



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: December 21, 2012

Re: In the Matter of the Joint Application of 360networks (USA) inc., American Fiber Systems, Inc. and Zayo Group, LLC for Approval of Certain Pro Forma Intra-Corporate Transactions. Docket Numbers 12-2289-01, 12-2363-01, and 12-2536-01.

RECOMMENDATION (Approve):

The Division has reviewed the joint application of 360networks (USA), Inc. (“360networks”), American Fiber Systems, Inc. (“AFS”) and Zayo Group, LLC. (“Zayo”) for approval of the pro-forma intra-company transactions and believes that the transfer is in the public interest. As a result of the transfer, the Company should be in a better position to provide expanded and advanced telecommunications services in the State of Utah.

Zayo has asked that the Commission rule on this transaction as soon as possible but no later than January 30, 2013 and that the Certificate of Public Convenience and Necessity (“CPCN”), performance bonds, and tariffs of 360networks and AFS be cancelled when the Transfer of Control has been granted.

EXPLANATION:

On or about December 07, 2012, 360networks, AFS, and Zayo (collectively, the “Applicants”) notified the Commission of a pro-forma intra-company transactions, which will result in the transfer of assets and customers of 360net and AFS to Zayo, with Zayo being the surviving entity.

Zayo is a Delaware limited liability company with principal offices at 400 Centennial Parkway, Suite 200, Louisville, Colorado 80027. Zayo Group is a wholly owned direct subsidiary of Zayo Group Holdings, Inc., a Delaware corporation, which in turn is a wholly owned direct subsidiary

of Communications Infrastructure Investments, LLC. Zayo was issued a CPCN on March 10, 2011, Docket Number 11-2536-01.

360networks, a Nevada corporation and was issued a CPCN on June 26, 2000, Docket Number 88-2289-01. AFS, a Delaware corporation and was issued a CPCN on January 17, 2001, Docket Number 00-2353-01. Both companies are wholly owned indirect subsidiaries of Zayo and have principal offices at 400 Centennial Parkway, Suite 200, Louisville, Colorado 80027.

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 help create a stronger competitor by bringing together each organization's respective strengths. Operating as an integrated company will allow Zayo to consolidate and simplify their corporate structure, reduce the reporting and accounting burdens of the Zayo Group, and eliminate services that overlap.

The Applicants further submit that the transaction will be virtually transparent to customers and will not result in any change in their services. Since all affected customers are already familiar with, and are receiving invoices including the "Zayo" brand, the Pro Forma Transactions will not result in customer confusion. Moreover, the rates, terms, and conditions of their services will not change as a result of these purely intra-company transactions. The Applicants have submitted with their application a sample of the letter/notice that they will include with bill 30 days prior to the transaction.

The Division has reviewed the joint application of 360networks, AFS and Zayo for approval of the pro-forma intra-company transactions and believes that the transfer is in the public interest. As a result of the transfer, the Company should be in a better position to provide expanded and advanced telecommunications services in the State of Utah.

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