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January 24, 2024

VIA ELECTRONIC FILING

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

Re: Securities Certificate of DQE Communications LLC in respect to the Issuance of Financial Instruments in an Aggregate Principal Amount Not to Exceed \$210.0 Million.
Docket No. S-2024-_____

Dear Secretary Chiavetta:

DQE Communications (“Communications”) hereby submits for filing the enclosed request for approval and issuance of a Securities Certificate for the issuance of financial instruments in an amount not to exceed \$210.0 million through December 31, 2025. The \$350 filing fee for the certificate is being paid electronically.

As described in Docket No. A-2024-3045207, a joint application has been filed seeking approval of a proposed transaction (“Proposed Transaction”) in which GI DI Vertigo Acquisition LLC (“Buyer”) will acquire all membership interests in, and change of control, of Communications from Duquesne Light Holdings, Inc. (“DLH”). Upon completion of the Proposed Transaction, Buyer will be the direct owner of Communications.

Buyer will initially borrow \$116 million of debt in the form of bank loans to fund a portion of the acquisition. Communications is seeking a securities certificate that would allow it to guaranty the debt of Buyer as well as incremental debt financing that will be used for growth capital, working capital and general corporate purposes post-closing (the “Financing Instruments”) if the Proposed Transaction is approved. This bank debt will neither be registered with the Securities and Exchange Commission nor will be rated by a rating agency. Communication currently has no debt outstanding.

Accordingly, Communications respectfully requests issuance of a Securities Certificate authorizing the issuance of Financing Instruments in the amount not to exceed \$210.0 million through December 31, 2025.



A **PUBLIC** version will be filed electronically, and a **CONFIDENTIAL** version will be uploaded to the Commission's SharePoint file.

Should you have any questions, comments, or concerns, please do not hesitate to contact me.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Tisheka Williams", with a large, sweeping flourish extending to the right.

Tisheka Williams
Managing Director, Ext. Affairs & Regulatory

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Securities Certificate of DQE :
Communications LLC in respect to : Securities Certificate
the issuance of Financial :
Instruments in an Aggregate : No. S-2024-_____
Principal Amount Not to Exceed :
\$210.0 Million :

SECURITIES CERTIFICATE

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. Name and address of the public utility filing this securities certificate:

DQE Communications LLC
45 South 23rd Street
Pittsburgh, PA 15203

2. DQE Communications LLC (“Communications”) is an LLC formed under the laws of the Commonwealth of Pennsylvania. Communications is a Competitive Access Provider (or a company that provides networks links between its customers). Communications offers certain telecommunications services, including Metro Ethernet and wireless backhaul services, as well as colocation and broadband Internet access service, on an individual contract basis pursuant to its tariff to other telecommunications entities and enterprise customers throughout the Commonwealth of Pennsylvania. Communications provides these services pursuant to the certificate of public convenience issued by the Commission to DQE Communications Network Services LLC, (“Network Services”) at Docket No. A-311233. Network Services was merged with and into Communications, pursuant to a Secretarial Letter entered on December 8, 2014, at Docket No. A-2014-2440466.

3. As described in Docket No. A-2024-3045207, a joint application has been filed seeking approval of a proposed transaction (“Proposed Transaction”) in which GI DI Vertigo Acquisition LLC (“Buyer”) will acquire all membership interests in, and change of control, of Communications from Duquesne Light Holdings, Inc. (“DLH”). Upon completion of the Proposed Transaction, Buyer will be the direct owner of Communications. Buyer will initially borrow \$116 million of debt in the form of bank loans to fund a portion of the acquisition. Communications is seeking a securities certificate that would allow it to guaranty the debt of Buyer as well as incremental debt financing that will be used for growth capital, working capital and general corporate purposes post-closing (the “Financing Instruments”) if the Proposed Transaction is approved. This bank debt will neither be registered with the Securities and Exchange Commission, nor will it be rated by a rating agency. Communications currently has no debt outstanding.

4. The purposes of Communications’ proposed Financing Instruments of up to \$210.0 million are as follows:

- Partially finance the Proposed Transaction;
- Provide growth capital to Communications following consummation of the Proposed Transaction;
- Provide working capital; and
- General corporate purposes.

5. The particulars of the debt issuances planned by Buyer to be guaranteed by Communications are as follows:

- (a) Exact title of security:

Bank borrowings, such as term loans, revolving credit facilities, letters of credit, and/or similar securities to be secured by the assets of Communications.

