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Our file no.: 0000342779

December 29, 2009

## Via Overnight Courier & Email

David Danner, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive, S.W.  
Olympia, WA 98504  
records@wutc.wa.gov

**Re: Notification of Zayo Bandwidth Northwest, LLC, Fiberlink, LLC d/b/a Columbia Fiber Solutions, Zayo Bandwidth, LLC and Zayo Enterprise Networks, LLC Regarding *Pro Forma* Intra-Corporate Transactions**

Dear Mr. Danner:

Zayo Bandwidth Northwest, LLC (“Zayo-NW”), Fiberlink, LLC d/b/a Columbia Fiber Solutions (“CFS”), Zayo Bandwidth, LLC (“ZB”) and Zayo Enterprise Networks, LLC (“ZEN” and together with Zayo-NW, CFS, and ZB, the “Parties”) notify the Washington Utilities and Transportation Commission (“Commission”) of certain *pro forma* intra-corporate transactions described in detail below. These intra-corporate transactions are being undertaken in order to consolidate the corporate structure of Zayo Group, LLC’s (“Zayo Group”) subsidiaries and to appropriately allocate assets and customers to Zayo Group’s various operating units -- Zayo Bandwidth, Onvoy Voice Services,<sup>1</sup> Zayo Enterprise Networks, and zColo. This intra-corporate reorganization will eliminate unnecessary and cumbersome intermediate companies in the Zayo Group corporate structure and assure that customer service is maximized by aligning the services with the experienced account and operations teams focused on particular lines of business.

It is the Parties understanding that Commission approval is not required for the transactions described herein. Accordingly, the Parties submit this letter for informational purposes only to ensure the continuing accuracy of the Board’s records. In support of this filing, the Parties provide the following information:

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<sup>1</sup> During the first quarter of 2010, the Onvoy Voice Services business unit is expected to become a business unit of Zayo Group’s parent company, Zayo Group Holdings, Inc. (“Holdings”), as a result of the *pro forma* transfer of direct ownership of Onvoy, Inc. from Zayo Group to Holdings.

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### **Introduction**

Over the past few years, Zayo Group has acquired a number of existing communications businesses. As a result of these acquisitions, the corporate structure of Zayo Group has become increasingly complex, with numerous operating entities, many of whose services overlap. A current corporate organizational chart is provided as Exhibit A. Through the merger of various of those entities and the realignment and transfer of certain assets to consolidate services within the appropriate business unit, Zayo Group will greatly simplify its corporate structure. Among other things, Zayo Group intends to merge a number of existing corporate entities with ZB and to collapse or eliminate certain subsidiaries of FiberNet Telecom Group, Inc. (to be known as zColo, Inc. in the future). A corporate organizational chart upon completion of the mergers is provided as Exhibit B. This simplified corporate structure will reduce the reporting and accounting burdens of Zayo Group and provide operational efficiencies. Zayo Group has also begun to market its services through four business units that focus on defined service and customer segments thus allowing each business unit to target its sales, operations, customer service and management teams on those service and customer segments. The instant reorganization process will realign certain operating and other assets to the business unit which they support. Once this realignment is completed, the customer and service segments will be aligned with the business units as follows:

Zayo Bandwidth will serve large enterprise customers and other carriers. Its primary product line will consist of various point-to-point and point-to-multipoint services.

Zayo Enterprise Networks will serve small, medium and large enterprise customers. Its primary product lines will consist of various business data services including Ethernet, Dedicated Internet Access, Virtual Private Networks, Voice Over Internet Protocol services and managed services including audio and video conferencing, but will also have some traditional switched voice services.

Onvoy Voice Services primarily will serve other carriers. Its product lines will include wholesale local exchange, competitive tandem switching and transport, long distance, intrastate PRI service, local transit, direct inward dialing and SS7 services.

zColo will serve carriers and enterprise customers. zColo's primary product lines will include collocation services and in-building interconnection services.

### **Description of the Parties**

#### **A. Zayo Group, LLC**

Zayo Group is a Delaware limited liability company with a principal business office at 901 Front Street, Suite 200, Louisville, Colorado 80027. Zayo Group is wholly owned

by Zayo Group Holdings, Inc., which in turn is wholly owned by Communications Infrastructure Investment, LLC (“CII”). CII has no majority owner.

