



Agenda Date: 9/13/12  
Agenda Item: IVA

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT ) ORDER  
PETITION OF ZAYO GROUP, LLC AND ABOVE NET )  
COMMUNICATIONS, INC. FOR APPROVAL TO )  
PARTICIPATE IN ADDITIONAL REVOLVING )  
FACILITIES OF ZAYO GROUP, LLC )  
) DOCKET NO. TF12070668

Parties of Record:

**Dennis C. Linken, Esq.**, Scarinci & Hollenbeck, LLC, on behalf of Petitioners  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On July 20, 2012, Zayo Group, LLC ("Zayo") and AboveNet Communications, Inc. ("AboveNet") (together, the "Petitioners") submitted a Verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9 requesting approval to participate in a financing arrangement. In the transaction, approval was requested for Zayo and AboveNet to enter into Additional Revolving Facilities in the amount of \$120,000,000. The Additional Revolving Facilities have been arranged in conjunction with Zayo's financing transactions completed on July 2, 2012, as approved by the Board in Docket No. TM12030267, and will be available to Zayo upon receipt of the necessary regulatory approvals.

Zayo is a Delaware limited liability company with principal offices at 400 Centennial Parkway, Suite 200, Louisville, Colorado 80027. AboveNet is a Delaware corporation and a wholly owned indirect subsidiary of Zayo. (Petitioners along with Zayo's other subsidiaries are collectively referred to as the "Company.") Zayo is a wholly owned direct subsidiary of Zayo Group Holdings, Inc., a Delaware corporation, which in turn is a wholly owned direct subsidiary of Communications Infrastructure Investments, LLC ("CII"), a Delaware limited liability company.

The Company is a provider of bandwidth infrastructure and network neutral colocation and interconnection services over regional and metropolitan fiber networks that enable its customers to manage, operate, and scale their telecommunications and data networks. The Company's services are primarily used by wireless service providers, national and regional telecommunications carriers and other communications service providers, media and content companies, schools, hospitals, governments, banks and other bandwidth-intensive enterprises.

In New Jersey, Zayo is authorized to provide local exchange and interexchange telecommunications services pursuant to Board authorization granted in Docket No.

TE11020049 on May 16, 2011; and AboveNet is authorized to provide dedicated and private line telecommunications service pursuant to Board authorization granted in Docket No. TE98040202 on September 14, 1998. Zayo and AboveNet are also authorized by the FCC to provide domestic and international telecommunications services.

Petitioners request Board approval to participate in a financing arrangement. On March 22, 2012, Petitioners filed a petition ("March 22 Petition") seeking approval for Zayo to borrow and pledge its assets as security and for AboveNet to provide a guaranty and related pledge of assets as security for up to \$3 billion in new financing arrangements (the "Financing"). The Board approved the March 22 Petition on May 23, 2012, in Docket No. TM12030267. Shortly before closing the Financing, Zayo and its lenders determined that advantageous financial market conditions and the Company's potential future needs justified an increase in the aggregate amount of the financing by \$120 million, subject to obtaining all necessary regulatory approvals for the Additional Revolving Facilities.

On July 2, 2012, consistent with the Board's prior approval, Zayo completed its \$3 billion Financing that included the following: (1) \$750 million 8.125% Senior Secured First Priority Notes due 2020 ("Secured Notes"); (2) \$500 million 10.125% Senior Unsecured Notes due 2020 ("Unsecured Notes"); (3) Term Loans in the amount of \$1.62 billion, maturing on July 2, 2019 (the "Term Loans") and (4) revolving loan facilities, swing line loans and letters of credit ("Revolving Facilities") in an amount of up to \$130 million, which amount may be increased by up to an additional \$120 million (the "Additional Revolving Facilities") upon receipt of all necessary regulatory approvals. The Revolving Facilities have an interest rate of Libor plus a margin of 5.375% or Base Rate plus a margin of 4.375% (with margin subject to quarterly adjustment based on Zayo's leverage ratio), will mature on July 2, 2017, and are secured by a security interest in substantially all of the assets of the Petitioners and certain of Zayo's other subsidiaries. Because the March 22 Petition did not envision (and therefore the Board's Order in Docket No. TM12030267 did not address) the Additional Revolving Facilities, Petitioners now seek approval for Zayo to borrow and pledge its assets as security and for AboveNet to provide a guaranty and pledge of its assets as security for the Additional Revolving Facilities.

The Petitioners emphasize that approval of the Additional Revolving Facilities will serve the public interest in promoting competition among telecommunications carriers by providing Petitioners with access to greater financial resources that will permit the Company to become a more effective competitor to larger incumbent telecommunications providers. Specifically, the Petitioners state that the Additional Revolving Facilities may be used to fund future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital and for the Company's general corporate purposes. The Petitioners therefore assert that the Additional Revolving Facilities are necessary and appropriate, are consistent with the performance by Petitioners of their respective services to the public, will not impair the ability of these carriers to perform such services, and will promote the corporate purposes of the Petitioners. The Petitioners also emphasize that participation in the Additional Revolving Facilities will be transparent to customers and will not disrupt service or cause customer confusion or inconvenience.

The Division of Rate Counsel has reviewed this matter and by letter dated August 15, 2012, has no objection to the approval of the petition.

After careful review of this matter, the Board FINDS that the proposed transaction will have no negative impact on competition, the rates of current customers, or on employees. Therefore, the Board after investigation, having considered the record and information submitted in this proceeding, FINDS the financing transaction is in accordance with law and in the public interest,

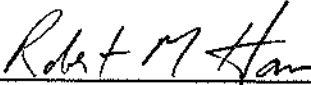
and HEREBY AUTHORIZES Petitioners to participate in the financing arrangement described herein and to take those actions necessary to effectuate participation in the financing arrangement.

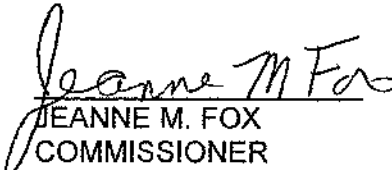
This Order is issued subject to the following provisions:

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 business days, of any material changes in the proposed financing and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
3. Petitioners shall notify the Board of any material default on the terms of the financing arrangements within five business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transaction or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 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.


DATED: 9/13/12

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

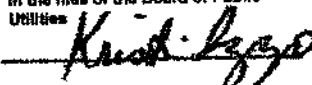
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARY ANNA HOLDEN  
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 Joint Petition Of Zayo Group, LLC And AboveNet Communications, Inc. For Approval To Participate In Additional Revolving Facilities Of Zayo Group, LLC**

**Docket No. TF12070668**

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