



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

IN THE MATTER OF THE JOINT PETITION)	<u>TELECOMMUNICATIONS</u>
OF ZAYO BANDWIDTH NORTHEAST, LLC)	
AND ZAYO BANDWIDTH NORTHEAST SUB,)	ORDER
LLC FOR AUTHORITY TO INCUR DEBT)	
OBLIGATIONS AND ENCUMBER UTILITY)	DOCKET NO. TF08020082
PROPERTY)	

(SERVICE LIST ATTACHED)

BY THE BOARD:

Zayo Bandwidth Northeast, LLC, a Delaware limited liability company, ("Zayo-NE") and Zayo Bandwidth Northeast Sub, LLC, a Delaware limited liability company, ("Zayo-NE Sub") (together, the "Petitioners") filed a petition with the New Jersey Board of Public Utilities ("Board") on February 11, 2008 pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9 for approval of certain financing arrangements.

Zayo Bandwidth, Inc. ("Zayo"), a Delaware corporation wholly owned by Communications Infrastructure Investments, LLC (together with Zayo, the "Company"), a Delaware limited liability company is the sole member of Zayo-NE. Zayo-NE is the sole member of Zayo-NE Sub. Both Zayo-NE and Zayo-NE Sub are public utilities subject to the jurisdiction of the Board.

Zayo-NE and Zayo-NE Sub are authorized to provide interexchange telecommunications services in New Jersey pursuant to authority granted by the Board in Docket Nos. TE03030186 and TE03030184 respectively on May 8, 2003. 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.

In an Order of Approval in Docket No. TF07110859, dated February 1, 2008, Petitioners were authorized to participate in a consolidated credit facility in an amount of up to \$95,000,000 to be secured by Zayo and its subsidiaries, including Petitioners ("Credit Facility"). Petitioners were authorized to pledge their assets as security and/or provide a guaranty for a portion of the Credit Facility. The Credit Facility consisted of senior secured debt with 6-year maturities in an aggregate amount of up to \$95,000,000. The Credit Facility consisted of a \$70,000,000 term loan, a \$15,000,000 revolving credit facility, and an option for an additional \$10,000,000 to be issued in the future. However, the ultimate aggregate amount of the Credit Facility was \$85,000,000.

On February 15, 2008, the Petitioners entered into an amended credit facility to amend the Credit Facility previously approved by the Board in Docket TF07110859 in order to incur additional long-term debt obligations of up to \$50,000,000 thereby resulting in an aggregate of up to \$135,000,000 in credit facilities. Specifically, the original term loan in the amount of \$70,000,000 is now reflected as the "Tranche A Term Loan" in the Amended and Restated Credit and Guaranty Agreement ("Amended Agreement"). The Amended Agreement also provides for a "Tranche B Term Loan" of \$30,000,000 and also permits Zayo and its subsidiaries, including Petitioners, to seek additional new term loans in an aggregate amount of \$20,000,000. The original revolving credit facility in the amount of \$15,000,000 and the maturity dates of the credit facilities have remained unchanged under the Amended Agreement.

The interest rates for the debt facilities are at commercial market rates consisting of a base rate plus additional basis points. Petitioners submit that as a result of the Company's recent acquisitions and including the acquisition of Citynet Fiber Network LLC ("Citynet"), the combined company can support the additional debt facilities.

The combined advanced fiber network of the Company incorporates approximately 8,400 route miles of fiber and connects to over 800 buildings in fourteen states, including New Jersey and the District of Columbia. With the recent acquisition of Citynet, the company will now have approximately 17,000 regional fiber route miles serving more than 1,000 on-net building locations.

Proceeds will be used to fund strategic acquisitions, including the acquisition of Citynet, and for providing working capital, financing capital expenditures, refinancing existing indebtedness of Zayo's current and future subsidiaries, and/or for other general corporate purposes of the Company and its operating subsidiaries, including the Petitioners. All entities in the combined company (including Citynet) will participate in the proposed financing arrangement as co-borrowers and co-guarantors and will pledge their assets as security.

The Petitioners assert that participation in the proposed financing arrangements described herein will serve the public interest in promoting competition among telecommunications carriers by providing Petitioners with the opportunity to strengthen their competitive position with greater financing resources.

The Division of Rate Counsel has reviewed this matter and by letter dated March 19, 2008, recommended that the Board approve this Petition.

The Staff's review indicates that the proposed financing arrangement is in accordance with law and that, 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. The Board also notes because of the competitive environment in which Petitioners operate that the services they offer customers are also available from other carriers.

After review, the Board FINDS that the transaction described herein is consistent with the applicable law and public interest. The Board therefore, approves the purposes thereof. The Board HEREBY AUTHORIZES Petitioners to participate in the financing arrangement described herein.

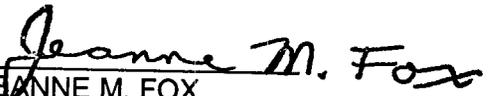
This Order is issued subject to the following provisions:

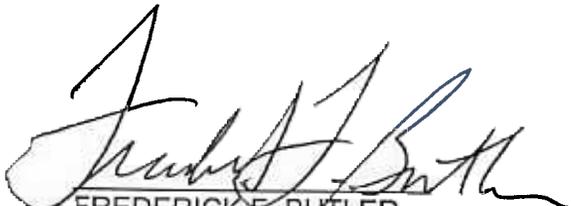
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioners.
2. Petitioners shall notify the Board, within five (5) business days, of any material changes in the terms of the Agreements and shall provide complete details of such changes to the Board including any anticipated effects upon service in New Jersey, and where applicable, seek Board approval pursuant to N.J.S.A. 48:2-1 et seq.
3. Petitioners shall notify the Board of any material default on the terms of the Agreements within five (5) 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 shall not constitute automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:2-1 et seq. where applicable.

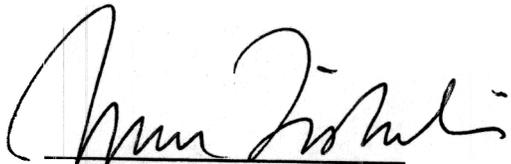
5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by the Petitioners.

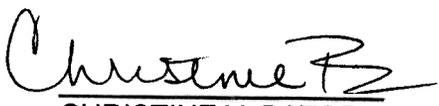
DATED: 5/9/08

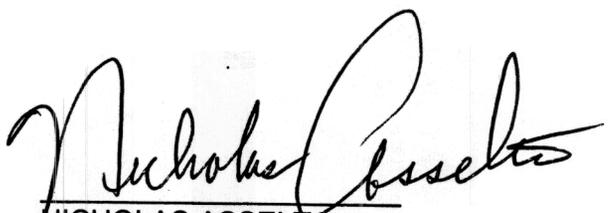
BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

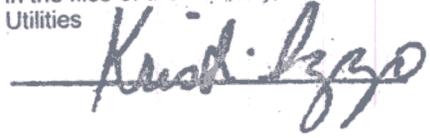

CHRISTINE V. BATOR
COMMISSIONER


NICHOLAS ASSELTA
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 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. TF08020082

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