



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

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION OF LIGHT TOWER) ORDER OF APPROVAL
HOLDINGS, LLC, DATANET COMMUNICATIONS GROUP, INC.)
AND NEW JERSEY DATANET TELECOM, LLC FOR APPROVAL)
OF A TRANSFER OF CONTROL AND RELATED LOAN)
TRANSACTION) DOCKET NO. TM07120939

(SERVICE LIST ATTACHED)

BY THE BOARD:

On December 12, 2007, Light Tower Holdings, LLC ("Light Tower"), DataNet Communications Group, Inc. ("DCG") and New Jersey DataNet Telecom, LLC ("NJ DataNet") (collectively, "Petitioners") submitted a verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9, requesting approval for Light Tower to assume control of DCG and its subsidiaries, including NJ DataNet, and for DCG to enter into a loan transaction in connection with the change in control. Following the assumption of control by Light Tower by way of a merger transaction, NJ DataNet, an authorized provider of intrastate telecommunications service,¹ will continue to offer services at the same terms, rates and conditions under which it currently offers such services in the State. In addition, DCG, upon its change in control under the merger, will incur debt obligations in the aggregate amount of \$71 million and DCG's current and future subsidiaries, including NJ DataNet, will act as guarantors and pledge their assets in support of the financing arrangements.

BACKGROUND

Light Tower is a Delaware limited liability company with principal offices located in Boxborough, Massachusetts. According to Petitioners, Light Tower is a full service provider of turnkey wireless infrastructure, fiber networks, and managed backhaul services throughout the United States. The company operates a communications network infrastructure consisting of the following: approximately 350 communications towers, access to over two million distribution poles, and over 1,100 available route miles of dark fiber network in New England. Through its

¹I/M/O the Petition of New Jersey DataNet Telecom, LLC for Authority to Provide Facilities-Based and Resold Local Exchange and Interexchange Telecommunications Services Throughout the State of New Jersey, Docket No. TE04111435, Order dated February 2, 2005.

network, it provides tower (cell site backhaul) service to wireless communications service providers, as well as fiber backhaul in conjunction with its Distributed Antenna System ("DAS") Service to large commercial customers.

NJ DataNet is a Delaware limited liability company with principal offices located in Newburgh, NY. NJ DataNet is a wholly-owned subsidiary of DataNet Communications Group, Inc. ("DCG"), a privately held, Delaware corporation with principal offices located at the above address. In addition to NJ DataNet, DCG holds all of the membership interest in Hudson Valley DataNet, LLC, a Delaware limited liability company authorized by the New York Public Service Commission to operate as a facilities-based common carrier and reseller of telecommunications services in New York, and Connecticut DataNet, LLC, a Delaware limited liability company authorized by the Connecticut Department of Public Utility Control to operate as a facilities-based common carrier and reseller of telecommunications services in Connecticut. DCG in turn is controlled, through an approximately 70 percent voting stock interest, by Quadrangle Capital Partners LP, a Delaware limited partnership (Quadrangle), and its affiliates.² The balance of the voting stock is controlled by John R. Galanti, DCG's President and CEO.

According to Petitioners, NJ DataNet's primary business objective is the deployment of facilities, where technically and economically feasible, for the purpose of providing high speed, high reliability fiber optic data transmission and connectivity services to end-users located within and throughout New Jersey, on both an interstate and intrastate basis. In order to provide such services, NJ DataNet may, in addition to deployment of its own facilities, enter into interconnection agreements or other arrangements with other carriers to enable point-of-presence interconnection and/or resale of network elements. Petitioners state that NJ DataNet has one customer for which it provides intrastate, point-to-point, data transmission and connectivity services, and that it has no employees located in New Jersey

DISCUSSION

Petitioners seek approval of an Agreement and Plan of Merger, pursuant to which DNCG Acquisition, Inc., a subsidiary of Light Tower, will be merged with and into DCG, in exchange for all of the issued and outstanding stock of DCG. Upon consummation of the merger transaction, DNCG Acquisition, Inc. will cease to exist and DCG will be the surviving entity and a wholly-owned subsidiary of Light Tower. NJ DataNet will continue in existence as a subsidiary of DCG and will continue its present operations as described above. Petitioners state that there will no change in NJ DataNet's rates or terms of service as contained in its Tariff on file with the Board, and the transaction will have no impact on NJ DataNet's provision of intrastate service to its current New Jersey customer.

