



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

IN THE MATTER OF THE VERIFIED JOINT)	<u>TELECOMMUNICATIONS</u>
PETITION OF ZAYO BANDWIDTH)	
NORTHEAST, LLC AND ZAYO BANDWIDTH)	ORDER
NORTHEAST SUB, LLC FOR AUTHORITY)	
TO INCUR DEBT OBLIGATIONS AND)	DOCKET NO. TF07110859
ENCUMBER UTILITY PROPERTY)	

(SERVICE LIST ATTACHED)

BY THE BOARD:

Zayo Bandwidth Northeast, LLC (formerly known as PPL Telcom , LLC), a Delaware limited liability company, ("Zayo-NE") and Zayo Bandwidth Northeast Sub, LLC (formerly known as PPL Prism, LLC), a Delaware limited liability company, ("Zayo-NE Sub") ("Petitioners"), filed a petition with the Board on or about November 8, 2007 ("Petition"), 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. (formerly known as CII Holdco, 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. Petitioners have a principal office located at Two North Ninth Street, Allentown, Pennsylvania 18101. 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 or about 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.

Petitioners provide broadband connectivity for telecommunication companies, wireless and Internet service providers, and large businesses and institutions. Located in the Mid-Atlantic region, Petitioners' fiber network has more than 8,400 route miles of fiber with advanced optical systems that is connected to over 800 buildings and provides service to customers throughout the northeast corridor from New York to Washington, D.C.

In an Order of Approval in Docket No. TF07090691 dated October 24, 2007, Petitioners were authorized to participate in a consolidated credit facility in an amount of up to \$95 Million ("the "Credit Facility") to be secured by Zayo and its subsidiaries, including Petitioners. Petitioners

were authorized to pledge their assets as security and/or provide a guaranty for a portion of the Credit Facility. Of the total amount of the Credit Facility, Petitioners expected to provide a guaranty and pledge their assets for up to \$30 Million consisting of a \$25 Million term loan and \$5 Million revolver loan. The remaining amounts under the Credit Facility were expected to be guaranteed and secured by certain of Petitioners' affiliates. Both the term loan and the revolver were to have 6 year maturities with minimal amortization for the first 5 years.

On November 7, 2007, Petitioners closed on certain financing arrangements consisting of a Security and Pledge Agreement, and Credit and Guaranty Agreement ("Agreements"), subject to Board approval, which constituted a restructuring of the Credit Facility ("Restructured Credit Facility").¹ On November 8, 2007, Petitioners filed a petition pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9 for approval of the Restructured Credit Facility to the extent that their long-term debt obligations will increase or otherwise change thereunder. As such, Petitioners now seek Board approval to incur long-term debt obligations of up to \$95 Million and to encumber their property through the grant of a security interest in Petitioners' assets in support of the entire Restructured Credit Facility.

The Restructured Credit Facility consists of senior secured debt vehicles in an aggregate amount of up to \$95 Million, which will consist of a term loan and a revolving credit facility and will have 6-year maturities. The interest rates for the debt facilities will be at commercial market rates consisting of a base rate plus additional basis points.

As noted in the Order, the Company was organized to acquire and support long-term development of fiber-based bandwidth solutions-oriented businesses. In addition to the Company's acquisition of Petitioners, the Company has also acquired Zayo Bandwidth Tennessee, LLC (formerly known as Memphis Networkx, LLC) and since the issuance of the Board's Order of Approval in Docket No. TF07090691 dated October 24, 2007, the Company has acquired Zayo Bandwidth Indiana, LLC (formerly known as Indiana Fiber Works LLC), and Onvoy, Inc. and Minnesota Independent Equal Access Corporation (together, "Onvoy"). The Company used a portion of the proceeds of the Restructured Credit Facility to fund the acquisition of Onvoy. Petitioners assert that the Restructured Credit Facility will enable the Company to pursue and expand the acquired businesses and further its overall strategic expansion plans.

The Company plans to use the remaining proceeds to fund strategic acquisitions and for other permitted purposes, including 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, Petitioners and their affiliates.

The Petitioners assert that participation in the restructured 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 January 2, 2008, recommended that the Board approve this Petition.

The Staff's review indicates that the Restructured Credit Facility is in accordance with law and that, while there is no guarantee in this regard, especially given the competitive environment in

¹ On October 30, 2007, Petitioners filed a petition with the Board requesting approval of a transfer of control. The Petitioners' intention to complete the transfer of control has not been affected by the restructuring of the financing described herein. Therefore, the Petitioners requested that the Board continue to process the petition regarding the transfer of control which is proceeding under Docket No. TM07100834.

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.

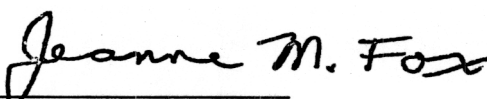
After review, the Board FINDS that the transaction described herein is consistent with the applicable law and the public interest. The Board therefore, approves the purposes thereof. The Board HEREBY AUTHORIZES Petitioners to participate in the restructured financing arrangements described herein. This 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.
6. This Order supersedes the Board's Order of Approval in Docket No. TF07090691 dated October 24, 2007.

DATED: 2/4/08.

BOARD OF PUBLIC UTILITIES
BY:




JEANNE M. FOX
PRESIDENT



FREDERICK F. BUTLER
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER

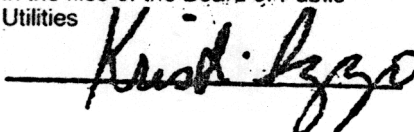


CHRISTINE V. BATOR
COMMISSIONER

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



KRISTI IZZO

**In the Matter of the Verified 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. TF07110859

Mark Beyer
Chief Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

James Glassen, Esq.
Division of the Ratepayer
Advocate
31 Clinton Street, 11th Floor
PO Box 46005
Newark, NJ 07101

Scott E. Beer
General Counsel
Zayo Bandwidth, Inc.
950 Spruce Street, Suite 1A
Louisville, CO 80027

Robert Wojciak
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Arlene E. Pasko, DAG.
Dept of Law & Public Safety
Division of Law, Public Utility
Section
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Richard De Angelis, Jr.
Stryker Tams & Dill, LLP
Two Penn Plaza East
Newark, NJ 07105

Michael Tavani
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102