



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
Two Gateway Center  
Newark, NJ 07102  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF JOINT PETITION OF	)	ORDER OF APPROVAL
ZAYO BANDWIDTH NORTHEAST, LLC,	)	
ZAYO BANDWIDTH NORTHEAST SUB, LLC	)	
AND ZAYO BANDWIDTH, LLC FOR APPROVAL	)	
OF A PRO FORMA INTRA-CORPORATE	)	
MERGER	)	DOCKET NO. TM09120993

(SERVICE LIST ATTACHED)

Dennis C. Linken of Stryker, Tams & Dill LLP for Petitioner

BY THE BOARD:

On December 10, 2009, Zayo Bandwidth Northeast, LLC ("Zayo-NE"), Zayo Bandwidth Northeast Sub, LLC ("Zayo-NE Sub"), and Zayo Bandwidth, LLC ("ZB" and together with Zayo-NE and Zayo-NE Sub, the "Petitioners") filed a petition pursuant to N.J.S.A. 48:3-7, and the rules of the New Jersey Board of Public Utilities ("Board") requesting approval of an intra-corporate merger that would result in Zayo-NE and Zayo-NE Sub merging with and into ZB. Upon consummation of the transfer, ZB will offer services to current customers of Zayo-NE and Zayo-NE Sub at existing terms, rates and conditions.

BACKGROUND

Zayo-NE, Zayo-NE Sub, and ZB are all Delaware limited liability companies. ZB and Zayo-NE are direct subsidiaries of Zayo Group, LLC (Zayo Group) and Zayo-NE Sub is an indirect subsidiary of Zayo Group. All of these entities have their corporate headquarters located in Louisville, Colorado. Zayo Group is wholly owned by Communications Investment, LLC ("CII") which has no majority owner. According to the petition, Zayo Group, through its operating subsidiaries provides bandwidth, voice, collocation and interconnection, and managed services to carrier, enterprise and government customers. In New Jersey, Zayo-NE (f/k/a PPL Telecom, LLC) and Zayo Bandwidth Northeast Sub, LLC ("Zayo-NE Sub" f/k/a PPL Prism, LLC) were previously granted authority to provide local exchange and interexchange telecommunications services. See Order, I/M/O the Application of PPL Telecom, LLC for Authority to Provide Interexchange Telecommunications Services in the State of New Jersey, Docket No. TE03030186, dated May 8, 2003 and Order I/M/O the Application of PPL Telecom, LLC for Authority to Provide Interexchange Telecommunications Services in the State of New Jersey, Docket No. TE03030184, dated May 8, 2003. ZB was granted

authority to provide local exchange and interexchange telecommunications services in New Jersey on March 3, 2010. See Order, I/M/O the Verified Petition of Zayo Bandwidth, LLC., for a Certificate of Public Convenience and Necessity to Provide Local Exchange, Interexchange, Exchange Access Telecommunication Services Throughout the State of New Jersey, Docket No. TE09120992. Additional information and qualifications of ZB can be found in that Order. The petitioners state that collectively, Zayo-NE and Zayo-NE Sub currently have approximately 97 customers and 18 employees in New Jersey.

## DISCUSSION

According to the petition, over the past few years, Zayo Group has acquired a number of existing communications businesses. As a result of these acquisitions, the corporate structure of Zayo Group has become increasingly complex, with numerous operating entities, many of whose services overlap. In an effort to streamline its corporate structure and to operate more efficiently, Zayo Group will merge Zayo-NE and Zayo-NE Sub, as well as certain of their affiliates, with and into ZB, with ZB as the surviving entity. Zayo-NE and Zayo-NE Sub will cease operations in New Jersey, and will surrender their authority to provide services within the State. This merger will result in the customers of Zayo-NE and Zayo NE Sub becoming customers of ZB. Petitioners state that the merger will not result in a change to any aspect of their services, including the rates, terms and conditions. ZB's proposed tariff mirrors the tariffs of Zayo-NE and Zayo-NE Sub except for the names of the companies. Further, since all the operating entities of Zayo Group currently include the Zayo Bandwidth name and logo on all marketing materials, correspondence and billing statements, Petitioners point out that the transaction will be virtually transparent to customers.

The petition asserts that the proposed transaction is in the public interest because it will create efficiencies for Zayo Group and its business units by reducing the accounting, reporting, managerial, and operating complexities. The Petition states that there will be no change in the provider's service, billing, personnel or contact information. Petitioners also indicate that there will be no harm to employees associated with this transaction.

The Department of the Public Advocate, Division of the Rate Counsel ("Rate Counsel"), in a letter dated January 8, 2010 recommended that the Board approve the Petition.

## FINDINGS AND CONCLUSIONS

After careful review of this Petition and all related documents, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transactions will have no negative impact on the provision of safe, adequate and proper service, and moreover, a positive benefit may be expected from the strengthening of Zayo Group's competitive posture in the telecommunications market. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer is in accordance with the law and in the public interest.

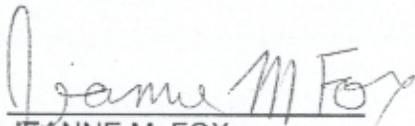
The Board also FINDS that, in accordance with N.J.S.A. 48:2-59 and 48:2-60 and N.J.S.A. 52:27EE-52, following the closing ZB is responsible for the filing of Zayo-NE and Zayo-NE Sub's final annual report with the Board, and for the payment of any outstanding assessment liabilities to the Board and to the Division of Rate Counsel. Also, following the closing and once all customers have been transferred to ZB, Zayo-NE and Zayo-NE Sub shall surrender their authority to provide local exchange services within the State to the Board.

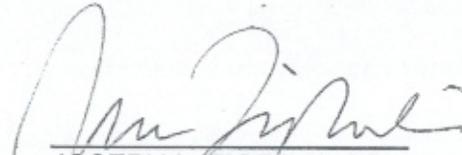
The Board HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction within ten (10) days of consummation of the transfer. The Board FURTHER ORDERS that this approval will expire if the transaction is not fully consummated on or before February 28, 2011.

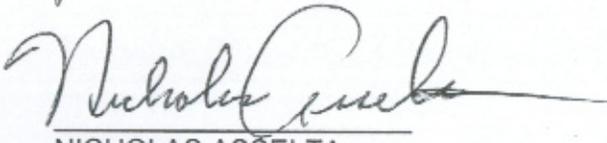
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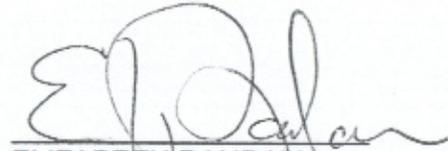
BOARD OF PUBLIC UTILITIES  
BY:

  
LEE A. SOLOMON  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

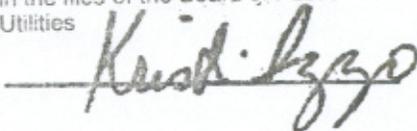
  
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ATTEST:   
KRISTI IZZO  
SECRETARY

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



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