, PA 17120

**RE: In the Matter of Registration of the Joint Securities Certificate of
FiberNet Telecommunications of Pennsylvania, LLC, and Lumos
Networks of West Virginia Inc.
Docket Nos. S-2017-2639869 and S-2017-2639871**

Dear Secretary Chiavetta:

Enclosed please find the joint responses of FiberNet Telecommunications of Pennsylvania, LLC and Lumos Networks of West Virginia Inc. to the Data Requests issued by the Bureau of Technical Utility Services in the above-referenced matter.

As always, if you have questions or need any additional information, please do not hesitate to contact me.

Best Regards,
STEVENS & LEE



Michael A. Grum

Encl.

cc: Andrew Herster, Bureau of Technical Utility Services (via email)

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A PROFESSIONAL CORPORATION

FiberNet Telecommunications of Pennsylvania, LLC and Lumos Networks of West Virginia Inc.

**RESPONSE OF LUMOS NETWORKS CORP.,
LUMOS NETWORKS OF WEST VIRGINIA INC., AND FIBERNET
TELECOMMUNICATIONS OF PENNSYLVANIA, LLC
TO STAFF DATA REQUEST TUS-1**

Background

On June 14, 2017, the Commission approved the transaction between Lumos Networks Corp. (“Lumos Parent”) and MTN Infrastructure TopCo, Inc. (“MTN Infrastructure”) (together, the “Registrants”) that resulted in the transfer of indirect control of Registrants to MTN Infrastructure. At the same time, the Commission issued a Securities Certificate to the Registrants. The Transaction has closed November 17, 2017 and the Registrants have received all applicable regulatory approvals. Registrants filed a consummation notice with the Commission regarding the completed transfer of control on November 20, 2017. The parties completed the corporate steps resulting in the Transaction on November 17, 2017, such that the Registrants are indirect wholly-owned subsidiaries of MTN Infrastructure.

The Securities Certificate issued in connection with the above-referenced transfer of indirect control was related to a financing arrangement in which the borrower was Lumos Network Corp., the direct parent company of Registrants. Under the new financing arrangement for which registration of a securities certificate is now being requested, the borrower will be MTN Infrastructure TopCo, Inc., the direct parent company of Lumos Network Corp. and ultimate parent of the Registrants as of completion of the Transaction on November 17, 2017.

The Registrants now respectfully request the issuance of a Securities Certificate in connection with new financing arrangements to be undertaken by MTN Infrastructure. MTN Infrastructure has entered into another transaction which will include debt financing, including the acquisition of Spirit Communications, a fiber provider operating in South Carolina, North Carolina and Georgia. Following completion of the Financing Arrangements, MTN Infrastructure may be borrower and/or guarantors for new, amended or restated financing arrangements (the “Financing Arrangements”) in a requested aggregate amount of up to \$1.750 billion (the “Aggregate Amount”) and may also provide a pledge of assets as security for those Financing Arrangements. MTN Infrastructure is expected to be the primary obligor under the Financing Arrangements. Upon completion of the Financing Arrangements, Registrants are not expected to be the borrower, although Registrants seek such authority for maintaining flexibility.

Response

To the extent the following information has not been filed with Applicant’s registration:

- 1.) Previous registration balances. Provide docket numbers, initial registration amount, issuances by type, amount and date and current remaining balance. Plans for these balances vis-à-vis the current registration.

Response: Lumos Parent’s existing financing arrangements are summarized below.¹

- 1) Borrower: MTN Infrastructure TopCo, Inc.
Type: \$475 million in a senior secured term loan facility and a \$50 million senior secured revolving credit facility (together, the “Existing Credit Facility”)
Commitment Amount: \$525 million
Date Issued: November 17, 2017
Outstanding Balance: \$475 million (as of Dec. 31, 2017)

Lumos-WV and FiberNet were authorized to participate in the Existing Credit Facility in Docket Nos. Docket Nos. S-2017-2596516 and S-2017-2596525.

The Registration issued in Docket Nos. S-2017-2596516 and S-2017-2596525 authorized Registrants to participate in the financing arrangements up to the Aggregate Amount of up to \$750 million. The balance of the Existing Credit Facility will not be repaid under the additional financing authority here as the additional authority is sought so that Registrants can participate in the guarantee of the new Aggregate Amount of \$1.75 billion as explained in the now-pending Securities Certificate and in the response to question 3 below.

- 2.) What effect will this issuance have upon the capital structure of the utility. Show calculations.

Response: The capital structure of the Registrants will remain unchanged because the Financing Arrangements are expected to be issued by MTN Infrastructure TopCo, Inc. a parent company of Registrants. To maintain flexibility, however, Registrants seek approval to be a borrower or co-borrower, and guarantor or co-guarantor under the Financing Arrangements up to the Aggregate Amount.

