



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION) ORDER
OF LIGHT TOWER FIBER LONG ISLAND LLC,)
SIDERA NETWORKS, LLC, LEXENT METRO)
CONNECT, LLC, NEON CONNECT, INC., AND NEW)
JERSEY DATANET, LLC FOR APPROVAL OF)
CERTAIN PRO FORMA INTRA-COMPANY CHANGES) DOCKET NO. TM14040343

Parties of Record:

William K. Mosca, Jr., Esq., Bevan, Mosca, Giuditta & Zarillo, P.C., on behalf of Petitioners
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On April 10, 2014, Light Tower Fiber Long Island LLC (f/k/a KeySpan Communications Corp.) ("LTF-LI"), Sidera Networks, LLC ("Sidera"), Lexent Metro Connect, LLC ("LMC"), NEON Connect, Inc. ("NEON"), and New Jersey DataNet, LLC ("NJ-DataNet") (collectively, the "Petitioners") filed a verified joint petition ("Petition") with the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-51 and the Board Regulations, requesting approval for certain pro forma intra-company changes as a result of streamlining efforts by their holding company. On May 14, 2014 Petitioners filed an Amendment to the Petition to clarify an aspect of the relief sought in this matter. Following the consummation of proposed pro forma intra-company changes ("Pro Forma Transactions"), customers will continue to receive services at the same terms, rates and conditions under which they currently receive in the State.

BACKGROUND

Petitioners are all indirect subsidiaries of LTS Group Holdings, LLC ("Holdings" and together with its subsidiaries "Lighttower"). Holdings is a Delaware limited liability company with principal offices located in Boxborough, Massachusetts. Under the trade name Lighttower Fiber

Networks, Holdings, through its operating subsidiaries including the Petitioners, provides Ethernet, SONET, wavelengths, private network services, Internet access, dark fiber and collocation services to carrier, government and enterprise customers. Petitioners and their affiliates operate over 6,600 fiber route miles that serve over 3,500 on-net buildings with comprehensive transport and alternative access solutions. Their geographic footprint extends from Boston and Southern New Hampshire to eastern New York State, northern New Jersey, Long Island, New York City, Rhode Island and Connecticut.

In the State of New Jersey, LTF-LI is authorized to provide facilities-based local and long distance services. See Order, I/M/O the Petition of Keyspan Communications Corporation for Authority to Provide Local Exchange and Interexchange Telecommunications Services in the State of New Jersey, Docket No. TE04020089, dated September 14, 2004. NJ DataNet is authorized to provide facilities-based and resold local exchange and interexchange services pursuant to authority granted by Order of the Board dated February 1, 2005. See Order, I/M/O the Petition of New Jersey DataNet Telecom, LLC for Authority to Provide Facilities-Based and Resold Local Exchange and Interexchange Telecommunications Services Throughout the State of New Jersey, Docket No. TE04111435. LMC is authorized to provide local exchange and interexchange telecommunications services pursuant to Order dated November 10, 2009. See Order, I/M/O the Petition of Lexent Metro Connect, LLC for Approval to Provide Local Exchange and Interexchange Telecommunications Services Throughout the State of New Jersey, Docket No. TE09070564. Sidera is authorized to provide local exchange and interexchange services. Authority was originally granted to Con Edison Communications, LLC, which changed its name to RCN New York Communications, LLC, which subsequently changed its name to Sidera. See Order, I/M/O the Petition for an Order Authorizing Consolidated Edison Communications, Inc. to Provide Local Exchange and Interexchange Telecommunications Services Throughout New Jersey, Docket No. TE00100802, dated November 5, 2001. And, NEON was authorized to provide facilities-based competitive interexchange and local exchange services pursuant to authority granted by Order of the Board on June 5, 2003. See Order, I/M/O the Petition of NEON Connect, Inc. for Authority to Provide Local Exchange and Interexchange Telecommunications Services in the State of New Jersey, Docket No. TE03030230. Lightower currently has twelve (12) employees located in New Jersey.

DISCUSSION

The petition states that the proposed pro forma intra-company changes are being undertaken to eliminate unnecessary and cumbersome intermediate companies and duplicative operating entities in the Lightower corporate structure, which will also alleviate confusion among customers arising from multiple Lightower operating entities serving the same service areas. The pro forma intra-company changes involving Petitioners are part of this streamlining effort. As a result of these pro forma changes, LTF-LI and Sidera will be the only two Lightower operating entities holding Certificates in New Jersey.

Specifically, Petitioners seek approval of the following intra-company changes (Pro Forma Transactions): (1) the consolidation of LMC into Sidera;¹ (2) the consolidation of NEON into

¹ This is expected to result from the merger of LMC with and into Lexent, Inc., with LMC as the surviving entity, immediately followed by the merger of Lexent, Inc. with and into Sidera, with Sidera surviving.

