



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Philip Powlick, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: July 29, 2010

Re: In the Matter of the Joint Application of Zayo Group LLC. and American Fiber Systems, Inc. for the indirect Transfer of Control of American Fiber Systems, Inc. to Zayo Group LLC. per Docket No. 10-2353-01.

RECOMMENDATION (Approve):

The Division has reviewed the joint application between American and Zayo and believes that the transfer of control is in the public interest. As a result of the acquisition, American should be in a better position to provide expanded and advanced telecommunications services because of improved financial stability and access to the technical and managerial abilities of the acquiring Company.

The Division would also like to recommend that the Commission acknowledge the name change that will take place with the approval of this Transfer of Control from American Fiber Systems, Inc. to Zayo Metro, Inc.

EXPLANATION:

On July 12, 2010 American Fiber System, Inc (“American”) and Zayo Group, LLC (“Zayo”) filed a joint application with the Commission regarding Transfer of Control of American to Zayo.

American is a Delaware corporation with principal offices located at 100 Meridian Centre, Suite 300, Rochester, New York 14618. American is a wholly-owned subsidiary of American Fiber Systems Holding Corp. American is authorized to provide dedicated facilities-based and resold local exchange, facilities-based interexchange and private line services within Utah pursuant to a

Certificate of Public Convenience and Necessity issued in Docket Number 00-2353-01 on February 23, 2001. As a result of the transaction, American Fiber Systems Holding Corp. will become a direct subsidiary, and American will become an indirect subsidiary, of Zayo Group.

Zayo Group is a Delaware limited liability company with principal offices located at 400 Centennial Parkway, Suite 200, Louisville, Colorado 80027. Through its three business units- Zayo Bandwidth, Zayo Enterprise Services, Zayo Fiber Solutions and zColo -- Zayo Group provides bandwidth, voice, collocation and interconnection, connectivity and dark-fiber related services, and managed services to carrier, enterprise, small and medium enterprise, and government customers. Zayo Group is not itself authorized to provide telecommunications in any state, and while its subsidiaries hold licenses to provide telecommunications in over 20 states, none currently hold authorizations to provide services in Utah.

The Applicants submit that the transactions described herein will serve the public interest and that the change in the indirect ownership, American will continue to provide service to its existing customers under the same rates, terms and conditions. Zayo Group, however, plans to change American's name to Zayo Metro, Inc.' immediately upon completion of the transaction. The proposed transaction, therefore, will be transparent to customers of American, except for the name change.

cc: Jean L. Kiddoo, Counsel for Zayo Group, LLC
Bruce T. Frankiewich, Counsel for American Fiber System, Inc.
Michael Ginsberg, Assistant Attorney General, State of Utah