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 DIVISION OF RATE COUNSEL  
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REC'D

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KIM GUADAGNO  
 Lt. Governor

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 CASE MANAGEMENT

STEFANIE A. BRAND  
 Director

August 6, 2014

Via Electronic and Regular Mail

Kristi Izzo  
 Board Secretary  
 New Jersey Board of Public Utilities  
 44 South Clinton Avenue, 9<sup>th</sup> floor  
 P.O. Box 350  
 Trenton, New Jersey 08625-0350

Re: I/M/O the Verified Petition of Zayo Group, LLC, for Approval of a *Pro Forma* Change in Indirect Ownership  
BPU Docket No. TM14070787

Dear Secretary Izzo:

The Division of the Rate Counsel (“Rate Counsel”) has reviewed the above-captioned Verified Petition (“Petition”) of Zayo Group, LLC, (“Zayo” or “Petitioner”) requesting the New Jersey Board of Public Utilities, (“Board”) to authorize a *pro forma* change in indirect ownership of Zayo that will occur in connection with an initial public offering (“IPO”) by Zayo Group Holdings, Inc., (“Holdings”) Petitioner’s direct holding company.<sup>1</sup> The *pro forma* change completely internal and designed to provide greater flexibility for corporate and financial transactions that will strengthen Zayo financially. Petitioner has requested that the matter be expedited.<sup>2</sup> Enclosed with this original please find ten copies, of Rate Counsel’s comments for consideration in this matter. Kindly return a time/date stamp “Filed” copy to Rate Counsel for its file. For the reasons that follow, Rate Counsel does not oppose Board approval of the requests contained in the Verified Petition.

Zayo is a Delaware limited liability company, located in Boulder, Colorado, and a wholly-owned subsidiary of Holdings, a Delaware corporation, which in turn is a wholly-owned subsidiary of Communications Infrastructure Investments, LLC (“CII”), a Delaware limited liability company. Zayo provides local exchange, interexchange services domestically and internationally predominantly to wireless service providers, other telecommunications providers, including government and enterprise clients. Zayo was granted authority to provide these services in New Jersey under Board Docket No.: TE11020049, on May 16, 2011.

<sup>1</sup>/ Verified Petition at p. 1. See SEC Form S-1 Statement at: [www.sec.gov](http://www.sec.gov). The pro forma change is not expected to result in any new equity owners who will hold 10 percent or more indirect ownership in Petitioner. Verified Petition at p. 1.

<sup>2</sup>/ *Id.* Petitioner states that because the change in ownership structure is occurring as part of an IPO, expedited treatment is warranted to ensure that the IPO can proceed as soon as SEC provides the appropriate clearances slated to occur as early as September 30, 2014.

The contemplated *pro forma* change will eliminate CII from the ownership chain between Holdings and the ultimate investors/owners of the company as a result of the planned IPO. Holdings will become the ultimate parent of Zayo rather than an intermediate parent company and the current owners of CII will have a direct ownership interest in Holdings.<sup>3</sup> See Exhibit A, annexed to the Verified Petition. Petitioners state that the proposed change is purely *pro forma* and will be transparent to customers and will not affect conditions of service, terms, or rates, and is solely intended to provide the companies greater flexibility for future equity and other financial transactions, and strengthen Zayo's financial qualifications.<sup>4</sup>

Board approval is required in order to effectuate a transfer of control, pursuant to *N.J.S.A. 48:2-51.1*, as contemplated in the Verified Petition. The Board is required to evaluate the impact of the transaction on rates, employees of the utilities involved. Petitioner submits that the transaction will have no adverse impact on customers in New Jersey, and that service will be provided on the same terms, rates and conditions. Petitioners submit that the reorganization will increase efficiencies and hence increase their competitive position in the New Jersey telecommunications market.

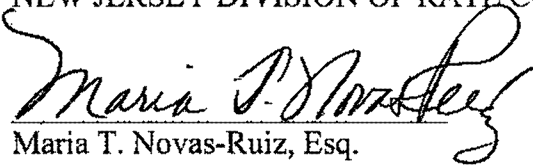
Rate Counsel encourages and supports operations intended to promote competition in the New Jersey telecommunications market to the benefit of both residential and business customers in this State. Rate Counsel is hopeful that the *pro forma* change does indeed result in the benefits expected by the Petitioner's request herein. Accordingly, Rate Counsel does not oppose Board approval of the request contained in the Verified Petition.

Thank you for your attention to this matter.

Very truly yours,

STEFANIE A. BRAND, DIRECTOR  
NEW JERSEY DIVISION OF RATE COUNSEL

By:



Maria T. Novas-Ruiz, Esq.  
Assistant Deputy Rate Counsel

MNR:gp

c: Service List (*via regular mail*)

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<sup>3</sup>/ Verified Petition at Section III., pp. 3-4. Petitioner notes that contemporaneously with the contemplated *pro forma* change, Holdings will initiate an IPO to sell a small part of its equity to the public. See Verified Petition at p.4.

<sup>4</sup>/ Petition at Section IV, p. 4. Zayo's most recent SEC Forms 10-Q and 10-K can be viewed at: <http://www.sec.gov/Archives/edgar/data/1502756/000150275614000022/0001502756-14-000022-index.htm> and at: [http://zayo.uldev.co/images/uploads/resources/Financial\\_Reports/FY4Q2013?Annual/FY\\_2013](http://zayo.uldev.co/images/uploads/resources/Financial_Reports/FY4Q2013?Annual/FY_2013).

IMO Verified Petition of Zayo  
Group, LLC for Approval of a Pro  
Forma Change in Indirect Ownership

Docket No. TM14070787

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