



Agenda Date: 01/16/08
Agenda Item: IVB

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

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION)	
OF ZAYO BANDWIDTH, LLC AND ZAYO BANDWIDTH)	ORDER OF APPROVAL
NORTHEAST SUB, LLC FOR AUTHORITY TO)	
COMPLETE A PRO FORMA TRANSFER)	
OF CONTROL)	DOCKET NO. TM07100834

(SERVICE LIST ATTACHED)

BY THE BOARD:

On October 30, 2007, Zayo Bandwidth Northeast, LLC (Zayo-NE) and Zayo Bandwidth Northeast Sub, LLC (Zayo-NE Sub, and together with Zayo-NE, Petitioners), filed a petition pursuant to N.J.S.A. 48:2-51.1 and 48:3-7 seeking the Board's approval for a transfer of control. The transfer will not result in any change in the ultimate control of the Petitioners. The proposed transaction will be transparent to customers. Petitioners will continue to offer services at the same terms, rates and conditions on which they currently provide such services in the state.

BACKGROUND

Zayo-NE (formerly known as PPL Telecom, LLC) is a Delaware limited liability company whose sole member is Zayo Bandwidth, Inc. (Zayo), a Delaware corporation. Zayo-NE Sub (formally known as PPL Prism, LLC) is a Delaware limited liability company whose sole member is Zayo-NE. Petitioners have a principal office located in Allentown, Pennsylvania. According to the petition, Zayo-NE and Zayo-NE Sub provide broadband connectivity for telecommunications companies, wireless and Internet service providers, and large business institutions in the Mid-Atlantic region. In New Jersey, Zayo-NE and Zayo-NE Sub are authorized to provide interexchange telecommunications services pursuant to authority granted by the Board in Docket Numbers TE03030186 (May 8, 2003), and TE03030184 (May 8, 2003), respectively. In New Jersey, Zayo-NE has a total of four customers and Zayo-NE Sub has six. Collectively, Petitioners have two employees located in New Jersey.

Zayo (formally known as CII Holdco, Inc.) is a Delaware corporation that is wholly owned by Communications Infrastructure Investments, LLC (CII and together with Zayo, the Company), a Delaware limited liability company. The Company has a principal office located in Louisville, Colorado. According to the petition, the Company was recently organized to acquire and support long-term development of fiber-based bandwidth solutions-oriented businesses.

DISCUSSION

In connection with certain financing arrangements approved by the Board on October 25, 2007 in Docket No. TF07090691 that Zayo and Petitioners closed on November 7, 2007, the Company must insert a holding company between Zayo and CII within 90 days of closing the financing arrangements. The holding company, to be called Zayo Bandwidth Holdings Inc., will wholly own Zayo and will be wholly owned by CII. Therefore, ultimate ownership of Petitioners will not change. Following the transfer, Zayo-NE and Zayo-NE Sub will continue to offer services at the same terms, rates and conditions on which they currently provide such services in the state. Petitioners point out that the proposed transaction will be transparent to customers and will not cause any service disruptions.

The Petition states that the transaction will allow the Petitioners to comply with the terms of the previously approved financing arrangements which will provide Petitioners with the opportunity to strengthen their competitive position due to the greater financing resources available through Zayo. Petitioners expect that the more flexible access to additional capital will strengthen Petitioners' ability to bring competitive telecommunications services to consumers in the State of New Jersey, and that the proposed transaction is therefore in the public interest. By letter dated November 27, 2007, the Division of Rate Counsel advised the Board that it recommends approval of the petition.

FINDINGS AND CONCLUSIONS

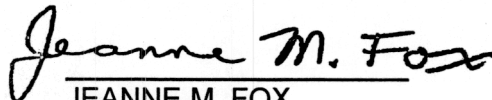
After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since Zayo-NE and Zayo-NE Sub's New Jersey customers will continue to receive the same services from the same entities at the same rates and under the same terms and conditions. Moreover, a positive benefit may be expected as Petitioners expect the transaction to yield operational benefits by more flexible access to additional capital which will allow Zayo-NE and Zayo-NE Sub to better compete in the marketplace.

Accordingly, after careful review of this matter, the Board FINDS that the change of control will have no negative impact on the rates of current customers. The Board also FINDS that the transfer will have no negative impact on employees or on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board FINDS that the proposed transfer is in accordance with the law and is in the public interest. The Board

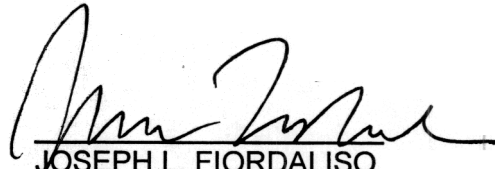
HEREBY ORDERS that the Petitioners shall notify the Board of the closing of the proposed transactions within 7 days of the consummation of the transfer.

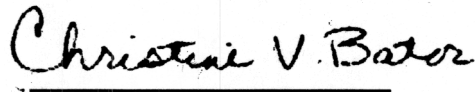
DATED: 1/17/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK E. BUTLER
COMMISSIONER

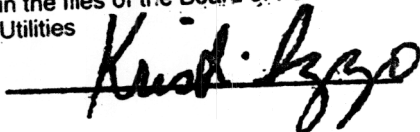

JOSEPH L. FIORDALISO
COMMISSIONER


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



I/M/O Verified Joint Petition of Zayo Bandwidth, LLC, and Zayo Bandwidth Northeast
Sub, LLC for Authority to Complete a Pro Forma Transfer of Control
Docket No. TM07100834

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