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State of Utah
Department of Commerce
Division of Public Utilities

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Executive Director

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Deputy Director

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Director, Division of Public Utilities

MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: August 28, 2012

Re: In the Matter of the Application of Broadview Networks, Inc. for Approval of an Indirect Transfer of Control, Docket No.12-2514-01.

RECOMMENDATION (Approve):

The Division has reviewed the application of Broadview Networks, Inc. and believes that the transfer of control is in the public interest. As a result of the restructuring, the Company should be in a better financial position to provide expanded and advanced telecommunications services in the State of Utah.

EXPLANATION:

On or about August 09, 2012, Broadview Networks, Inc. ("Broadview or Applicant") filed an application with the Commission notifying them of a transaction, which will result in an indirect transfer of control. The Division has reviewed their notice and found the following:

Broadview is a New York corporation headquartered at 1018 West 9th Avenue, King of Prussia, PA 19406. They are a wholly-owned subsidiary of Broadview Networks Holdings, Inc. Broadview is authorized to provide public telecommunications services in the State of Utah by the Commission on November 25, 2009, Docket No. 09-2514-01.

The parent company, Broadview Holdings, plans to exchange outstanding notes for equity in Broadview Holdings that will result in an indirect transfer of control in Broadview. This exchange will be handled with a Chapter 11 Restructuring Bankruptcy filing. The Applicant states that no creditor will hold more than 10% of common stock in the parent company and no creditor will hold voting stock in the company. After the transaction, Broadview will continue to

maintain the technical, managerial, and financial qualifications to operate and provide telecommunications services in Utah.

The Applicant submits that the proposed Transaction serves the public interest. As a result of the Transaction, Broadview Holdings and Applicant will substantially reduce their debt load, which will strengthen their financial position. This will enable Broadview Holdings and Applicant to implement their business plans and strengthen their competitive position to the benefit of Utah consumers.

The Applicant further states that the proposed transaction will be conducted in a manner that will be transparent to their customers in Utah and that the transfer of control of Applicant will not result in a change of carrier for customers or any assignment of authorizations. The Applicant also emphasizes that the proposed indirect transfer of control will be seamless and completely transparent to the customers in Utah, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers.

The Division has reviewed the application of Broadview Networks, Inc. and believes that the transfer of control is in the public interest. As a result of the restructuring, the Company should be in a better financial position to provide expanded and advanced telecommunications services in the State of Utah.

cc. Catherine Wang, Counsel for Broadview Networks, Inc.
Danielle Burt, Counsel for Broadview Networks, Inc.
Charles Hunter, Executive VP and General Counsel, Broadview Networks, Inc.
Patricia Schmid, Assistant Attorney General, State of Utah
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Eric Orton, Utility Analyst, Office of Consumer Services, State of Utah