

EXHIBIT B

Copy of New York Petition

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December 1, 2016

Via Electronic Filing

Hon. Kathleen H. Burgess, Secretary
New York Public Service Commission
Agency Building 3
Three Empire State Plaza
Albany, NY 12223-1350

Re: Joint Petition of Zayo Group, LLC, Transferee, Electric Lightwave, LLC and Eschelon Telecom, Inc., Licensees, and Electric Lightwave Parent, Inc. for Approval (1) to Transfer Indirect Control of Licensees to Zayo Group, LLC; and (2) for Licensees to Participate in Certain Financing Arrangements

Dear Ms. Burgess:

On behalf of Electric Lightwave Parent, Inc., Electric Lightwave, LLC, Eschelon Telecom, Inc., and Zayo Group, LLC, attached for filing with the Commission is the above-referenced Petition. Please acknowledge receipt and acceptance of this filing. Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,



Catherine Wang
Brett P. Ferenchak

Counsel for Zayo Group, LLC

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Ferenchak, Brett P.

From: DMM@dps.ny.gov
Sent: Thursday, December 01, 2016 3:17 PM
To: Ferenchak, Brett P.
Subject: New Matter Approval - Matter Number 16-02453 : Msg. Tracking No.: 15

This e-mail is provided by the New York State Public Service Commission. A new matter filing for the above-referenced matter number has been accepted by Central Operations.

Matter Number: 16-02453

Matter Type: Petition

Matter Subtype: Acquisition or Transfer of Securities

Matter Title: Joint Petition of Zayo Group, LLC, Transferee, Electric Lightwave, LLC and Eschelon Telecom, Inc., Licensees, and Electric Lightwave Parent, Inc. for Approval (1) to Transfer Indirect Control of Licensees to Zayo Group, LLC and (2) for Licensees to Participate in Certain Financing Arrangements

Description/Purpose of Filing: Joint Petition of Zayo Group, LLC, Transferee, Electric Lightwave, LLC and Eschelon Telecom, Inc., Licensees, and Electric Lightwave Parent, Inc. for Approval (1) to Transfer Indirect Control of Licensees to Zayo Group, LLC and (2) for Licensees to Participate in Certain Financing Arrangements

Company/Organization: Electric Lightwave, LLC d/b/a Integra Telecom, Eschelon Telecom, Inc. d/b/a Integra Telecom, Zayo Group, LLC

Date Filed: 12/01/2016

Document(s) Filed:

Document Title	Document Type	Security	File Name	File Size
<u>Joint Petition of Zayo Group, LLC, Transferee, Electric Lightwave, LLC and Eschelon Telecom, Inc., Licensees, and Electric Lightwave Parent, Inc. for Approval (1) to Transfer Indirect Control of Licensees to Zayo Group, LLC and (2) for Licensees to Participate in Certain Financing Arrangements</u>	Petitions	Public	NY ToC Financing Petition.pdf	468 KB

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**BEFORE THE
NEW YORK PUBLIC SERVICE COMMISSION**

Joint Petition of

Zayo Group, LLC, Transferee,

**Electric Lightwave, LLC and
Eschelon Telecom, Inc.**,
Licensees,

and

Electric Lightwave Parent, Inc.

for Approval (1) to Transfer Indirect Control of
Licensees to Zayo Group, LLC; and (2) for Licensees
to Participate in Certain Financing Arrangements

Matter/Case No. _____

JOINT PETITION

Electric Lightwave Parent, Inc. (“EL Parent”); Electric Lightwave, LLC (“Electric Lightwave”); Eschelon Telecom, Inc. (“Eschelon”) (Electric Lightwave and Eschelon collectively, the “Licensees”); and Zayo Group, LLC (“Zayo”) (collectively, “Petitioners”), by their undersigned representatives and pursuant to New York Public Service Law §§ 99, 100 and 101, and the regulations of the Commission, request Commission, to the extent required, (1) to transfer indirect control of Licensees to Zayo (the “Transaction”); and (2) for Licensees to participate in certain financing arrangements upon completion of the Transaction.