- 3.) Current and three year projections for; (Provide details of calculation)

Sources and Uses of Funds
Capital Expenditures
Ratio of Capital Expenditures to Depreciation and Amortization
Capitalization Ratios
Dividend payout ratio
Interest coverage ratios – both SEC and Indenture basis

¹ Details regarding prior financing arrangements that were subsequently replaced, including by the Existing Financing Arrangement, were provided in the Securities Certificate Filed in Docket Nos. S-2017-2596516 and S-2017-2596525.

Response: As stated in the Securities Certificate, the initial funds under the Financing Arrangements of approximately \$525 million were used for repaying the debt of Lumos Parent at the time of closing of the MTN Infrastructure/Lumos Transaction. Further, because the identity of the borrower changed from Lumos Networks Corp. to MTN Infrastructure, Registrants are not currently guarantors of the debt under the Existing Credit Facility. New financing authority is sought here to cover the additional debt financing to be incurred by MTN Infrastructure for funding the acquisition of Spirit Communications as well as to reflect the change in the Borrower from Lumos Networks Corp., to its direct parent, MTN Infrastructure, so the Registrants can serve as guarantors or co-guarantors of the Existing Credit Facility and any additional debt financing up to the Aggregate Amount. Additional debt financing up to the aggregate amount may be sought for funding future capital expenditures or acquisitions, including paying for the capital stock (or other equity interests) or assets of any acquired business and/or to refinance the debt of the acquired business in connection with such future acquisition, including any applicable transaction costs; financing working capital; and other general corporate purposes.

Lumos Parent prepared projections as part of the Proxy Statement filed with the U.S. Securities and Exchange Commission on April 21, 2017 regarding the Lumos transaction and those projections are contained on pages 58 through 64 of that proxy. A copy of those pages of the Proxy Statement is attached. The complete proxy statement can be found at <http://www.snl.com/Cache/c2000204552.html>.

- 4.) Three year history of credit ratings – By credit rating agency and class

Response: Lumos Parent separated from NTELOS on October 31, 2011. At that time, NTELOS' credit rating was BB. Lumos Parent's subsequent lenders did not require Lumos Parent to obtain a credit rating. Lumos Parent's current credit rating is B2/B.

- 5.) Projected refinancing savings or costs, if applicable.

Response: Not applicable.

- 6.) Affiliated interest agreement applicable to instant registration, if financing involves an affiliate.

Response: The Financing Arrangements are expected to be completed at a parent level. Aside from any guaranty or pledge of assets associated with the Financing Arrangements, no affiliated interest agreements are expected.

- 7.) List all unregulated affiliates of the applicant

Response: If by "unregulated affiliates" the commission means affiliated companies that do not hold an authorization from the Pennsylvania Public Utility Commission, such affiliated companies are listed below. Besides the Registrants, none of the other entities listed below are certificated in Pennsylvania.

Lumos Networks Corp. ("Lumos Parent")
Lumos Acquisitions LLC
Lumos Networks Operating Company
Lumos Networks Inc.
Lumos Telephone of Botetourt Inc.
Lumos Telephone, Inc.
Mountaineer Telecom LLC
FiberNet Ohio, LLC
FiberNet of Virginia Inc.
Lumos Networks, LLC
Lumos Media Inc.
Lumos Payroll Corp Inc.
NTELOS Net LLC
Roanoke & Botetourt Network LLC
DC74 LLC
Valley Network Partnership
R&B Telephone LLC
Lumos Telephone of Virginia LLC
510 Glenwood Ave, LLC
Vital
Clarity Communications Group
LMK Communications, LLC

8.) List all debt for which the applicant is a guarantor of affiliated company debt instruments

Response: Registrants currently are not a guarantor for any affiliated company debt instruments.

9.) For any corporate money pool from which applicant may potentially borrow, lend or deposit excess cash to, provide;

Commission ordered reporting requirements
Current balances of borrowed and lent funds
Eligible borrowing and lending entities
Accounting for money pool transactions
3 year history of borrowing and lending to the pool

Response: The Lumos Networks companies pool cash into one main operating account held by Lumos Networks Operating Company which is used to pay operating expenses and capital expenditures.

10.) Describe historical reliance by type of both corporate internal and external sources of financing.

Response: While they were business units of NTELOS, the entities that now comprise Lumos Networks generated cash from operations, and also obtained financing from NTELOS (which in turn obtained that funding from its credit facility) for the strategic acquisitions of FiberNet in 2010 and certain fiber assets from ACC in 2009. Since the separation of Lumos Networks from NTELOS on October 31, 2011, which the Commission approved in Docket Nos. A-2011-2235657 and A-2011-2235659, the entities that now comprise Lumos Networks generate cash from operations and funding from the Existing Credit Facility.

