



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

IN THE MATTER OF THE VERIFIED JOINT)	<u>TELECOMMUNICATIONS</u>
PETITION OF ZAYO BANDWIDTH)	
NORTHEAST, LLC AND ZAYO BANDWIDTH)	ORDER
NORTHEAST SUB, LLC FOR AUTHORITY)	
TO INCUR DEBT OBLIGATIONS AND)	DOCKET NO. TF07090691
ENCUMBER UTILITY PROPERTY)	

(SERVICE LIST ATTACHED)

BY THE BOARD:

On September 14, 2007, Zayo Bandwidth Northeast, LLC ("Zayo-NE") and Zayo Bandwidth Northeast Sub, LLC ("Zayo-NE Sub" and together with Zayo-NE, the "Petitioners"), submitted a Verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9 requesting approval to incur debt obligations of up to \$30 million and to encumber public utility property through the grant of a security interest in Petitioners' assets in support of the financing arrangements described herein.

Zayo Bandwidth Northeast, LLC (formerly known as PPL Telcom, LLC) is a Delaware limited liability company whose sole member is Zayo Bandwidth, Inc. ("Zayo" and formerly known as CII Holdco, Inc.), a Delaware corporation. Zayo Bandwidth Northeast Sub, LLC (formerly known as PPL Prism, LLC) is a Delaware limited liability company whose sole member is Zayo-NE. Petitioners have a principal office located at Two North Ninth Street, Allentown, Pennsylvania 18101.

Petitioners provide broadband connectivity for telecommunications companies, wireless and Internet service providers, and large businesses and institutions. Located in the Mid-Atlantic region, Petitioners' network has more than 4,000 route miles of fiber with advanced optical systems and provides service to customers throughout the northeast corridor from New York to Washington D.C. In New Jersey, Petitioners provide service to 18 customers. In New Jersey, Zayo-NE and Zayo-NE Sub are authorized to provide telecommunications services pursuant to authority granted by the Board in Docket Nos. TE03030186 (May 8, 2003) and TE03030184 (May 8, 2003), respectively. In addition, Petitioners are authorized by the FCC to provide interstate telecommunications services and Zayo-NE is authorized by the FCC to provide international telecommunications services.

Zayo is wholly owned by Communications Infrastructure Investments, LLC (together with Zayo, the "Company"), a Delaware limited liability company. The Company has principal office located

in Louisville, Colorado. The Company was recently organized to acquire and support long-term development of fiber-based bandwidth solutions-oriented businesses. The acquisitions of Memphis Network, LLC and Petitioners and the pending acquisitions of Indiana Fiber Works, LLC ("IFW"), Onvoy, Inc., and Minnesota Independent Equal Access Corporation, are the initial steps to realizing the business plan of the Company. The Petitioners state that the financing described below will allow the Company to pursue additional acquisitions and provide additional capital for the companies it acquires, including Petitioners, in furtherance of its business plan.

Zayo intends to enter an agreement ("Agreement") to participate in a consolidated credit facility ("Credit Facility"), which will be secured by Zayo and its subsidiaries, including Petitioners. Petitioners will pledge their assets as security and/or provide a guaranty for a portion of the \$95 Million Credit Facility. Of the total amount of the Credit Facility, Petitioners will only provide a guaranty and pledge their assets for up to \$30,000,000 consisting of a \$25,000,000 term loan and \$5,000,000 revolver loan. Certain of Petitioners' affiliates will participate in the Credit Facility with regard to the remaining amounts. Both loans will both have 6 year maturities with minimal amortization for the first 5 years.

The Company expects to use a portion of the proceeds from the financing arrangements to fund additional acquisitions by Zayo. The Company plans to use the remaining proceeds to provide working capital, finance capital expenditures, and/or for other general corporate purposes of the Company, Petitioners and their affiliates.

The Petitioners assert that participation in the proposed financing arrangements described herein will provide Petitioners with the opportunity to strengthen their competitive position among telecommunications carriers, and will not impair the ability of Petitioners to bring competitive telecommunications services to consumers in New Jersey.

The Division of Rate Counsel has reviewed this matter and, by letter dated October 1, 2007, recommends that the Board approve the Verified Joint Petition.

Staff's review indicates that the financing transaction is in accordance with law and while there is no guarantee in this regard, especially given the competitive environment in which Petitioners operate, the Board is satisfied that the transactions will not have an adverse impact on Petitioners' operations in New Jersey.

After review, the Board FINDS that the proposed transactions are consistent with the applicable law and HEREBY AUTHORIZES Petitioners to participate in the financing arrangements described herein. This Order is issued subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioners.
2. Petitioners shall notify the Board, within five business days, of any material changes in the Agreements and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
3. Petitioners shall notify the Board of any material default on the terms of the Agreement within five business days of such occurrence.

4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by the Petitioners.

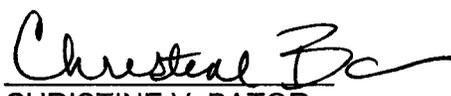
DATED: 10/25/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

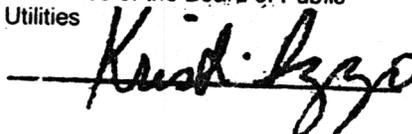

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



In the Matter of the Verified Joint Petition of Zayo Bandwidth Northeast, LLC and Zayo Bandwidth Northeast Sub, LLC for Authority to Incur Debt Obligations and Encumber Utility Property

SERVICE LIST

Docket No. TF07090691

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