(b) Aggregate amount to be issued:

Up to \$210.0 million of bank borrowings and/or similar securities, including: (1) an initial funded principal of \$116 million in a senior secured term loan facility (“Closing Term Facility”); (2) \$55.0 million in senior secured delayed draw facility (“Delayed Draw Term Facility”); and (3) \$30.0 million in a senior secured revolving facility (“Revolving Facility”).

(c) Nominal date(s) of issuances, if approved:

- (1) The Closing Term Facility will be available in a single drawing on the date the Proposed Transaction closes (“Closing Date”);
- (2) The Delayed Draw Facility will be available during the period commencing after the Closing Date and ending on the date that is 24 months after the Closing Date; and
- (3) The Revolving Facility will be available on a revolving basis during the period commencing on the Closing Date and ending on the date that is five years after the Closing Date.

(d) Date(s) of maturity:

5 years after the Closing Date

(e) Interest rate and payment dates:

The interest rate will be determined based on prevailing market rates at the time of issuance, though the parties anticipate the rate will be in the range of SOFR plus 400 basis points.

(f) Extent to which taxes on securities are assumed by the issuer:

None.

(g) Callability provisions:

The Closing Term Facility and Delayed Draw Term Facility will be subject to certain mandatory prepayment requirements in the event that the borrower experiences defined excess cash flows or undertakes certain asset sales not in the ordinary course of business.

(h) Conversion provisions:

None.

(i) Maintenance, depreciation and sinking fund provisions:

To be determined.

(j) Name and address of Administrative Agent:

Citizens Bank, N.A.
28 State Street
Boston, MA 02019

7. Subject to the approval of the Commission, as evidenced by the registration of this Securities Certificate, Buyer proposes to issue the new debt in one or more series from time to time directly to banks, in all cases on terms to be determined by market conditions at the time of the sale and Commission requirements. Communications will guarantee the debt as incurred by Buyer.

8. Registration of this Securities Certificate in conjunction with the approval of the proposed acquisition of Communications by Buyer will serve the public interest of the Commonwealth of Pennsylvania in promoting competition among telecommunications carriers by providing access to greater financial resources that will allow Communications to become a more effective competitor to larger telecommunications providers. Among other things, the Financing Instruments may be used to support growth initiatives, to provide working capital and general corporate purposes, as well as to fund some portion of the purchase price for the Proposed Transaction. The Financing Instruments are necessary and appropriate, are consistent with the performance Communications services to the public, will not impair their ability to perform such services and will promote their corporate purposes.

9. The following exhibit is attached and made part of this Securities Certificate:

CONFIDENTIAL

EXHIBIT A Balance sheets of Communications as of December 31, 2021, and December 31, 2022, and statements of operations and cash flows for the year ended December 31, 2021, both on a comparative basis with the year ended December 31, 2022. The guarantee will not be recorded on Communications' balance sheet unless it is implemented.

WHEREFORE, Communications requests issuance of a Securities Certificate authorizing the issuance of Financing Instruments in the amount not to exceed \$210.0 million through December 31, 2025, to grant authority to enter into any act incidental to the related issuances and to grant such other relief as may be required or appropriate to conduct the transactions described herein.

Dated this 23rd day of January 2024

DQE COMMUNICATIONS LLC

By: /s/ James H. Milligan
James H. Milligan
Treasurer

By Counsel:

/s/ Tishekia E. Williams
Tishekia E. Williams (ID #208997)
Duquesne Light Company
411 Seventh Ave, MD 15-7
Pittsburgh, PA 15219
Phone: 412-393-1541
twilliams@duqlight.com

DQE COMMUNICATIONS LLC

EXHIBIT A

REDACTED CONFIDENTIAL INFORMATION

VERIFICATION

I, James H. Milligan, being duly sworn, state that I am Treasurer of Duquesne Light Holdings, Inc. (the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to the Company are true and correct to the best of my knowledge, information, and belief.

I understand that the statements herein are made subject to penalties of 18 PA C.S. § 4904 (relating to unsworn falsification to authorities). Executed this 22nd day of January 2024.

A handwritten signature in blue ink, appearing to read "James H. Milligan", is written over a horizontal line.

James H. Milligan
Treasurer
Duquesne Light Holdings, Inc.

VERIFICATION

I, David A. Smolen, being the Secretary of GI DI Vertigo Acquisition LLC (the “Company”), hereby state that the facts above set forth with respect to the Company are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect that the Company will 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 19, 2024



David A. Smolen