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RECEIVED

OCT 11 2016

BOARD OF PUBLIC UTILITIES  
MAIL ROOM

October 7, 2016

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

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

TF16100937

Re: I/M/O the Verified Petition of Zayo Group, LLC, for Approval to Expand its  
Financing Arrangements  
Our File No. 41049.9000

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 Linken /dp*

Dennis C. Linken  
For the Firm

DCL/dp  
enc.

cc: Paul Flanagan, Executive Officer (w/enc. @ paul.flanagan@bpu.state.nj.us and FedEx)  
Mark C. Beyer, Chief Economist (w/enc. @ mark.beyer@bpu.state.nj.us and FedEx)  
Lawanda R. Gilbert, Director (w/enc. @ lawanda.gilbert@bpu.state.nj.us and FedEx)  
Stefanie A. Brand, Director (w/enc. @ sbrand@rpa.state.nj.us and regular mail)  
Maria T. Novas-Ruiz, Assistant Deputy Rate Counsel (w/enc. @ mnovas-ruiz@rpa.state.nj.us and regular mail)

TELEC  
Cms  
LEGAL  
DAG  
RPA  
M. Beyer  
L. Gilbert  
H. Bond

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

RECEIVED

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

Docket No. — **OCT 11 2016**

BOARD OF PUBLIC UTILITIES  
MAIL ROOM

**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 Zayo’s existing authority for financing arrangements by \$2.28 billion to an aggregate amount of \$7.5 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-K are attached as Exhibit A.<sup>1</sup>

## **II. DESIGNATED CONTACTS**

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

Dennis C. Linken, Esq.  
Scarinci & Hollenbeck, LLC  
1100 Valley Brook Avenue  
Lyndhurst, NJ 07071-0790  
201-806-3426 (tel)  
201-806-3454 (fax)  
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<sup>1</sup> A complete copy of the SEC Form 10-K is available at [http://hsprod.investis.com/ir/zayo3/jsp/sec\\_index.jsp?ipage=11113513](http://hsprod.investis.com/ir/zayo3/jsp/sec_index.jsp?ipage=11113513).

with copies to:

Catherine Wang, Esq.  
Brett P. Ferenchak, Esq.  
Morgan, Lewis & Bockius LLP  
2020 K Street, N.W., Suite 1100  
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catherine.wang@morganlewis.com  
brett.ferenchak@morganlewis.com

and:

Wendy Cassity, General Counsel  
Zayo Group, LLC  
1805 29th Street  
Boulder, CO 80301  
303-268-8269 (tel)  
wendy.cassity@zayo.com

### **III. DESCRIPTION OF THE FINANCING ARRANGEMENTS**

By this Petition, Zayo seeks Board approval to expand its existing authority to enter into financing arrangements.<sup>2</sup> Specifically, Zayo seeks approval to enter into new, amended and restated financing arrangements up to an aggregate amount of \$7.5 billion (the “Financing Arrangements”), which amount includes the \$5.22 billion previously authorized by the Board. 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 with terms that are generally consistent with those described below:

**Amount:** Up to \$7.5 billion (the “Aggregate Amount”).

**Debt Instruments:** Petitioner seeks authorization to incur indebtedness, up to the Aggregate Amount, 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, amendment or restatement depending on the type of facility.

**Interest:** Interest rates will be the market rate for similar financings and will not be determined until the financing arrangement(s) are finalized. Petitioner seeks authorization to incur indebtedness that, depending on the type of debt securities, facility(ies) or other

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<sup>2</sup> The Board has previously authorized Zayo to enter into financing arrangements in an aggregate amount of \$5.22 billion. Specifically, Zayo’s Petition to incur indebtedness and pledge its assets as security up to an aggregate amount of \$5.22 billion with flexibility within that aggregate amount to negotiate particular market-based terms consistent with those described in its petition was approved on April 27, 2016 (effective May 7, 2016). See 1/M/O the Verified Petition of Zayo Group, LLC for Approval to Expand its Financing Arrangements, Docket No. TF16010087, Order dated April 27, 2016.

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 may be unsecured facilities.<sup>3</sup> For the secured facilities, the stock of Zayo and its subsidiaries may also be pledged as additional security. Additionally, Zayo's current and future subsidiaries may provide a guaranty as security for some or all of the Aggregate Amount in Financing Arrangements. Petitioner seeks authorization to secure the full Financing Arrangements with security interests in its assets.

**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 and thereby to incur debt and pledge its assets as security for Financing Arrangements up to an aggregate amount of \$7.5 billion consistent with the parameters outlined above, which increased amount includes the \$5.22 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 U.S. 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

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<sup>3</sup> As of June 30, 2016, approximately \$2.33 billion of Zayo's existing financing arrangements are unsecured.

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 Arrangements 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 granting this Petition, expanding Petitioner's authorization to enter into financing arrangements consistent with the parameters outlined herein by \$2.28 billion to an aggregate amount of \$7.5 billion.

Respectfully submitted,



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Counsel for Petitioner

Dated: October 7, 2016

STATE OF COLORADO  
COUNTY OF BOULDER

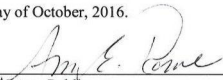
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**VERIFICATION**

I, Wendy Cassity, am Vice President, General Counsel and Secretary of Zayo Group, LLC (the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Wendy Cassity  
Vice President, General Counsel and Secretary  
Zayo Group, LLC

Sworn and subscribed before me this 5<sup>th</sup> day of October, 2016.

  
\_\_\_\_\_  
Notary Public

My commission expires Aug 24, 2018

