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October 10, 2022

VIA ELECTRONIC FILING

Reese McAlister
Executive Secretary
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, GA 30334-9052

**Re: Joint Application of Spectrotel, Inc. and Spectrotel Ultimate Holdings, LLC
for Authority for a Change of Control of Spectrotel of the South, LLC, and
for Certain Financing Arrangements**

Dear Mr. McAlister:

Enclosed for filing please find the Joint Application of Spectrotel, Inc. and Spectrotel Ultimate Holdings, LLC for Authority for a Change of Control of Spectrotel of the South, LLC, and for Certain Financing Arrangements. Please contact the undersigned with any questions regarding this submission.

Sincerely,

/s/ Matthew A. Brill

Matthew A. Brill

*Counsel for Spectrotel, Inc. and
Spectrotel of the South, LLC*

**BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION**

Joint Application of)	
)	
Spectrotel, Inc.)	
<i>Transferor</i>)	
)	
and)	
)	Docket Nos. 18171, 18172
Spectrotel Ultimate Holdings, LLC)	
<i>Transferee</i>)	
)	
For Authority for a Change of Control of)	
Spectrotel of the South, LLC, <i>Licensee</i> , and)	
for Certain Financing Arrangements)	

JOINT APPLICATION

Pursuant to O.C.G.A. §§ 46-5-41, 46-5-168, and Chapter 515-6 of the Rules of the Georgia Public Service Commission (“Commission”), Spectrotel, Inc. (“Spectrotel” or “Transferor”) and Spectrotel Ultimate Holdings, LLC (“Spectrotel Ultimate” or “Transferee,” and together with Transferor, “Applicants”), hereby respectfully request the approval of the Commission to consummate a transaction (“Transaction”) that will result in a change of control of Spectrotel of the South, LLC (“Spectrotel of the South” or “Licensee”), and for Financing Arrangements associated with the Transaction (defined in Section II.B, below).

The Transaction will not affect the day-to-day management or operations of Spectrotel of the South, and will not involve an assignment of operating authority, assets, or customers. In addition, the Transaction will serve the public interest by providing Licensee with additional management expertise and financial resources that will enhance its ability to maintain and improve its networks and services and, in turn, enable it to better serve its customers and compete in the communications marketplace.

In support of this Joint Application, Applicants respectfully submit the following information:

I. DESCRIPTION OF APPLICANTS

A. Spectrotel, Inc. and Spectrotel of the South, LLC

Transferor Spectrotel, Inc. is a Delaware corporation that maintains its headquarters at 3535 Route 66, Suite 7, Neptune, New Jersey 07753. Licensee Spectrotel of the South, LLC, a Delaware limited liability company and an indirect, majority owned subsidiary of Spectrotel, maintains its headquarters at the same address. Spectrotel provides, including through Spectrotel of the South and various other subsidiaries, resold voice and IP-based data services to small and medium-sized businesses and enterprise customers across the United States. Spectrotel of the South is authorized to provide competitive local exchange services, resold interexchange services, and intrastate interexchange alternate operator services in Georgia.¹

B. Spectrotel Ultimate Holdings, LLC

Transferee Spectrotel Ultimate Holdings, LLC is a limited liability company organized under the laws of the state of Delaware that maintains its headquarters at 1900 K Street NW, Suite 650, Washington, DC 20006. Spectrotel Ultimate is managed by Grain Management, LLC (“Grain Management”), which invests in and manages communications businesses in North America and South America. Grain Management’s private equity funds focus on investing in communications infrastructure and services, including fiber, towers, spectrum, small cells, satellites, and other telecommunications services. Collectively, Grain Management’s investment team has over 100 years of experience as industry operators and private equity professionals. Its founder and Chief Executive Officer, David Grain, has over 25 years of experience in industry

¹ See Docket Nos. 18171, 18172.

and 15 years in private equity. Among other positions that he held prior to founding Grain Management, Mr. Grain served from 2002 to 2006 as President of Global Signal, Inc., the largest communication tower owner/operator at the time. Mr. Grain also has served as Senior Vice President of AT&T Broadband's New England Region.

Transferee and Grain Management are not affiliated with any public utilities or companies providing telecommunications services in Georgia.

II. DESCRIPTION OF THE TRANSACTION

A. Description of the Transfer of Control

Pursuant to an Equity Purchase Agreement (“Agreement”) dated October 4, 2022, Transferee Spectrotel Ultimate will indirectly purchase all of the outstanding equity interests in Spectrotel, thereby acquiring indirect ownership and control of Spectrotel of the South. As part of the Transaction, Spectrotel will convert from a corporation to a limited liability company prior to closing.

