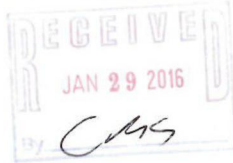


DENNIS C. LINKEN, Partner
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Phone: 201-806-3426 | Fax: 201-896-8660

January 28, 2016



RECEIVED

JAN 29 2016

BOARD OF PUBLIC UTILITIES
MAIL ROOM

Via Electronic (irene.asbury@bpu.state.nj.us) and FedEx Overnight Mail

Irene Kim Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
PO Box 350
Trenton, NJ 08625-350



TF16010087

**Re: I/M/O the Verified Petition of Zayo Group, LLC, for Approval to
Expand its Financing Arrangements
Our File No. 41049.8000**

Dear Secretary Asbury:

On behalf of Petitioner Zayo Group, LLC, enclosed please find an original and 11 copies of its Verified Petition in connection with the above-captioned matter.

It would be appreciated if you would kindly date stamp the extra copy of this letter and said Petition as "FILED" and return same in the self-addressed, stamped envelope enclosed herein.

As always, should you require any further information, please do not hesitate to contact me.

Very truly yours,

Dennis C. Linken
For the Firm

DCL/dp

enc.

cc: Paul Flanagan, Executive Officer
(w/enc. via email - paul.flanagan@bpu.state.nj.us - and FedEx overnight mail)
Mark C. Beyer, Chief Economist
(w/enc. via email - mark.beyer@bpu.state.nj.us - and FedEx overnight mail)
Christine Lin, Administrative Analyst
(w/enc. via email - christine.lin@bpu.state.nj.us - and FedEx overnight mail)
Maria T. Novas-Ruiz, Assistant Deputy Rate Counsel
(w/enc. via email - mnovas-ruiz@rpa.state.nj.us - and regular mail)

CMS
LEGAL
DAG
RPA
M. BEYER
C. Lin
P. FLANAGAN
H. Bond
L. GILBERT
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JAN 29 2016

BOARD OF PUBLIC UTILITIES
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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

I/M/O of the Verified Petition of
Zayo Group, LLC
for Approval to Expand its Financing
Arrangements

Docket No. _____

VERIFIED PETITION

Zayo Group, LLC (“Zayo” or “Petitioner”), by undersigned counsel and pursuant to New Jersey Statutes, N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9, and the regulations of the New Jersey Board of Public Utilities (“Board”), hereby requests that the Board expand its existing authority for financing arrangements by \$700 million to an aggregate amount of \$5.22 billion.

In support of this Petition, Petitioner provides the following information:

I. DESCRIPTION OF THE PETITIONER

Zayo is a Delaware limited liability company with principal offices at 1805 29th Street, Boulder, Colorado 80301. Zayo is a wholly-owned subsidiary of Zayo Group Holdings, Inc. (“Holdings”), a publicly traded Delaware corporation (NYSE: ZAYO). Holdings has no majority owner.

Zayo is a provider of bandwidth infrastructure and network neutral colocation and interconnection services over regional and metropolitan fiber networks. These services enable customers to manage, operate, and scale their telecommunications and data networks. Such customers consist primarily of 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 I/M/O the Petition of Zayo Group, LLC for Approval to Provide Local Exchange, Interexchange and Exchange Access Telecommunications Services Throughout the State of New Jersey, Docket No. TE11020049 (Order dated May 16, 2011). Zayo is also authorized by the FCC to provide domestic and international telecommunications services. Additional information concerning Zayo's legal, technical, managerial and financial qualifications has been submitted to the Board with various prior filings with respect to Zayo's certification and various transactions and is therefore already a matter of public record. Petitioner requests that the Board take official notice of these existing descriptions of Zayo's qualifications and incorporate them by reference herein. In support of its financial qualifications, the consolidated financial statements (excluding notes) of Zayo from its most recent SEC Form 10-Q are attached hereto as Exhibit A.¹

II. DESIGNATED CONTACTS

Questions, correspondence or other communications concerning this Petition should be directed to Petitioner's counsel of record:

Dennis C. Linken
Scarinci & Hollenbeck, LLC
1100 Valley Brook Avenue
Lyndhurst, NJ 07071-0790
201-806-3426 (tel)
201-806-3454 (fax)
dlinken@scarincihollenbeck.com

¹ A complete copy of Zayo's most recent SEC Form 10-Q is available at <https://www.sec.gov/Archives/edgar/data/1502756/000156459015010368/0001564590-15-010368-index.htm> and Holdings' most recent SEC Form 10-Q is available at <https://www.sec.gov/Archives/edgar/data/1608249/000156459015010369/0001564590-15-010369-index.htm>.

with copies to:

