

Filed: Session of November 13, 2014
Approved as Recommended
and so Ordered
By the Commission

KATHLEEN H. BURGESS
SECRETARY

ISSUED & EFFECTIVE NOVEMBER 13, 2014

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

October 29, 2014

TO: THE COMMISSION

FROM: Office of Telecommunications

SUBJECT: CASE 14-C-0442 - Petition for Authorization for
Transfer of Control of Hudson Fiber Network, Inc.

SUMMARY OF

RECOMMENDATION: Staff recommends that approval be granted, pursuant to Section 100 of the Public Service Law, for the transfer of control of Hudson Fiber Network, Inc. from its current stockholders to Hudson Fiber Holdings, Inc.

SUMMARY

By petition filed September 18, 2014, pursuant to Section 100 of the Public Service Law (PSL), Hudson Fiber Network, Inc. (Hudson Fiber) requests approval to transfer control of Hudson Fiber from its current stockholders to Hudson Fiber Holdings, Inc. (Holdings). The proposed transaction will be transparent to New York customers and Commission approval is recommended.

BACKGROUND

Hudson Fiber is a corporation organized under the laws of New Jersey whose principal address is 12 Rt. 17 N, Suite 120, Paramus, New Jersey 07652. In New York, Hudson Fiber is authorized to operate as a facilities-based provider and

reseller of telephone service, including local exchange service, pursuant to a Certificate of Public Convenience and Necessity (CPCN) issued June 2, 2010 in Matter No. 10-00565. Hudson Fiber provides services to large financial services firms, as well as to public safety, government, power, energy and utility, and transportation organizations. It is currently owned by three stockholders, Brett Diamond, Keith Muller, and Andre Hornig, each of whom own at least a 10% interest in the company.

Hudson Fiber Holdings, Inc. (Holdings), a corporation formed under the laws of Delaware, is a wholly owned subsidiary of Tiger Infrastructure Partners Fund L.P. (Tiger), a limited partnership also formed under the laws of Delaware. Tiger is a private equity firm with investments in energy, transportation and communication businesses, and related business sectors. Their offices are at 717 Fifth Avenue, FL 12A, New York, New York 10022 and 40 Portman Square, London W1H 6LT.

PROPOSED TRANSACTION

Holdings proposes to acquire 100% of the ownership interest of Hudson Fiber from its current investors as follows: (i) Holdings will acquire 60% of the outstanding shares of Hudson Fiber in exchange for cash consideration; (ii) the current stockholders of Hudson Fiber will exchange the remaining 40% of outstanding shares of Hudson Fiber for a 40% interest in the common stock in Holdings; and (iii) Hudson Fiber will issue a cash dividend at the closing to its existing stockholders. After closing, Holdings will be 60% owned by Tiger, and 40% owned by the current stockholders. Control of Hudson Fiber will be transferred from the current stockholders to Holdings. Attachment A shows the pre-transaction and post-transaction corporate structures.

Hudson Fiber will retain its CPCN and other facilities in New York and will continue to provide services to its

customers with no changes to rates, terms or conditions. For what are termed important business reasons, including continuity of service and expanded growth opportunities, the petitioner has requested expedited Commission approval of the proposed transaction.

DISCUSSION

The petitioner represents that the proposed transaction is in the public interest insofar as the proposed transfer will ensure the continued viability of Hudson Fiber and the services it provides. Further, the extensive financial resources and management expertise provided by Tiger may provide an opportunity to expand Hudson Fiber's network and marketing, thereby enhancing competition in the telecommunications market. Additionally, the transaction will not result in any changes to the services rendered to customers of Hudson Fiber or to the rates, terms, and conditions of such services.

CONCLUSION

Based on Staff's analysis and the representations in the petition, the proposed transfer of control of Hudson Fiber Network, Inc. is in the public interest. Services provided to the petitioners' current customers will continue without interruption and with no immediate changes to the rates, terms and conditions of service.

RECOMMENDATION

It is recommended that:

1. The petition to transfer control of Hudson Fiber Network, Inc. from its current stockholders to Hudson Fiber Holdings, Inc. be approved.

2. The case be closed.

Respectfully submitted,

TROY A. SCRIPTURE
Utility Engineer 1
Office of Telecommunications

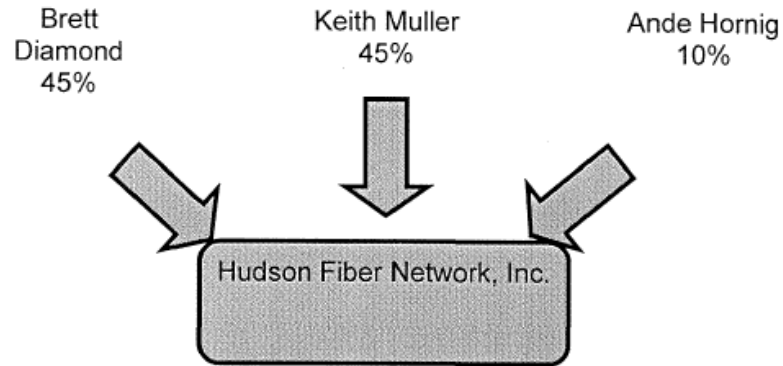
Reviewed by,

GRAHAM JESMER
Assistant Counsel
Office of General Counsel

APPROVED:

RUVAIN S. KUDAN
Utility Supervisor
Office of Telecommunications

Before Transaction



After Transaction