Zayo Group, operating through its four business units, provides bandwidth, voice, collocation and interconnection, and managed services to carrier, enterprise, small and medium enterprise, and government customers. Through the following twelve (12) acquisitions since May 2007, Zayo Group has acquired various companies, assets and customers that currently comprise these business units:

#### Zayo Bandwidth Acquisitions

Zayo Group acquired the following entities that currently comprise the Zayo Bandwidth business unit: (1) Memphis Networx, LLC (now known as Zayo Bandwidth Tennessee, LLC) (“Zayo-TN”);<sup>2</sup> (2) PPL Telcom, LLC (now known as Zayo Bandwidth Northeast, LLC) (“Zayo-NE”) and PPL Prism, LLC (now know as Zayo Bandwidth Northeast Sub, LLC) (“Zayo-NE Sub”);<sup>3</sup> (3) Indiana Fiber Works LLC (now known as Zayo Bandwidth Indiana, LLC) (“Zayo-IN”);<sup>4</sup> (4) Citynet Fiber Network, LLC (now known as Zayo Bandwidth Central, LLC) (“Zayo-Central”) and Citynet Virginia, LLC (now known as Zayo Bandwidth Central (Virginia), LLC) (“Zayo-VA”);<sup>5</sup> (5) Northwest Telephone, Inc. (now known as Zayo Bandwidth Northwest, Inc.);<sup>6</sup> (6) Fiberlink, LLC d/b/a Columbia Fiber Solutions;<sup>7</sup> and (7) NTI of California, LLC (“NTIC”).<sup>8</sup>

#### OVS Acquisition

On November 7, 2007, Zayo Group completed the acquisition of Onvoy, Inc. and Minnesota Independent Equal Access Corporation, which together comprise the Onvoy Voice Services business unit.

#### ZEN Acquisition

On November 7, 2007, Zayo Group completed the acquisition of Voicepipe Communications (now known as ZEN), which comprises the Zayo Enterprise Networks business unit.

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<sup>2</sup> The acquisition of Zayo-TN was completed on July 31, 2007.

<sup>3</sup> The acquisition of Zayo-NE and Zayo-NE Sub was completed on August 24, 2007.

<sup>4</sup> The acquisition of Zayo-IN was completed on September 28, 2007.

<sup>5</sup> The acquisition of Zayo-Central was completed on February 15, 2008.

<sup>6</sup> The acquisition of Zayo-NW was completed on May 30, 2008. See Docket No. UT-080611.

<sup>7</sup> The acquisition of CFS was completed on September 30, 2008. See Docket No. UT-081573.

<sup>8</sup> The acquisition of NTIC was completed on May 26, 2009.

#### zColo Acquisition

On September 9, 2009, Zayo Group completed the acquisition of FiberNet Telecom Group, Inc. (to be known as zColo, Inc. in the future) and its subsidiaries, including Local Fiber, LLC, which currently comprise the zColo business unit.

#### Other Asset Acquisitions

On July 21, 2008, Zayo Group completed the acquisition of assets and customers from CenturyTel Acquisition, LLC (a competitive local exchange carrier) in five (5) markets in Indiana, Michigan, and Ohio. These assets and customers were allocated among the Zayo Bandwidth, OVS and Zayo Enterprise Networks business units most closely aligned to the services provided.

On September 30, 2008, Zayo Group completed the acquisition of network assets such as IRU and dark fiber located in (1) Colorado, Illinois and New Jersey from The Adesta Secured Credit Trust and (2) Arizona, Ohio, Tennessee and Texas from Citynet Holdings, LLC. These network assets were allocated to the Zayo Bandwidth business unit.

Zayo Group has determined that the Zayo Bandwidth business unit would be more efficient from a management, accounting and financial perspective by reducing the twelve (12) current Zayo Bandwidth companies to ZB and two subsidiaries Zayo-TN and Adesta Communications, Inc. ("ACI")<sup>9</sup>. As a result, all of the various existing Zayo Bandwidth entities except Zayo-TN and ACI, will be consolidated into ZB.<sup>10</sup> This consolidation will streamline the operations of the Zayo Bandwidth business unit to the benefit of customers. Further, Zayo Group is consolidating or eliminating certain subsidiaries of zColo to further reduce the burdens associated with having those additional subsidiaries.

In addition and as described above, Zayo Group is refining the allocation of service segments between its business units. This refinement is expected to take advantage of each business unit's core focus and strengths to the benefit of the customers of all the business units. As a result of the refinement, certain assets and customers are being reallocated between the business units.

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<sup>9</sup> ACI does not provide, or hold any authorizations to provide, regulated telecommunications services in any state.

<sup>10</sup> For various business and legal reasons, Zayo-TN will not be consolidated into ZB at this time and will maintain its separate corporate existence for the near future. Ultimately, Zayo Group expects that Zayo-TN will also be consolidated into ZB.

**B. Zayo Bandwidth Northwest, Inc., Fiberlink, LLC d/b/a Columbia Fiber Solutions and Zayo Bandwidth, LLC**

Zayo-NW is a Washington corporation and currently a direct subsidiary of Zayo Group. CFS is a Washington limited liability company and currently a direct subsidiary of Zayo Group. ZB is a Delaware limited liability company and a direct subsidiary of Zayo Group. All these entities have their corporate headquarters at 901 Front Street, Suite 200, Louisville, Colorado 80027. As stated above, each of these entities is already part of the Zayo Bandwidth business unit. Further, each existing Zayo Bandwidth entity shares the same officers and directors and uses the same sales and customer service teams.