Exhibit A and Exhibit B include pre- and post-Transaction organizational charts detailing the existing and proposed ownership structure of Spectrotel of the South.

B. Description of the Financing Arrangements

For the purposes of the Transaction, Spectrotel and its subsidiaries, including Spectrotel of the South, expect to obtain debt financing in an aggregate amount of up to \$70 million, comprised of a \$55 million term loan facility and a \$15 million revolving credit facility (collectively, the “Financing Arrangements”). The proceeds of the term loan facility, in an expected aggregate amount of up to \$55 million, will be sufficient (together with equity contributions) to finance the Transaction, including repaying existing debt.

The specific maturity date for any debt instruments issued in connection with the Financing Arrangements will be subject to negotiation and will depend on credit conditions at

the time they are priced and issued. Petitioners anticipate that the debt financing will consist solely of long-term indebtedness, incurred to mature no later than ten years after issuance, depending on the type of debt facility.

The interest rate likely will be the market rate for similar financings and will not be determined until the Financing Arrangements are finalized. Each interest rate will be a floating rate (consisting of a base rate, which will float with a rate index such as the Term Secured Overnight Financing Rate or the Federal Funds Rate, plus an applicable margin), depending on credit conditions at the time it is priced and issued.

In addition to the Financing Arrangements, new and rollover equity will provide the financing for the remainder of the funds required for Spectrotel Ultimate to acquire Spectrotel and its subsidiaries, including Spectrotel of the South.

Participation by Spectrotel and its subsidiaries in the Financing Arrangements will not adversely affect their current or proposed operations in Georgia. Accordingly, in addition to approving the change of control of Spectrotel of the South, Petitioners request that the Commission also approve the Financing Arrangements.

III. PUBLIC INTEREST CONSIDERATIONS

The Transaction will promote the public interest for multiple reasons.

First, the Transaction, including the Financing Arrangements, will provide Spectrotel of the South access to additional capital, enabling the company to continue to provide high-quality and innovative communications solutions to its customers, none of which will suffer any loss or impairment of service as a result of the Transaction. Moreover, following closing, Spectrotel of the South will enjoy access to financial resources that will allow the company to enhance and expand its service offerings. The Transaction thus will permit Spectrotel of the South to compete more effectively in the communications marketplace.

Second, the extensive managerial resources and expertise of Grain Management will supplement those of Spectrotel of the South's highly experienced and well-qualified management, technical, and operational teams, which—led by Ross Artale, Spectrotel's COO who is transitioning to the role of CEO—will continue to oversee the company's day-to-day operations following consummation of the Transaction. The decades of experience of these combined Grain Management and Spectrotel of the South teams will ensure that the company is able to continue providing high-quality communications services to its customers following the Transaction.

Third, while the Transaction will augment Spectrotel of the South's capabilities, it will not have any adverse effect on competition in any product or geographic market. Notably, the Transaction will not eliminate any telecommunications service provider, as neither Transferee nor Grain Management provide communications services. Indeed, because Spectrotel of the South serves only business customers and has relatively modest operations, the company lacks a meaningful presence in any of the product segments or geographic markets in which Grain Management's existing portfolio companies operate. Moreover, as a pure reseller of services provided by carriers such as Verizon and AT&T, Spectrotel of the South necessarily competes with those nationwide carriers, among countless other, much larger resellers and facilities-based providers. By the same token, Spectrotel of the South's status as a reseller means that it cannot exert control over facilities to the detriment of competitors. Accordingly, the Transaction will not result in any competitive harms or negatively impact the company's customers. To the contrary, by enabling Spectrotel of the South to enhance and expand its service offerings and thereby compete more effectively with other service providers, the Transaction will enhance competition in the communications marketplace.

Fourth, the Transaction will be seamless for Spectrotel of the South's customers. In particular, the company will continue to provide the same high-quality and innovative communications solutions to its customers that they receive today, and Spectrotel of the South has no plans to discontinue any services or modify the rates or other terms and conditions for any services as a result of the Transaction.

For these reasons, the Transaction will serve the public interest, and the Commission should grant this Joint Application.

IV. DESIGNATED CONTACTS

All correspondence and communications with respect to this Joint Application should be addressed or directed as follows:

For Transferor/Licensee:

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V. CONCLUSION

For the foregoing reasons, Applicants respectfully request the expeditious grant of this Joint Application for authority for a change of control of Spectrotel of the South to Spectrotel Ultimate Holdings, and for the Financing Arrangements associated with the Transaction.

