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Counsel for Broadview Networks, LLC

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**BEFORE THE  
PUBLIC SERVICE COMMISSION OF UTAH**

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Application of  <b>Broadview Networks, Inc.</b>  for Approval of an Indirect Transfer of Control	<b>APPLICATION</b>  <b>Docket No.</b> _____
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**APPLICATION**

Broadview Networks, Inc. (“Broadview Networks” or “Applicant”), pursuant to Utah Code Ann. §§ 54-4-28 & 54-4-29 and the rules of the Public Service Commission of Utah (“Commission”), including R746-349-7, respectfully requests Commission approval for a transaction that will result in the indirect transfer of control of Applicant. Applicant is a competitive carrier that hold authority from the Commission to provide telecommunications services. The proposed transaction will be entirely transparent to customers and will not affect the day-to-day operations of the Applicant or its technical or managerial qualifications.

In support of this Application, Applicant provides the following information:

## I. DESCRIPTION OF THE APPLICANT

Broadview Networks Holdings, Inc. (“Broadview Holdings” and together with the Applicant, the “Company”) is a privately held Delaware corporation.<sup>1</sup> The Company has principal offices located at 800 Westchester Avenue, Suite N-501, Rye Brook, New York 10573. Broadview Holdings is an unregulated holding company that is the ultimate parent company of Broadview Networks, Broadview NP Acquisition Corp., ATX Licensing, Inc., Eureka Telecom, Inc., A.R.C. Networks, Inc., BridgeCom International, Inc., and TruCom Corporation, each of which is authorized to provide telecommunications services in multiple states. Broadview Holdings is also the indirect parent of Broadview Networks of Virginia, Inc., ATX Telecommunications Services of Virginia, Inc., Eureka Telecom of VA, Inc. and InfoHighway of Virginia, Inc., which are authorized to provide telecommunications services in Virginia. Below is a brief description of each subsidiary of Broadview Holdings authorized to provide services in Utah:

Broadview Networks, Inc. is a network-based electronically integrated communications provider which serves small and medium-sized businesses in the northeastern and mid-Atlantic United States. Broadview Networks is authorized to provide competitive telecommunications services in 48 states and the District of Columbia and holds authority from the Federal Communications Commission (“FCC”) to provide international and interstate service.

State of Incorporation: New York

Georgia Authority: Broadview Networks is authorized to provide interexchange and local exchange services pursuant Commission authority granted in Docket No. 09-2514-01 on November 25, 2009.

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<sup>1</sup> Although Broadview Holdings’ stock is not publicly traded, the Company’s notes are publicly traded and Broadview Holdings files its financial information with the Securities and Exchange Commission.

Further information regarding the technical, managerial, and financial qualifications of Applicant has been submitted previously to the Commission, is therefore a matter of public record, and is incorporated herein by reference.

## **II. CONTACTS**

Questions or any correspondence, orders, or other materials pertaining to this Application should be directed to the following.

### For Applicant:

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### With copies to:

Charles Hunter  
Executive Vice President and General Counsel  
Broadview Networks Holdings, Inc.  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573

## **III. DESCRIPTION OF THE TRANSACTION**

Broadview Holdings plans to exchange outstanding notes for equity in Broadview Holdings (the “Transaction”), which will result in an indirect transfer of control of Applicant. The overall purpose of the Transaction is to enable Broadview Holdings to de-lever its balance sheet, better position the Broadview companies to compete in the telecommunications and information technology industry, and to provide a solution for the impending maturity of its senior secured notes. To that end, Broadview Holdings has entered into an agreement with a majority of the equity-holders and note-holders for a restructuring of its outstanding obligations, including its \$300 million 11 3/8% senior secured notes due in September 2012.<sup>2</sup> Pursuant to

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<sup>2</sup> At the time of this filing, Broadview Networks has reached an agreement with the note-holders who hold approximately two-thirds of the aggregate principal amount of outstanding senior

that agreement, the existing note-holders will obtain approximately 97% of Broadview Holdings' common shares and approximately \$150 million in principal amount of new 10 1/2% senior secured notes. As such, the restructuring will affect a transfer of control of Broadview Holdings and, indirectly, its subsidiaries. Broadview Holdings is soliciting consents for the transaction from the remaining equity-holders and note-holders but anticipates that the transaction will have to be completed through a "pre-packaged" Chapter 11 bankruptcy proceeding that will likely be filed in the U.S. Bankruptcy Court for the Southern District of New York.<sup>3</sup> The Press Releases regarding the Transaction are attached as Exhibit A. Accordingly, in addition to the transfer of control transaction described herein, Applicant seeks such other approval that may be deemed necessary in connection with the bankruptcy process including specifically the *pro forma* change associated with the conversion of Broadview Holdings (and Applicant) into a debtor-in-possession.

