



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

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

Date: October 25, 2011

Re: In the Matter of the Joint Application of 360networks Corporation, 360networks (USA) Inc. and Zayo Group, LLC for the Transfer of Indirect Control of 360networks (USA) Inc. to Zayo Group, LLC Docket No.11-2289-01 and 11-2536-02.

RECOMMENDATION (Approve):

The Division has reviewed the joint application between Zayo Group, LLC and 360networks (USA) and believes that the transfer of control is in the public interest. As a result of the acquisition, the Companies should be in a better position to provide expanded and advanced telecommunications services in the State of Utah.

EXPLANATION:

On October 07, 2011, 360networks Corporation ("360-Parent"), 360networks (USA) inc. ("360networks") and Zayo Group, LLC ("Zayo") (collectively the "Applicants") notified the Commission of a transaction, which will result in a Transfer of Control of 360networks to Zayo.

Zayo is a Delaware limited liability company with principal offices at 400 Centennial Parkway, Suite 200, Louisville, Colorado 80027. Zayo is a wholly owned subsidiary of Zayo Group Holdings, Inc., a Delaware corporation and a wholly owned subsidiary of Communications Infrastructure Investments, LLC. Zayo's services are primarily used by wireless service providers, national and regional carriers and other communications service providers, media and content companies, and certain bandwidth-intensive enterprises. In Utah, Zayo holds Certificate No. 2536 to provide local exchange and interexchange telecommunications service granted in Docket No.11-2536-01. Zayo's subsidiary, American Fiber Systems, Inc. holds Certificate No. 2353 to provide dedicated facilities-based and resold

local exchange, facilities-based interexchange, and private line services, granted in Docket No. 00-2353-01.

360-Parent is a British Columbia corporation with principal offices located at 2101 4th Avenue, Suite 2000, Seattle, Washington 98121. 360networks Holdings (USA) inc. ("360-Holdings") is a Nevada corporation and indirect subsidiary of 360-Parent. 360networks is a Nevada corporation and a wholly owned direct subsidiary of 360-Holdings. 360networks is 360-Holdings' operating subsidiary that provides regulated telecommunications services. 360networks provides Private Line Transport, Ethernet, and IP Transit services to telecommunications providers and end users. In Utah, 360networks is authorized to provide local exchange and interexchange telecommunications services pursuant to a Certificate granted in Docket No. 99-2289-01.

The Applicants entered into a stock purchase agreement on or about October 6, 2011 where Zayo will acquire all of the outstanding stock in 360-Holdings. As a result of this transaction, 360-Holdings will become a direct subsidiary of Zayo. 360networks will remain a direct subsidiary of 360-Holdings and therefore, an indirect subsidiary of Zayo.

Zayo has shown that they have the technical, managerial, and financial qualifications to acquire control of the 360networks entities.

The Applicants submit that the transaction described herein will serve the public interest. The Applicants expect that the merger will enable the combined entities to better meet the needs of enterprises, wholesale buyers, and other customers. The transaction will bring together two successful carrier organizations that have proven themselves in a highly competitive marketplace. The transaction will help create a stronger competitor by bringing together each organization's respective strengths. The Applicants further submit that the transaction will be conducted in a manner that will be largely transparent to customers and will not result in a change of carrier for customers or any assignment of authorizations, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers.

The Division has reviewed the joint application between Zayo Group, LLC and 360networks (USA) and believes that the transfer of control is in the public interest. As a result of the acquisition, the Companies should be in a better position to provide expanded and advanced telecommunications services in the State of Utah.

Cc. Brett P. Ferenchak, Bingham McCutchen LLP
Scott E. Beer, General Counsel, Zayo Group, LLC
Michel Singer Nelson, Associate General Counsel, 360networks (USA)