



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

IN THE MATTER OF THE VERIFIED  
PETITION OF ABOVE NET  
COMMUNICATIONS, INC. FOR AUTHORITY  
TO PROVIDE ITS SECURITY IN  
CONNECTION WITH FINANCING

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)  
)

TELECOMMUNICATIONS

ORDER OF APPROVAL

DOCKET NO. TF07100774

(SERVICE LIST ATTACHED)

BY THE BOARD:

On October 9, 2007, AboveNet Communications, Inc. ("AboveNet" or "Petitioner") filed a petition with the Board of Public Utilities ("Board") requesting approval to incur debt obligations of up to \$500 million and to encumber public utility property through the grant of security interests in Petitioner's assets in support of its financing arrangement. Petitioner proposes to use the funds generated to finance potential acquisitions, network development and expansion, and for general corporate purposes.

AboveNet, a Delaware corporation, is a wholly-owned subsidiary of AboveNet, Inc. ("Parent"), a publicly-held Delaware corporation, headquartered in White Plains, New York. Parent and its subsidiaries, including AboveNet, are providers of dedicated end-to-end fiber optic infrastructure and high-bandwidth Internet connectivity, both domestically and internationally. Their optical network enables their corporate, carrier and governmental customers to implement the latest data, video, Internet and multimedia applications. Parent and its subsidiaries, including AboveNet, are authorized to provide telecommunications services in 31 states and the District of Columbia. In New Jersey, AboveNet is authorized by the Board to provide dedicated and private line intrastate telecommunications services<sup>1</sup>. AboveNet is also authorized by the Federal Communications Commission to provide both interstate and international telecommunications services.

According to the petition, AboveNet originally proposed that Parent and/or AboveNet obtain up to \$500 million through one or more financing arrangements with banks, other financial institutions and/or other types of investors. Subsequently, AboveNet advised the Board that it had reduced its planned financing to \$100 million, consisting of a \$30 million line of credit and \$70 million of long term indebtedness, \$40 million of which would be drawn at closing, and another \$30 million which would be available to be drawn in the future (the "Financings"). The Financings will be secured by a lien on Petitioner's assets. Among other things, the proceeds of

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<sup>1</sup> AboveNet Communications, Inc., was authorized by the Board to provide telecommunications services in Docket No. TE98040202 on September 14, 1998, under the name of Metromedia Fiber Network Services, Inc., and subsequently changed its name to AboveNet Communications, Inc. in August 2003.

the Financings will be used to fund potential corporate acquisitions by Petitioner, and for working capital and other general corporate purposes which may include expanding and developing Petitioner's network and operations, and making other capital expenditures necessary to execute its strategic business plan.

Petitioner states that approval of the Financings will serve the public interest by enhancing its ability to grow and compete in the highly competitive markets for telecommunications services in New Jersey and nationwide by providing Petitioner with the opportunity to strengthen its competitive position through access to greater financial resources.

The Division of Rate Counsel has reviewed this matter and, by letter dated October 31, 2007, recommends that the Board approve this petition.

The Board, after investigation, having considered the petition and exhibits submitted in this proceeding, FINDS that the proposed transaction is in accordance with law and HEREBY ORDERS that Petitioner be and is HEREBY AUTHORIZED to participate in the financing arrangements described herein.

This order is subject to the following provisions:

1. This Board's approval is expressly limited to the Financings as described herein and as more fully described in the supporting documents.
2. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.

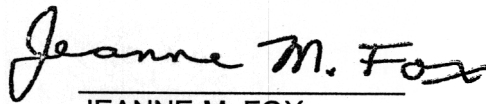
This Order shall not affect nor in any way limit the exercise of the authority of this Board, or of the State of New Jersey, in any future petition or in any proceedings with respect to rates, franchises, services, financing (including the method of sale of securities), accounting, capitalization, depreciation or in any other matters affecting Petitioner.

4. Petitioners shall notify the Board, within five business days, of any material changes in the notes and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
5. Petitioners shall notify the Board of any material default on the terms of the notes within five business days of such occurrence.
6. 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 Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

- 7 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 in any proceedings with respect to rates, franchises, services, financing (including the method of sale of securities), accounting, capitalization, depreciation, or any other matters affecting the Petitioner.

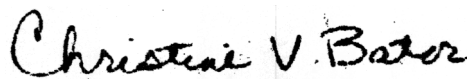
DATED: 12/21/07

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

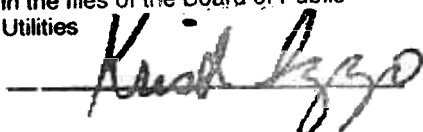
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
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



## SERVICE LIST

### In the Matter of the Verified Petition of AboveNet Communications, Inc. For Authority to Provide Its Security in Connection with Financing

Docket No. TF07100774

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