Russell M. Blau
Brett P. Ferenchak
Morgan, Lewis & Bockius LLP
2020 K Street, N.W., Suite 1100
Washington, DC 20006-1806
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202-373-6001 (fax)
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and:

Christopher P. Yost, General Counsel
Zayo Group, LLC
1805 29th Street
Boulder, CO 80301
303-381-4677 (tel)
303-226-5777 (fax)
christopher.yost@zayo.com

III. DESCRIPTION OF THE FINANCING ARRANGEMENTS

By this Petition, Zayo seeks Board approval to expand its existing authority for financing arrangements by an additional \$700 million to an aggregate amount of \$5.22 billion. The Board has previously authorized Zayo to enter into financing arrangements in an aggregate amount of \$4.52 billion. Specifically, on March 18, 2015 the Board authorized Zayo to incur indebtedness and pledge its assets as security up to an aggregate amount of \$4.52 billion with flexibility within that aggregate amount to negotiate particular market-based terms within the a range described in its petition.²

In order to maintain adequate flexibility to respond to market conditions and requirements and to respond to new acquisition and other business opportunities, Zayo seeks authorization for financing arrangements in the aggregate amount of \$5.22 billion (which amount includes the \$4.52 billion previously authorized by the Board) as described generally below:

Debt Instruments: Petitioner seeks authorization to incur indebtedness, in the aggregate amount of \$5.22 billion, in the form of notes or debentures (including notes convertible into equity and private notes that may be exchanged for public notes); conventional credit facilities, such as revolving credit facilities and term loans; letters of credit; and bridge loans; or a combination thereof.

Maturity: Up to ten (10) years after issuance or amendment depending on the type of facility.

² See 1/M/O the Verified Petition of Zayo Group, LLC for Approval to Expand its Financing Arrangements, Docket No. TF15010136 (Order dated March 18, 2015).

Interest: Interest rates will be the market rate for similar financings and will not be determined until the financing arrangement(s) is (are) finalized. Petitioner seeks authorization to incur indebtedness that, depending on the type of debt security(ies), facility(ies) or other arrangements, accrues interest at a rate(s) that may be fixed (typically set at signing or closing based on then current market conditions) or floating (consisting of a base rate, which will float with a rate index such as LIBOR or Federal Funds Rate, plus an applicable margin), or a combination of fixed rates and floating rates. To maintain flexibility, Zayo seeks authorization for financing arrangements at an interest rate(s) at the then current market conditions.

Security: Some or all of the financing arrangements will be secured facilities, which will include a grant of a security interest in the assets of Zayo and its current and future subsidiaries. A portion of the financing arrangements (currently approximately \$2.1 billion) may be unsecured facilities. For the secured facilities, the stock of Zayo and its subsidiaries may also be pledged as additional security. Additionally, it is expected that Zayo's current and future subsidiaries will provide a guaranty as security for the full \$5.22 billion in financing arrangements. Petitioner seeks authorization to secure the full \$5.22 billion of the financing arrangements with security interests in the assets of Zayo and its current and future subsidiaries.

Purpose: The financing arrangements may be used for acquisitions, refinancing existing debt, working capital requirements and general corporate purposes of the company.

Petitioner therefore requests Board authorization, to the extent necessary, for Zayo to increase the aggregate amount of its financings by an additional \$700 million and thereby to incur debt and pledge its assets as security for financing arrangements in an aggregate amount of \$5.22 billion consistent with the parameters outlined above, which increased amount includes the \$4.52 billion previously authorized by the Board.

The effect of the financing arrangements on the ability of the utility to fulfill pension obligations to its employees is also a factor for the Board to consider pursuant to N.J.S.A. 48:3-7. Zayo, however, does not have an employee pension plan. Employees' existing rights in any other retirement benefit plan offered by Zayo will be retained upon completion of the financing arrangements.

IV. PUBLIC INTEREST CONSIDERATIONS


Approval of the financing arrangements will serve the public interest in promoting competition among telecommunications carriers by providing Petitioner and its subsidiaries with

access to greater financial resources that will allow Zayo to become a more effective competitor to larger incumbent telecommunications providers. Among other things, the increased financing arrangements may be used to fund future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital, and for other corporate purposes. The financing arrangements are necessary and appropriate, are consistent with the performance by Petitioner of its services to the public, will not impair Zayo's ability to perform such services, and will promote the corporate purposes of Petitioner. The financings will be transparent to Zayo's customers and will not disrupt service or cause customer confusion or inconvenience.

V. **CONCLUSION**

For the foregoing reasons, Petitioner submits that the public interest, convenience, and necessity would be furthered by a grant of this Petition, expanding Petitioner's authorization to enter into financing arrangements consistent with the parameters outlined herein by \$700 million, to an aggregate amount of \$5.22 billion.

Respectfully submitted,



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Counsel for Petitioner

Dated: January 27, 2016