Respectfully submitted,

/s/ Matthew S. DelNero

/s/ Matthew A. Brill

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Counsel for Spectrotel Ultimate Holdings, LLC

Counsel for Spectrotel, Inc. and Spectrotel of the South, LLC

October 10, 2022

EXHIBIT A

Pre-Transaction Organizational Chart

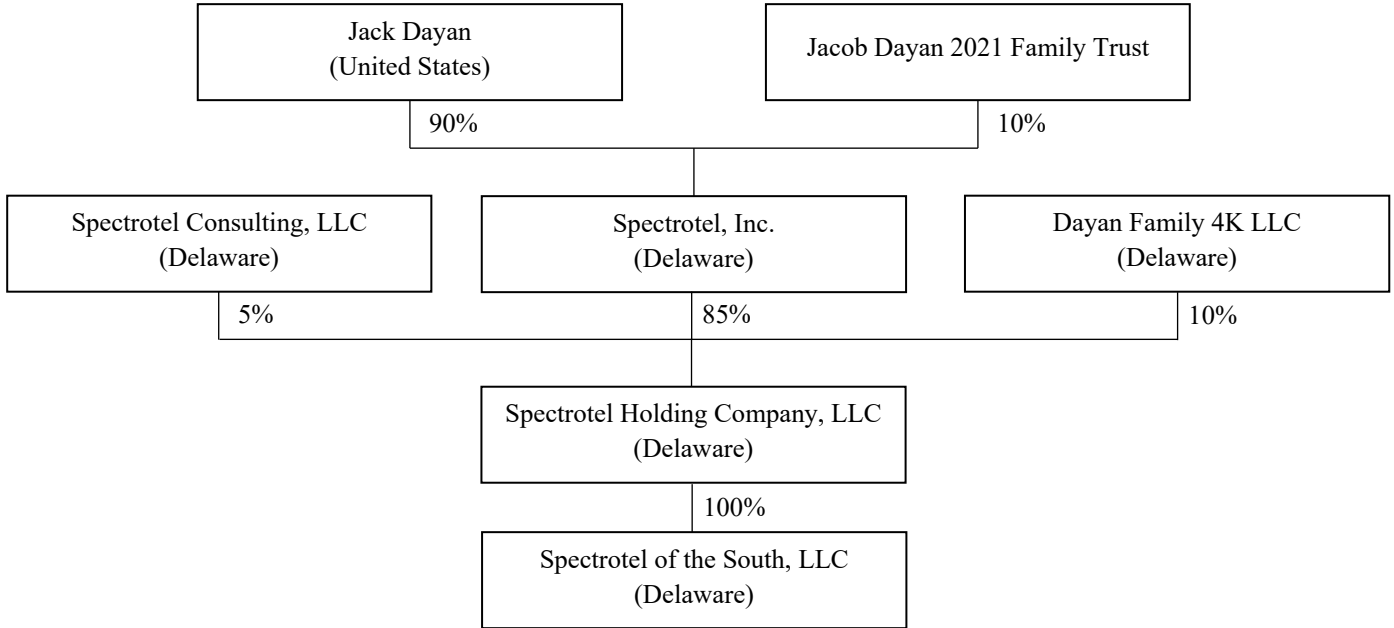
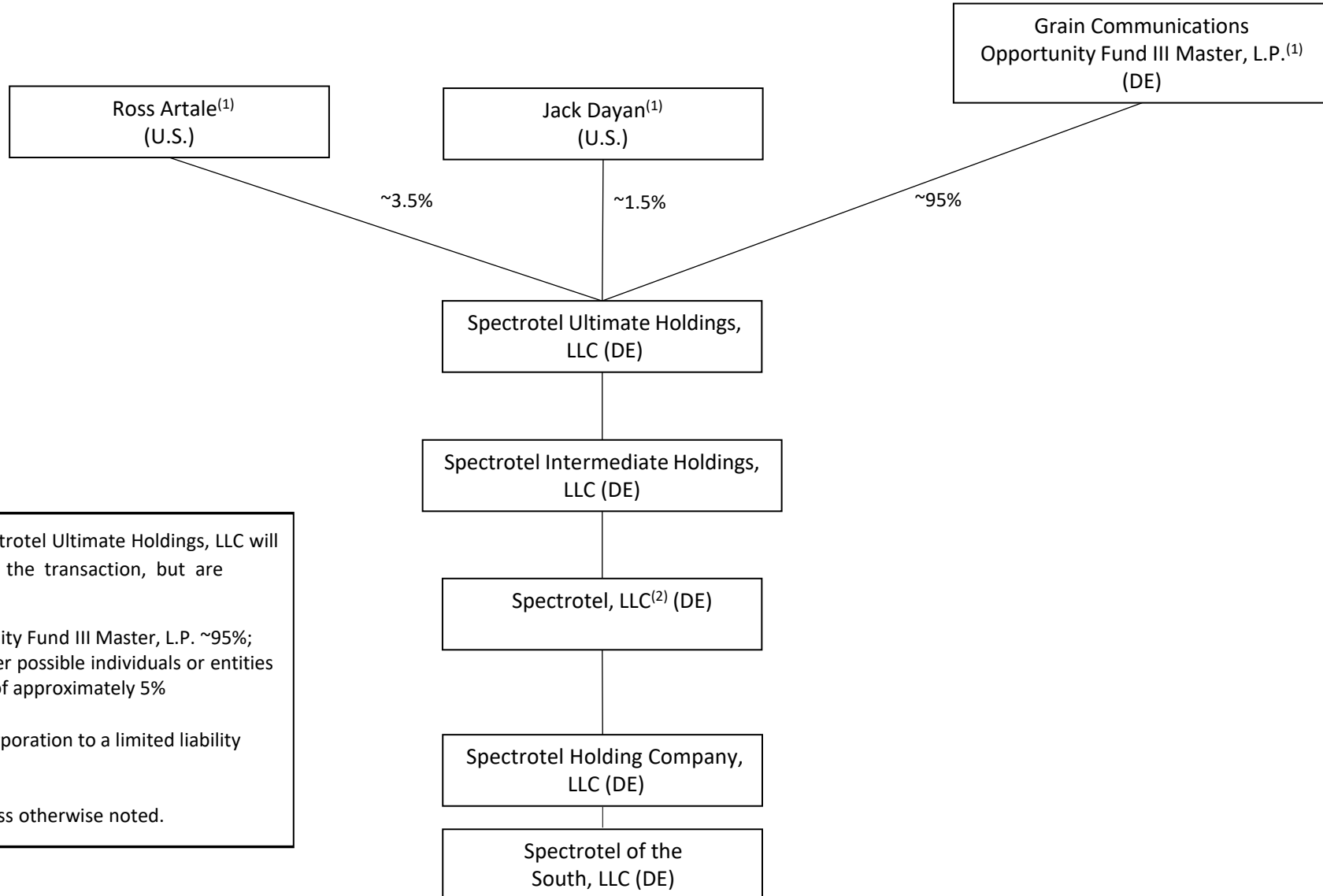