In support of this Petition, Petitioners provide the following information:

I. REQUEST FOR EXPEDITED TREATMENT

As described more fully in Section VI below, Petitioners submit that approval requested by this Petition would serve the public interest. Petitioners expect the proposed combination to make available benefits to customers and to strengthen competition in the telecommunications

services market. While the transaction is pending, however, Petitioners' customers, employees, vendors and investors will not have access to those benefits and instead will be subject to significant uncertainty. The uncertainty of the pending transaction may inhibit Petitioners from launching new service initiatives, implementing significant new network upgrades, and otherwise directing valuable resources to expand and strengthen Petitioners' businesses. Petitioners accordingly seek to limit this interim period by completing the proposed transaction as quickly as possible. The parties are targeting completion of the corporate steps resulting in the transfer of indirect control within approximately 60 days of signing the Agreement (as defined below). For these reasons and the fact that Licensees have a limited presence in New York, Petitioners herein respectfully request expedited processing of the review and approval of this application in order to allow Petitioners to meet this schedule. Specifically, Petitioners respectfully request that the Commission consider this Petition at the Commission Session currently scheduled for January 24, 2017.

II. DESCRIPTION OF THE PETITIONERS

A. Zayo Group, LLC

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 inter-connection 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 telecommunica-

tions carriers and other communications service providers, media and content companies, schools, hospitals, governments, banks and other bandwidth-intensive enterprises.

In New York, Zayo is authorized to provide facilities-based and resold telecommunications services, including local exchange services, pursuant to a Certificate of Public Convenience and Necessity (“CPCN”) granted in Case No. 03-C-0430 on March 27, 2003 as amended in Case No. 09-C-0827 on January 27, 2010.¹ 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 Commission with various prior filings with respect to Zayo’s certification and various transactions and is therefore already a matter of public record.² Zayo requests that the Commission take official notice of these existing descriptions of Zayo’s qualifications and incorporate them by reference herein. Zayo’s financial qualifications are demonstrated by Zayo’s consolidated financial statements on its most recent SEC Form 10-K, which are available at

http://hsprod.investis.com/ir/zayo3/jsp/sec_index.jsp?ipage=11113513.

B. EL Parent and Licensees

Electric Lightwave Parent, Inc. is a privately held Delaware corporation with principal offices at 18110 SE 34th Street; Building One, Suite 100; Vancouver, Washington 98683. EL Parent functions as a holding company and does not provide telecommunications in its own right. Through its wholly owned subsidiaries, EL Parent owns and operates a number of telecommunications providers that operate primarily in Arizona, California, Colorado, Idaho,

¹ Zayo acquired the CPCN as a result of the merger of Zayo Bandwidth, LLC (“ZB”) with and into Zayo, with Zayo surviving the merger. *See* Case No. 11-C-006/Matter No. 11-00328 (effective May 11, 2011). Previously, ZB acquired the CPCN as a result of the merger of Zayo Bandwidth Northeast, LLC (formerly known as PPL Telcom, LLC) with and into ZB, with ZB surviving. *See* Matter No. 09-02316 (effective Feb. 21, 2010).

² *See, e.g.*, Matter Nos. 16-02007 & (additional financing arrangements); Case No. 14-C-0271/Matter No. 14-01380 (*pro forma* change for IPO).

Minnesota, Montana, Nevada, North Dakota, Oregon, Utah, and Washington. EL Parent's subsidiaries provide a broad range of communication and networking services primarily to business customers, wholesale carriers, web content providers, government organizations, and educational institutions. These services include but are not limited to facilities-based, integrated, resold and facilities-based local, resold long distance, Internet, broadband transport and data services. EL Parent operates an extensive network with access to over 12,500 fiber miles and over 3,200 fiber-lit buildings.

In New York, Licensees hold the following authorizations:

1. Electric Lightwave LLC, d/b/a Integra Telecom, a Delaware limited liability company, is authorized to operate as a reseller and facilities-based common carrier of all forms of telephone services pursuant to a CPCN granted in Case No. 96-C-1070 on February 24, 1997, as amended on April 6, 2000.

2. Eschelon Telecom, Inc., d/b/a Integra Telecom, a Minnesota corporation, is authorized to provide interexchange services pursuant to a CPCN granted in Case No. 03-C-0937 on July 23, 2003.

As New York is not a core market for EL Parent and its subsidiaries, Licensees' operations in New York are limited to primarily serving satellite location of customers whose primary service locations are located in a core market(s).

III. DESIGNATED CONTACTS

Questions, correspondence or other communications concerning this Petition should be directed to:

Catherine Wang
Brett P. Ferenchak
Morgan, Lewis & Bockius LLP
2020 K Street, N.W.
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catherine.wang@morganlewis.com
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With a copy to Zayo at:

Wendy Cassity, General Counsel
Zayo Group
Gregg Strumberger, General Counsel
Zayo Canada
1805 29th St., Suite 2050
Boulder, CO 80301
wendy.cassity@zayo.com
gregg.strumberger@zayo.com

And to EL Parent and Licensees at:

Douglas Denney
Vice President, Costs & Policy
Electric Lightwave
18110 SE 34th St
Building One, Suite 100
Vancouver, WA 98683
dkdenney@electriclightwave.com

