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State of New Jersey
DIVISION OF RATE COUNSEL
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STEFANIE A. BRAND
Director

March 3, 2015

Via Electronic and Regular Mail

Office of the Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

**Re: I/M/O the Verified Petition of Zayo Group, LLC, for Approval to Expand its
Financing Arrangements.
BPU Docket No. TF15010136**

Dear Board Secretary:

The New Jersey Division of Rate Counsel ("Rate Counsel") has reviewed the above referenced Verified Petition of Zayo Group, LLC., ("Petitioner" or "Zayo"), for a grant of authority by the New Jersey Board of Public Utilities ("Board") to expand its existing financing arrangements by an additional \$700 million to an aggregate total amount of \$4.52 billion. Rate Counsel submits the within comments on this matter for the Board's consideration. Enclosed with this original please find ten copies. Kindly return a date/stamped "Received" and/or "Filed" copy to Rate Counsel. For the reasons that follow, Rate Counsel does not object to approval of Petitioner's request in its Verified Petition.

As stated in the Verified Petition, Petitioner is limited liability company organized under the laws of the State of Delaware headquartered at 1805 29th Street, Boulder, Colorado 80301. Zayo is a wholly-owned subsidiary of Zayo Group Holdings, Inc., a publicly traded Delaware corporation ("Holdings"). Petitioner provides local exchange and interexchange telecommunications services, and provides bandwidth infrastructure and network neutral collocation and interconnection services over regional and metropolitan fiber networks.¹ Petitioner seeks Board authority to increase and guarantee certain financial arrangements totaling \$700 million and increasing the overall debt to \$4.52 billion.² Petitioner seeks to take advantage of favorable market conditions and restructure existing credit facilities and long-term debt as may become necessary.³ The additional financing is intended to strengthen the company and enable Petitioner to continue to provide quality services to customers and strengthen competition

¹/ Board authorization granted in Docket No. TE11020049 on May 16, 2011. Verified Petition at Section I, pp. 1-2.

²/ Verified Petition at Section III, pp. 3-4. Note: In June 2014, the Board authorized Zayo to borrow and pledge its assets as security up to the aggregate amount of \$3.82 billion, under BPU Docket No.: TF14050401.

³/ *Id.*

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for these services in New Jersey. Petitioner anticipates that funds generated will be used by Petitioner for a variety purposes, including expansion of Petitioner's networks and services that will allow New Jersey ratepayers to benefit from its expanded product line and competitive services.⁴

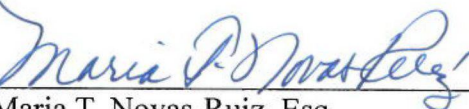
Prior Board approval of any encumbrance or mortgage of a telecommunications service provider is required; otherwise, the transaction is void under New Jersey law.⁵ As the Petitioner's assets will secure the debt, in part, the Board's approval must be based on its satisfaction that the debt is made according to law and that the debt serves a beneficial purpose.⁶ Petitioner states that the financing arrangement will strengthen its ability to compete in the telecommunications market and will assist in bringing more competitive telecommunications services to consumers in the State of New Jersey. Petitioner has provided all the information required by *N.J.S.A. 48:3-9* and *N.J.A.C. 14:1-5.9* regarding a petition for approval of debt. Petitioners assert that the various financing contemplated is not contrary to the public interest and will serve a beneficial purpose and will enable them to provide safe, adequate and proper service to subscribers in New Jersey under the same rates, terms and conditions of service as currently provided.⁷

Rate Counsel anticipates that the funds generated by the agreements will in fact enable Petitioner to continue providing innovative, high quality telecommunications services to the public and thereby promote increased competition in the New Jersey telecommunications market hopefully for the benefit of both residential and business customers in this state. Accordingly, Rate Counsel has no objection to the Board's grant of Petitioners' request under 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: 
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Assistant Deputy Rate Counsel

MNR/hf
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⁴/ *Id.*, *supra* at fn 2.

⁵/ *N.J.S.A. 48:3-9, et seq.* If the Board finds that after investigation there is doubtful benefit to the petitioner, the Board may withhold approval. See, *Interstate Telephone & Telegraph Co. v. Board of Public Utility Commissioners*, 84 NJL 184 (Sup. Ct. 1913), wherein the court interpreted the 'approval of the purpose' provision to empower the Board with the authority to withhold approval if in its judgment the purpose of the debt incurred will have doubtful benefit to the applicant.

⁶/ *Id.* See also, the Verified Petition at Section IV, pp. 4-5.

⁷/ *Id.*, at p. 5.

IMO Verified Petition of Zayo
Group, LLC, for Approval to Expand
its Financing Arrangements

Docket No. TF15010136

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