With this petition Petitioners are also seeking the approval of a proposed loan transaction that is to be entered into in conjunction with and simultaneously with the consummation of the merger. DCG (under the control of Light Tower) will enter into a syndicated loan transaction, will borrow up to \$71 million which will be available for, among other purposes, payoff of prior indebtedness, financing the merger transaction, and use in its affiliates' (including NJ DataNet's) operations, and for improvement of their networks. The financing will consist of a Term Loan of \$66 million, with a term of six (6) years commencing on the closing date, and a Revolving Credit Facility of \$5 million available for draw up to the sixth (6th) anniversary of the closing date. DCG

²Quadrangle's affiliates are Quadrangle Select Partners LP and Quadrangle Capital Partners – A LP. Each affiliate is a Delaware limited partnership. The principal business address for Quadrangle and its affiliates is 375 Park Avenue, 14th Floor, New York, NY 10152.

will have the option of establishing a base rate of interest for the loans based on (a) the higher of a floating, per annum rate publicly quoted in the Wall Street Journal as the "base rate on corporate loans posted by at least 75% of the nation's 30 largest banks," or the federal funds rate plus an additive basis, or (b) a Eurodollar Rate based on a specified LIBOR. Under either option, an applicable margin will be added to the base rate of interest. Among other assets, DCG will pledge its membership interests in NJ DataNet as security for the debt and, as a subsidiary of DCG, NJ DataNet will be required to issue a guarantee of the debt, and will be required to pledge its assets as security for payment of the guarantee and the underlying debt.

Petitioners assert that the described transactions will serve the public interest and benefit the telecommunications marketplace in New Jersey. The proposed assumption of control of DCG and its subsidiaries by Light Tower will enable DCG's subsidiary, NJ DataNet, to obtain access to additional financial and operational resources through the combined, increased asset holdings and revenue streams of Light Tower post-acquisition. These additional resources will strengthen NJ DataNet's competitive position, and will provide NJ DataNet with the ability to offer existing and prospective customers a greater range of telecommunications services and products and to take advantage of greater economies of scale. Petitioners further state that the incorporation of NJ DataNet into the Light Tower network will enable Light Tower to serve its own customers more effectively in a critical market. Petitioners state that the proposed transactions will be transparent to NJ DataNet's current intrastate data transmission customer in New Jersey, and will have no negative impact on employees as NJ DataNet currently has no employees located in New Jersey.

The Division of Rate Counsel has reviewed this matter and by letter dated January 11, 2008 has recommended that the Board approval this petition.

FINDINGS AND CONCLUSIONS

The Board, after thorough review and investigation, and having considered the petition and all related documents submitted in this proceeding, concludes that there will no negative impact on rates, terms and conditions of service by NJ DataNet, and will have no negative impact on customers and employees of NJ DataNet. NJ DataNet will continue to offer the same services under the same rates, terms and conditions as indicated in its filed tariff. Moreover, a positive benefit may be expected from NJ DataNet's access to additional resources, which would make NJ DataNet a more attractive provider, and allow NJ DataNet to better compete in the marketplace.

Accordingly, the Board FINDS that the proposed transfer and related loan transaction are in accordance with law and are in the public interest, and HEREBY ORDERS that the Petitioners are HEREBY AUTHORIZED to consummate the merger transaction and participate in the financing arrangements as described herein.

This Order is issued subject to the following provisions:

1. Petitioners shall notify the Board, within five (5) business days, of any material changes in the terms of the loan transaction and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
2. Petitioners shall notify the Board of the closing of the proposed transactions within five (5) business days of the consummation of the transfer of control.

3. Petitioners shall notify the Board of any material default on the terms of the loan within five (5) business days of such occurrence.
4. This Order shall not be construed as directly or indirectly fixing, for any purposes whatsoever, any value of any tangible or intangible assets now owned or hereafter to be owned by NJ DataNet.
5. 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 NJ DataNet's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
6. This Order shall not affect nor in any way limit the exercise of the authority of the Board, or of the State of New Jersey, in any future petition or any proceedings with respect to the rates, franchises, services, financing (including the method of sale of securities), accounting, capitalization, depreciation, or any other matters affecting NJ DataNet.

DATED: 2/4/08

BOARD OF PUBLIC UTILITIES
BY:

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JEANNE M. FOX
PRESIDENT

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FREDERICK F. BUTLER
COMMISSIONER

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JOSEPH L. FIORDALISO
COMMISSIONER

Christine V. Bator

CHRISTINE V. BATOR
COMMISSIONER

ATTEST:

Kristi Izzo
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

Kristi Izzo

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APPROVAL OF A TRANSFER OF CONTROL AND RELATED LOAN TRANSACTION
DOCKET NO. TM07120939

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