IV. DESCRIPTION OF THE TRANSACTION

Pursuant to the Agreement and Plan of Merger, dated as of November 29, 2016, by and among Zayo, ZELMS, Inc. (a direct, wholly owned subsidiary of Zayo created for purposes of the merger) (“Merger Sub”), EL Parent and Fortis Advisors LLC, as the Equityholder Representative (the “Agreement”), Zayo will acquire all of the outstanding equity interests in EL Parent (the “Transaction”). Specifically, Merger Sub will merge with and into EL Parent, whereupon the separate existence of Merger Sub will cease and EL Parent will be the surviving corporation. As a result, EL Parent will become a direct, wholly owned subsidiary of Zayo. Licensees will remain indirect subsidiaries of EL Parent and, therefore, Licensees will become indirect subsidiaries of Zayo. Diagrams depicting the pre- and post-Transaction corporate ownership structures are appended hereto as Exhibit A.

Zayo is managerially, technically, and financially well-qualified to complete the Transaction. As noted above, Zayo and its subsidiaries currently provide telecommunications services in

the District of Columbia and the 48 continental states, including New York. For additional detail on the financial and managerial qualifications of Zayo see www.zayo.com. Licensees will therefore continue to have the managerial, technical and financial qualifications to provide high quality telecommunications services to consumers in New York supported by experienced Zayo management. Licensees will also be supported by the financial resources of Zayo.

V. DESCRIPTION OF THE FINANCING ARRANGEMENTS

Approval is also sought for Licensees to participate in existing, new, amended and restated financing arrangements (the “Financing Arrangements”) up to an aggregate amount of \$7.5 billion.³ To maintain adequate flexibility to respond to market conditions and requirements, to fund some or all of the purchase price for the Transaction and to respond to future acquisition and other business opportunities, authority is sought for Licensees to participate in Financing Arrangements that are generally consistent with the terms outlined below:

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

Borrower: Zayo and its affiliate, Zayo Capital, Inc., are expected to be the borrower or co-borrowers under the Financing Arrangements. In order to maintain flexibility, authorization is sought for Licensees to be borrowers or co-borrowers under the Financing Arrangements.

Debt Instruments: The Financing Arrangements may include one or more of the following debt instruments: 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. Depending on the type of debt securities, facility(ies) or other arrangements, indebtedness will accrue interest at a rate(s)

³ On November 19, 2016, the Commission authorized Zayo to enter into Financing Arrangements with an aggregate amount of \$7.5 billion, with flexibility within that aggregate amount to negotiate particular market-based terms within the range described in its petition. *See* Matter No. 16-02007.

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, authorization is sought for Financing Arrangements at an interest rate(s) at the then current market conditions.

Security: Some or all of the Financing Arrangements may be secured facilities, which may include a grant of a security interest in the assets of Zayo and its current and future subsidiaries, including Licensees. A portion of the Financing Arrangements may be unsecured facilities.⁴ For the secured facilities, the equity of Zayo and its current and future subsidiaries, including Licensees, may be pledged as additional security. Additionally, Zayo and its current and future subsidiaries, including Licensees, may provide a guaranty as security for the full \$7.5 billion in Financing Arrangements.

Purpose: The Financing Arrangements may be used for acquisitions—including the purchase price for the Transaction—refinancing existing debt, working capital requirements and general corporate purposes of the company.

Commission authorization is sought for Licensees to participate, upon completion of the Transaction, in Financing Arrangements up to the Aggregate Amount and thereby to incur debt, as a borrower, co-borrower or guarantor, and pledge their assets as security for Financing Arrangements in the Aggregate Amount with terms materially consistent with those outlined above.

VI. PUBLIC INTEREST CONSIDERATIONS

Petitioners submit that the Transaction described herein will serve the public interest. As part of Zayo, Licensees will continue to provide high-quality telecommunications services to consumers while gaining access to the additional resources and operational expertise of Zayo. Licensees will also benefit by being able to offer services to multi-location business and enterprise customers across a larger footprint in combination with Zayo. The network of EL Parent and its subsidiaries, including Licensees, complements Zayo's network and the acquisition will increase Zayo's existing fiber footprint.

⁴ As of June 30, 2016, approximately \$2.33 billion of Zayo's existing financing arrangements are unsecured.

The Transaction described herein will not result in a change of carrier for any customers or any assignment of existing Commission authorizations. Further, the rates, terms and conditions of services currently provided by Licensees to their customers will not change as a result of the Transaction. Accordingly, the Transaction will be seamless to customers, who will continue to enjoy the same rates, terms and conditions of service as they do prior to closing. The only immediate change resulting from the Transaction will be that the Licensees will be ultimately owned by Zayo.