The largest of the current owners of Broadview Holdings are Baker Capital (which controls approximately 16.2% of Broadview Holdings' common stock) and MCG Capital Corporation (which controls approximately 50.9% of Broadview Holdings' common stock). Following the Transaction, no single entity will control Broadview Holdings or Applicant. Only MSD Credit Opportunity Fund, L.P. is expected to hold an equity interest of 10% or more in Broadview Holdings, and it is not expected that Baker Capital or MCG Capital Corporation will retain a 10% or greater equity interest in Broadview Holdings. No entity will hold voting control over Broadview Holdings. Accordingly, Commission approval is requested for the

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secured notes and the equity-holders who hold approximately 70% of the existing preferred equity interests.

<sup>3</sup> Further details of this plan are set forth in the Company's Disclosure Statement for Soliciting Acceptances for a Plan of Reorganization publicly available at <http://www.kccllc.net/broadview>.

indirect transfer of control of Applicant that will result from this Transaction. For the Commission's convenience, a corporate organizational chart is attached as Exhibit B.

Applicant will continue to maintain the technical, managerial, and financial qualifications to operate and provide telecommunications services in Utah following the proposed transaction. Applicant will also continue to offer service with no immediate change in the rates or terms and conditions of service. Therefore, any change in ownership is anticipated to be seamless and transparent to consumers in the State of Utah.

#### **IV. INFORMATION REQUIRED BY R746-394-7**

Pursuant to R746-394-7, Applicant provides the following information:

**a. identification that it is not an ILEC,**

Applicant confirms that neither it nor its affiliates is an ILEC in Utah.

**b. identification that it seeks approval of the application pursuant to this rule,**

Applicant confirms that it seeks approval of the application pursuant to the informal adjudication process set forth in this rule.

**c. a reasonably detailed description of the transaction for which approval is sought,**

A detailed description of the Transaction is provided in Section III, above.

**d. a copy of any filings required by the Federal Communications Commission or any other state utility regulatory agency in connection with the transaction, and**

Applicant and/or its affiliates will file domestic and international Section 214 applications with the FCC. Copies of the Applications will be filed with this Commission after they are submitted. In connection with this Transaction, Applicant and/or its affiliates also expect to request approval for the Transaction from the utility regulatory agencies ("PUCs") in the following states in addition to Utah: California, Colorado, Delaware, the District of Columbia, Georgia, Indiana, Louisiana, Maryland, Minnesota, Mississippi, New Jersey, New York, Ohio, Pennsylvania, Texas,

Virginia and West Virginia. Due to the voluminous nature of these state filings, most of which contain the same basic information, Applicants have only attached as Exhibit C a copy of the Minnesota filing (excluding exhibits) requesting approval. Applicant and/or its affiliates are also providing pre-closing written notice to the PUCs in the all other states where they are authorized to provide intrastate telecommunications services: Alabama, Arizona, Arkansas, Connecticut, Florida, Idaho, Illinois, Iowa, Kansas, Kentucky, Maine, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Vermont, Washington, Wisconsin, and Wyoming. Due to the voluminous and repetitive nature of the notices to be sent to these PUCs, Applicant has not included copies of the notice filings. Applicant will provide any additional filings at the request of the Commission.

- e. copies of any notices, correspondence or orders from any federal agency or any other state utility regulatory agency reviewing the transaction which is the subject of the application.**

Applicant has not yet received any notices, correspondence or orders from any federal agency or PUC reviewing the Transaction. To the extent requested by the Commission, Applicant will forward any orders or similar actions approving or denying approval of the Transaction.

## **V. PUBLIC INTEREST CONSIDERATIONS**

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 in Georgia to the benefit of Utah consumers.

Further, the proposed Transaction will be conducted in a manner that will be transparent to Applicant's customers in Utah. The transfer of control of Applicant will not result in a change

of carrier for customers or any assignment of authorizations. 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.

**VI. CONCLUSION**

For the reasons stated above, Applicant submits that the public interest, convenience, and necessity would be furthered by a grant of this Application. Applicant therefore respectfully requests that the Commission consider and approve this Application expeditiously to permit Applicant to consummate the proposed transaction as soon as possible.

Respectfully submitted,

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Counsel for Applicant

Dated: July 27, 2012

## **LIST OF EXHIBITS**

- Exhibit A      Press Releases
- Exhibit B      Corporate Organizational Chart
- Exhibit C      Copy of Minnesota Application (Excluding Exhibits)

**EXHIBIT A**

**Press Releases**

**EXHIBIT B**

**Corporate Organizational Chart**

**EXHIBIT C**

**Copy of Minnesota Application (Excluding Exhibits)**