EXHIBIT B

Post-Transaction Organizational Chart

Post-Transaction Ownership Chart

(Investments in Spectrotel Ultimate Holdings, LLC and Below)



(1) The exact ownership interests in Spectrotel Ultimate Holdings, LLC will be determined around the close of the transaction, but are estimated as follows:

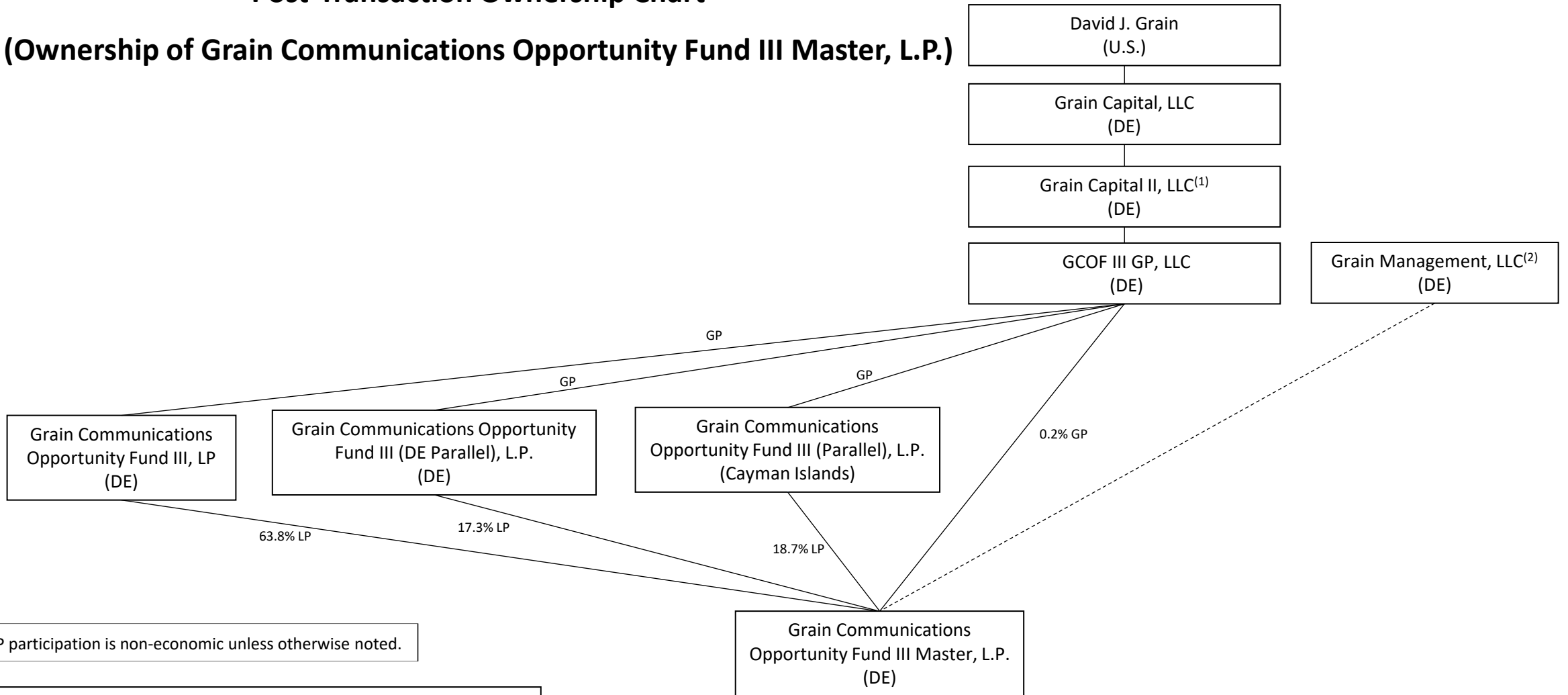
- Grain Communications Opportunity Fund III Master, L.P. ~95%;
- Ross Artale, Jack Dayan, and other possible individuals or entities with interests, in the aggregate, of approximately 5%

(2) Spectrotel, Inc. will convert from a corporation to a limited liability company prior to closing.

(3) All ownership percentages 100% unless otherwise noted.

Post-Transaction Ownership Chart

(Ownership of Grain Communications Opportunity Fund III Master, L.P.)



GP participation is non-economic unless otherwise noted.

- (1) Grain Capital II, LLC is the only managing member of GCOF III GP, LLC, and has 64.5% of the membership interests. Non-managing members own a combined interest of 35.5% in GCOF III GP, LLC.
- (2) Grain Management, LLC acts as the investment advisor of Grain Communications Opportunity Fund Master III, L.P.

STATE OF New Jersey)
CITY/COUNTY OF Monmouth)

VERIFICATION

I, Ross Artale, hereby declare that:

- (1) I am Chief Operating Officer of Spectrotel, Inc.,
- (2) I am authorized to make this verification on behalf of Spectrotel, Inc. and Spectrotel of the South, LLC; and
- (3) The statements in the foregoing Application relating to Spectrotel, Inc. and Spectrotel of the South, LLC are true and correct to the best of my knowledge and belief.

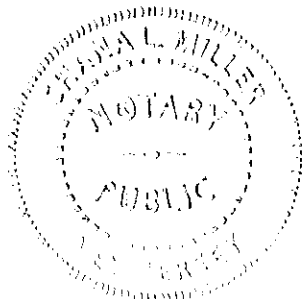
I declare under penalty of perjury that the foregoing is true and correct.

Executed this 7th day of October, 2022.



Rose Artale
Chief Operating Officer
Spectrotel, Inc.

SWORN TO AND SUBSCRIBED before me on the 7th day of October, 2022.



STATE OF New York)
CITY/COUNTY OF New York)


VERIFICATION

I, Diya Berger, hereby declare that:

- (1) I am Secretary and Treasurer of Spectrotel Ultimate Holdings, LLC (“Spectrotel Ultimate”),
- (2) I am authorized to make this verification on behalf of Spectrotel Ultimate; and
- (3) The statements in the foregoing Application relating to Spectrotel Ultimate are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 6 day of October, 2022.



Diya Berger
Secretary and Treasurer
Spectrotel Ultimate Holdings, LLC

SWORN TO AND SUBSCRIBED before me on the 6 day of October, 2022.