Approval of Licensee's participation the Financing Arrangements will serve the public interest providing Zayo with the ability to use debt financing for some or all of the consideration for the Transaction, which itself will service the public interest. Among other things, the Financing Arrangements may be used to fund some or all of the purchase price for the Transaction and 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 Licensees of their services to the public, will not impair their ability to perform such services and will promote their corporate purposes. The Financing Arrangements will be transparent to the customers of Licensees and will not disrupt service or cause customer confusion or inconvenience.

Approval of the Transaction and the Financing Arrangements also will serve the public interest in promoting competition among telecommunications carriers by providing Licensees with access to greater financial resources that will allow them to become more effective competitors to larger incumbent telecommunications providers. In essence, the Transaction and Financing Arrangements will make Licensees and Zayo stronger competitors and thereby benefit consumers.

VI. CONCLUSION

For the foregoing reasons, Petitioners submit that the public interest, convenience and necessity would be furthered by grant of this Petition permitting the Transaction and the participation of Licensees in the Financing Arrangements described above.

Respectfully submitted,



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Vice President, Costs & Policy
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For EL Parent and Licensees



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Counsel for Zayo Group, LLC

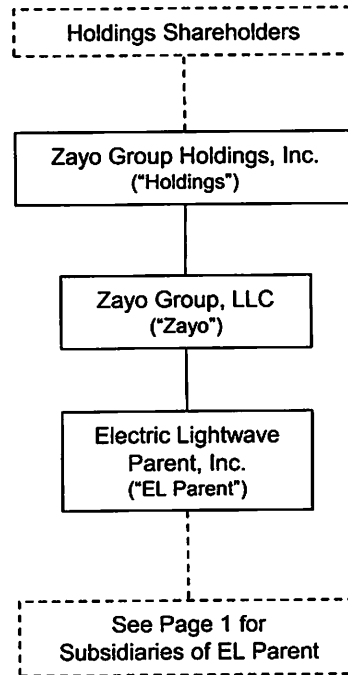
Dated: December 1, 2016

EXHIBIT A

Pre- and Post-Transaction Corporate Ownership Structures

Post-Transaction Corporate Ownership Structure of EL Parent and Zayo

* The entities listed herein only include Zayo and its subsidiaries that (1) hold authorization to provide intrastate, interstate or international telecommunications services or (2) are in the chain of ownership of those entities. The chart excludes subsidiaries and affiliates of Zayo that do not hold authorization to provide telecommunications services in the United States.



Unless otherwise indicated all ownership percentages are 100%.

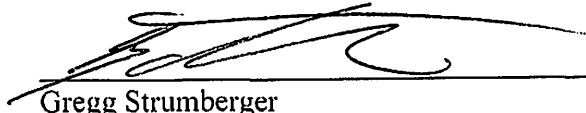
VERIFICATIONS

STATE OF COLORADO
COUNTY OF BOULDER

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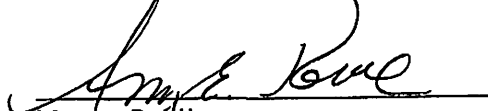
VERIFICATION

I, Gregg Strumberger, am General Counsel 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.



Gregg Strumberger
General Counsel
Zayo Group, LLC

Sworn and subscribed before me this 30th day of November 2016.


Notary Public

My commission expires August 24, 2018

AMY E ROWE NOTARY PUBLIC STATE OF COLORADO NOTARY ID # 20104020272 MY COMMISSION EXPIRES AUGUST 24, 2018
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STATE OF WASHINGTON

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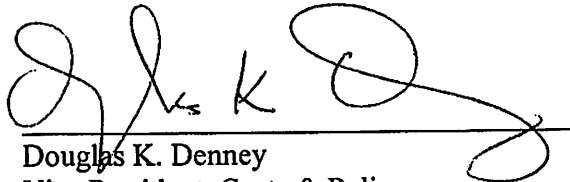
COUNTY OF CLARK

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VERIFICATION

I, Douglas K. Denney, am Vice President, Costs & Policy of Electric Lightwave Holdings, Inc.; that I am authorized to make this Verification on behalf of the Electric Lightwave Parent, Inc. and its subsidiaries (collectively, the "Company"); that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to the Company are true and correct to the best of my knowledge, information, and belief.



Douglas K. Denney
Vice President, Costs & Policy
Electric Lightwave Holdings, Inc.

Sworn and subscribed before me this 29th day of November, 2016.


Notary Public

My commission expires 6/30/2018