11.) Where current dividend payout ratio exceeds 75%, provide three year history and plan for future dividend payouts.

Response: Not applicable. As a privately-held company Lumos has no plans to issue dividends.

12.) Where the debt to total capital ratio exceeds 55%, provide plan for managing future debt to total capital levels.

Response: Upon completion of the Financing Arrangements, Registrants are not expected to be the borrower, although Registrants seek such authority for maintaining flexibility. To the extent Registrants are guarantors or co-guarantors for the Financing Arrangements of MTN Infrastructure, based on current market valuations, MTN Infrastructure's indebtedness does not exceed 55% of the consolidated capital of MTN Infrastructure.

13.) With respect to the purpose for which you propose to issue or assume securities;

A. If the purpose is the purchase or construction of new facilities, or the betterment of existing facilities, provide;

1. Estimated final cost
2. A brief description of the new facilities or betterments
3. The date when it is expected that the purchase or construction or betterment will be completed.
4. Estimated amount of AFUDC included in the project costs

Response: See response below.

- B. If the purpose is to obtain working capital, explain any unusual condition which exists, or will exist, in the public utility's current assets or current liabilities, stating;
1. The approximate cost of average materials and supplies inventory which the public utility expects to carry
 2. The average time elapsing between the date when the public utility furnishes or begins a period of furnishing services to customers and the date when collection is made from customers for the service.
 3. The minimum bank balance requirements.

Response: See response below.

- C. If the purpose is to refund obligations, describe obligations in detail.
1. Explain the purpose for which obligations were issued, or refer to the number of securities certificate in which the purpose appears.
 2. State whether refunding is to meet maturity, or to effect saving in interest or other annual charges; if to effect savings, state date when, and at price which obligations are to be called, and submit statement showing savings to be effected as a result of refunding.

Response: See response below.

- D. If the purpose is for the payment of dividends, please justify the use of funds from the registration to pay dividends.

Response: Not applicable. See response below.

- E. If the purpose is to fund pension obligations;
1. Provide the current Accumulated Benefit Obligation (except where no longer used consistent with FASB Statement No. 158), the projected benefit obligation, the current fair value of plan assets, and the percent that the current benefit obligation is funded.
 2. Provide the annual contributions to the plan from 2006 to the present, and the projected contributions for the next five years.
 3. Provide an explanation as to how compliance with the Pension Protection Act of 2006 will be accomplished.

Response: Not Applicable. See response below.

Response: Under the Financing Arrangements, Registrants may be borrowers or co-borrowers or provide a guaranty or co-guaranty for Financing Arrangements up to the Aggregate Amount, which may be used, from time to time, for acquisitions, refinancing or repaying existing debt, working capital requirements and general corporate purposes of MTN Infrastructure and its subsidiaries. At this time, other than financing the completed Lumos Transaction and the pending Spirit Communications transaction, the exact uses of such funds have not been and cannot be determined with specificity.

14.) Reconcile total capitalization with total rate base for ratemaking purposes. Are any of the funds to be issued for a non-utility purpose? If so, please describe that purpose.

Response: Registrants are not subject to rate of return regulation, and therefore, Registrants do not have a “rate base” to which it can reconcile its capitalization. Moreover, Registrants are non-dominant competitive carriers. Thus, the rates that Registrants may charge customers are determined by competitive market conditions. As a result, concerns that would apply to a rate-regulated utility that has the ability to use the creditworthiness of its regulated rate base to secure borrowings for non-regulated activities are not applicable here since Registrants compete with other entities for each and every one of their customers, and their creditworthiness is therefore based upon its success in the marketplace and not upon any ability to fund its borrowings through increased rates to ratepayers.

15.) Three year history and three year projections for ratio of capital expenditures to depreciation expense. Show calculations.

Response: Registrant is not subject to rate of return regulation and Lumos Parent maintains its books using GAAP accounting. Please refer to Registrants’ response to Question 3 and Attachment for additional information regarding MTN Infrastructure’s financial projections.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Registration of Joint Securities Certificate :
for FiberNet Telecommunications of : Docket No. 2017-2639869 and
Pennsylvania, LLC and Lumos Networks : S-2017-2639871
of West Virginia Inc. :
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VERIFICATION

I, Mary McDermott, being the holder of the office of Senior Vice-President, Legal and Regulatory Affairs of Lumos Networks, hereby state that I am authorized to make this Verification on behalf of Joint Registrants Lumos Networks of West Virginia Inc. and FiberNet Telecommunications of Pennsylvania, LLC and that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).



DATE: January 24, 2018

Mary McDermott