Sidera;² (3) the consolidation of NJ-DataNet into Sidera;³ (4) LTF-LI becoming a direct subsidiary of Light Tower Holdings LLC;⁴ and (5) the removal of Yankee Metro Partners, LLC, an intermediate holding company, from the chain of ownership for Sidera.⁵

As noted above, following the proposed transactions, NJ-DataNet, NEON and LMC ("Consolidating Entities") will no longer provide any telecommunications services in New Jersey once they merge into Sidera. The petition states that Sidera will submit tariff filings to incorporate or adopt the services and rates of the consolidating entities to the extent that such services and rates are different from those currently in the tariffs of Sidera and customers currently purchase such services.

Following these pro forma intra-company changes, LTF-LI will change its name to "Lightower Fiber Networks I LLC" and Sidera will change its name to "Lightower Fiber Networks II LLC." The petition states that these companies will submit the required filings to effectuate their name changes once they are complete.

By letter dated May 14, 2014, Petitioners filed an Amendment to the Petition to clarify an aspect of the relief sought in this matter. The letter states that in the petition at p.5, footnote 9, Petitioners requested a waiver of the Board's slamming rules. Petitioners withdrew that request for waiver by the letter and instead substitute a request for a waiver of the Board's mass migration rules, see N.J.A.C. 12:10-12.1 et seq. Petitioners state that the affected customers are commercial entities receiving services under individually-negotiated contracts, and are therefore not part of a "mass market" as the term is used in the Administrative Code. They further state that adherence to the mass market rules could cause significant customer confusion.

In evaluating this petition, the Board must be satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1; N.J.A.C. 14:1-5.14(c). Also, under N.J.S.A. 48:3-7, the Board is required to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its employees.

Petitioners state that by consolidating these entities, Lightower will simplify its corporate structure and reduce its reporting and accounting burdens and will reduce confusion among customers, many of whom receive services and separate bills from several of these entities for essentially identical types of services. Petitioners state that the proposed Pro Forma Transactions will not result in any changes to services received by Petitioners' customers.

² This is expected to result from the merger of NEON with and into Sidera, with Sidera surviving.

³ This is expected to result from the merger of NJ-DataNet with and into DataNet Communications Group, Inc. ("DataNet"), immediately followed by the merger of DataNet with and into Sidera, with Sidera surviving.

⁴ This is expected to result from (a) the merger described in item (1) and (b) the mergers of Light Tower LLC and LT LLC with and into Light Tower Holdings LLC, with Light Tower Holdings surviving.

⁵ This is expected to result from the merger of Yankee Metro Partners, LLC with and into LTS Buyer LLC, with LTS Buyer LLC as the surviving entity.

The Division of Rate Counsel has reviewed this matter and, by letter dated May 21, 2014, states that it does not object to this Petition.

FINDINGS AND CONCLUSION

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 all of Petitioners' customers in New Jersey will continue to receive the same services at the same rates, through the same assets, provided by the same employees, and under the same terms and conditions. Also, the Board is satisfied that positive benefits will flow to customers based on the record presented by Petitioners. In addition, the Board is persuaded that there will not be a material negative impact on employees.

The Board concludes that the provisions of N.J.A.C. 14:10-12.1 et seq. (mass migration rules) do not apply to this internal reorganization. Moreover, the proposed transactions will allow the Petitioners to streamline and rationalize their operations in a manner which will provide organizational and intra-corporate operational benefits. Further, the Board also concludes that the request for a waiver of the public notice requirements of N.J.A.C. 14:1-5.14(b)(12) is warranted in this occasion as the proposed transactions are internal and all customers will be notified of the mergers. With respect to the proposed name changes, petitioners shall submit all required filings to the Board to effectuate their name changes including Certificates to Conduct Business in New Jersey under the new names.

The Board also **FINDS** that, in accordance with N.J.S.A. 48:2-59 and 48:2-60 and N.J.S.A. 52:27E-52, following the closing, Sidera is responsible for the filing of NJ-DataNet's, NEON's and LMC'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. Following the closing and once all customers have been transferred, NJ-DataNet, NEON and LMC shall surrender their authority to the Board. Sidera shall also submit tariff filings to incorporate or adopt the services and rates of the consolidating entities to the extent that such services and rates are different from those currently in the tariffs of Sidera.

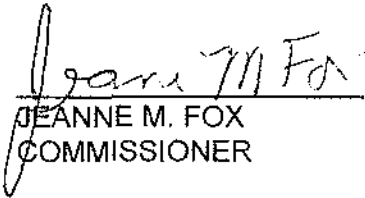
Accordingly, after careful review of this matter, the Board **FINDS** that the Pro Forma Transactions will not have a negative impact on the rates of current customers, or on employees. The Board also **FINDS** that the Pro Forma Transactions will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board also **FINDS** that the Pro Forma Transactions are in accordance with the law and in the public interest.

This Order shall be effective June 30, 2014.

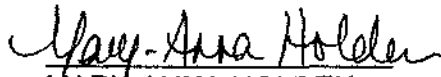
DATED: 6/18/14

BOARD OF PUBLIC UTILITIES
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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



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