

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-4929
of SCRS Acquisition Corporation,)
Beverly Hills, California, and)
Securus Technologies, Inc.,) GRANTED
Carrollton, Texas, seeking)
approval for certain financing)
arrangements.) Entered: July 5, 2017

BY THE COMMISSION:

On May 16, 2017, an application was filed by Securus Technologies, Inc., (STI) of Carrollton, Texas, and SCRS Acquisition Corporation, (SCRS) of Beverly Hills, California seeking approval for STI to participate in financing arrangements concurrently with or following completion of a holding company level transaction wherein control of STI is indirectly transferred to SCRS. Notice of the application was published in The Daily Record, Omaha, Nebraska, on May 22, 2017. No protests were filed; therefore, this application is processed pursuant to the Commission's rule of modified procedure.

O P I N I O N A N D F I N D I N G S

The Parties and Transaction

Securus Investment Holdings, LLC, (SIH) Connect Acquisition Corp., (Connect) and SCRS entered into an agreement April 29, 2017, wherein SCRS would acquire all stock of Connect. Connect would become a wholly owned direct subsidiary of SCRS. STI is a wholly owned indirect subsidiary of Connect. As Connect becomes a direct subsidiary of SCRS, STI will become a wholly owned indirect subsidiary of SCRS. STI provides telecommunications services to a number of confinement and correctional facilities in the District of Columbia and approximately 46 states including Nebraska. STI possesses a Certificate of Public Convenience and Necessity, C-1994, issued by the Nebraska Public Service Commission. However, because the transfer is occurring at the Holding Company level, SCRS is not seeking approval for the initial transaction.¹

The Financing Arrangements

¹Docket C-1746/PI 19, In the Matter of the Nebraska Public Service Commission, on its own motion, to conduct an investigation to determine when the Commission has jurisdiction to authorize acquisitions, mergers, or other transfers of control, Clarification Order. (Entered March 10, 1998)
(Commission held they do not have jurisdiction where the transaction occurs at the Holding Company level or higher.)

SCRS, as part of the transaction in which it gains control of Connect, is seeking to participate in a variety of financing arrangements. STI as part of the assets acquired, would be expected to participate in certain financing arrangements. It is anticipated that SCRS would be the initial borrower to complete the initial purchase transaction. The borrower may change to one or more of the parent companies or operating companies, including STI, upon completion of the initial transaction.

The financing arrangements may include notes or debentures; conventional credit facilities, such as revolving and term loan credit facilities; letters of credit; bridge loans; or a combination thereof. SCRS and STI indicate maturity of the indebtedness could be up to 10 years depending on the type of debt instrument. The interest will depend on the type of debt instrument and may be fixed or floating.

In addition to STI having potential to be a borrower, SCRS acknowledges some of the financing arrangements may be secured facilities. SCRS and STI seek authority to grant a security interest in STI as a part of its assets and holdings. SCRS, its parent company, SCRS Intermediate Holding II Corporation, and its current and future subsidiaries including STI may provide a guaranty as security for the full aggregate amount in financing arrangements.

SCRS and STI state that the financing arrangements may be used for acquisitions, including the purchase price for the transaction and associated fees and costs, repayment of existing long term indebtedness of Connect and its subsidiaries, future refinancing of existing debt, working capital requirements, and other general corporate purposes of the company.

The Applicants state the financing arrangement and transfer of control will be seamless to customers and will not result in a change to any rate, term or condition of service. Additionally, there will be no discontinuance, reduction, or impairment of service to any customer as a result of the transaction and transfer.

The Applicant further states the financing transactions are in the public interest and will allow STI to continue to provide high quality telecommunications services and gain access to additional resources and the operational expertise of SCRS. They further state the transaction will enable STI to become a stronger competitor to the ultimate benefit of consumers.

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application No. C-4929

Page 3

Applicant seeks approval from the Commission pursuant to Neb. Rev. Stat. § 75-148, which states in pertinent part,

A common carrier may issue stock, bonds, notes, or other evidence of indebtedness, payable at periods of more than twelve months after the date thereof, when necessary for the acquisition of property, the construction, completion, extension or improvement of facilities, the improvement or maintenance of its service, or the discharge or lawful refunding of its obligations if the common carrier first secures from the Commission an order authorizing such issue and the amount thereof and stating that in the opinion of the Commission the use of the capital to be secured by the issue of such stock, bonds, notes, or other evidence of indebtedness is reasonably required for the purposes of the carrier [. . .] The provisions of this section shall not apply to the security issuances of common carriers who are under the control of a federal regulatory agency.

Applicants do note that STI is regulated by the Federal Communication Commission and should not be subject to Commission control in this situation, but seek permission out of caution.

Upon review of the evidence, the Commission finds that the application filed herein is in compliance with the applicable Nebraska Statutes and that the debt financing agreement and transfer of control is reasonably required for the aforementioned purpose. The application is fair, reasonable and in the public interest and should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-4929 be, and is hereby granted.

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application No. C-4929

Page 4

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 5th day
of July, 2017.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Mary Riddis

Crystal Guoades

//s//Frank E. Landis

//s//Tim Schram

Tim Schram
Chairman

ATTEST:

Shana Knutson

Deputy Director