The Zayo Bandwidth business unit provides Private Line, Ethernet, Wavelength, Dedicated Internet Access and Collocation services to wholesale (e.g., other carriers) and large enterprise customers. In Washington, (1) Zayo-NW is a competitively classified telecommunications company pursuant to its registration granted by the Commission's Order issued in Docket No. UT-990505 on April 14, 1999,<sup>11</sup> (2) CFS is a competitively classified telecommunications company pursuant to its registration granted by the Commission's Order issued in Docket No. UT-020840 effective July 27, 2002, and (3) ZB was granted registration as a competitively classified telecommunications company in Docket No. UT-091808 on November 20, 2009 (effective December 17, 2009).

**C. Zayo Enterprise Networks, LLC**

ZEN is a Delaware limited liability company with its corporate headquarters located at 901 Front Street, Suite 200, Louisville, Colorado 80027. ZEN is a direct subsidiary of Zayo Group. ZEN primarily provides business data services including Ethernet, Dedicated Internet Access, Virtual Private Networks, Voice Over Internet Protocol services and managed services including audio and video conferencing. ZEN also provides some traditional switched voice and data services. ZEN's customers are small, medium and large enterprise customers. In Washington, ZEN was granted registration as a competitively classified telecommunications company in Docket No. UT-091817 on December 10, 2009 (effective December 19, 2009).

**Contacts**

Questions or any correspondence, orders, or other materials pertaining to this filing should be directed to the following.

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<sup>11</sup> The registration was original issued in the name of Northwest Telephone, Inc. Zayo-NW filed notice of the name change on July 14, 2008 in Docket No. UT-081295, which became effective on August 10, 2008.

For the Parties:

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**Description Of *Pro Forma* Intra-Corporate Transactions**

As part of its effort to streamline its corporate structure, Zayo Group will merge ZB with certain of its affiliates, including Zayo-NW and CFS. This merger will result in the customers of Zayo-NW and CFS becoming customers of ZB. Charts depicting the pre- and post-merger corporate structure of Zayo Group and its subsidiaries are provided as Exhibits A and B, respectively. Affected customers will be notified of the *pro forma* carrier change that will occur as a result of the merger. A sample of the notice that will be provided to applicable affected customers is provided in Exhibit C. Because all operating entities currently comprising the Zayo Bandwidth business unit currently include the Zayo Bandwidth name and logo on all marketing materials, correspondence, and bills, even the change in the legal name of their provider will be virtually transparent to the affected customers. The notice will also indicate that the merger will not result in a change to any other aspect of their services, including the rates, terms and conditions of their services, the format of their bills (including the logo affixed to the bills), and their customer service contacts including the toll free numbers.

In addition to these *pro forma* Zayo Bandwidth consolidation mergers, Zayo Group also will complete the alignment of the assets and customers acquired in the prior Northwest Telephone and CFS transactions described above with the appropriate Zayo Bandwidth, Zayo Enterprise Networks business units. As a result, certain assets and customers of Zayo-NW and CFS in Washington may be aligned with ZEN. Although regulated telecommunications services have continued to be provided by Zayo-NW and CFS since those transactions under their existing authorizations, Zayo Group has already

consolidated many of the 'back office' functions of the service in the appropriate business unit. In the current reorganization, Zayo Group will complete that realignment so that the telecommunications services will be provided by the applicable business unit as well, under its own authorizations and tariffs. Similar to the mergers described above, this synchronization of assets and customers with the appropriate business unit will not result in any changes to the services received by customers, including rates, terms and conditions of service. Except for the corporate name of the entity providing their service, this intra-corporate transaction is entirely transparent to customer. Affected customers will be notified of this *pro forma* change. A sample form of the notice that was sent to applicable affected customers is provided in Exhibit D.

### **Public Interest Considerations**

The Parties submit that the pro forma intra-corporate transactions described herein are in the public interest. The transactions will create efficiencies for Zayo Group and its business units by reducing the accounting, reporting, managerial, and operating complexities involved with having such a complex corporate structure. The transactions will also allow each business unit to take advantage of its core focus and strengths to the benefit of the customers of all the business units. As a result of the efficiencies and focus, ZB and ZEN will become stronger competitors to the ultimate benefit of all consumers.

Further, the transactions will be virtually transparent to customers as there will be no change in their services. The only perceptible change will be the name of the company providing the affected customer's telecommunications service. And, in the case of the existing Zayo Bandwidth customers, even that change will be minimized since all of the entities currently use the same branding on materials distributed to customers, including bills. Therefore, the intra-corporate transactions will not result in customer confusion.

All of Zayo Group's subsidiaries, including the Parties, have the same corporate officers. Further, each existing Zayo Bandwidth entity shares the same management, sales and customer service teams. Therefore, there will be no change in the managerial qualifications of the telecommunications provider serving the affected customers .

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**Conclusion**

The Parties submit that the *pro forma* intra-corporate transactions described herein will serve the public interest. An original and one (1) copy of this letter are enclosed for filing. This letter is also being filed by email. Please date-stamp the extra copy and return it in the envelope provided. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,



Jean L. Kiddoo  
Brett P. Ferenchak

Counsel for the Parties



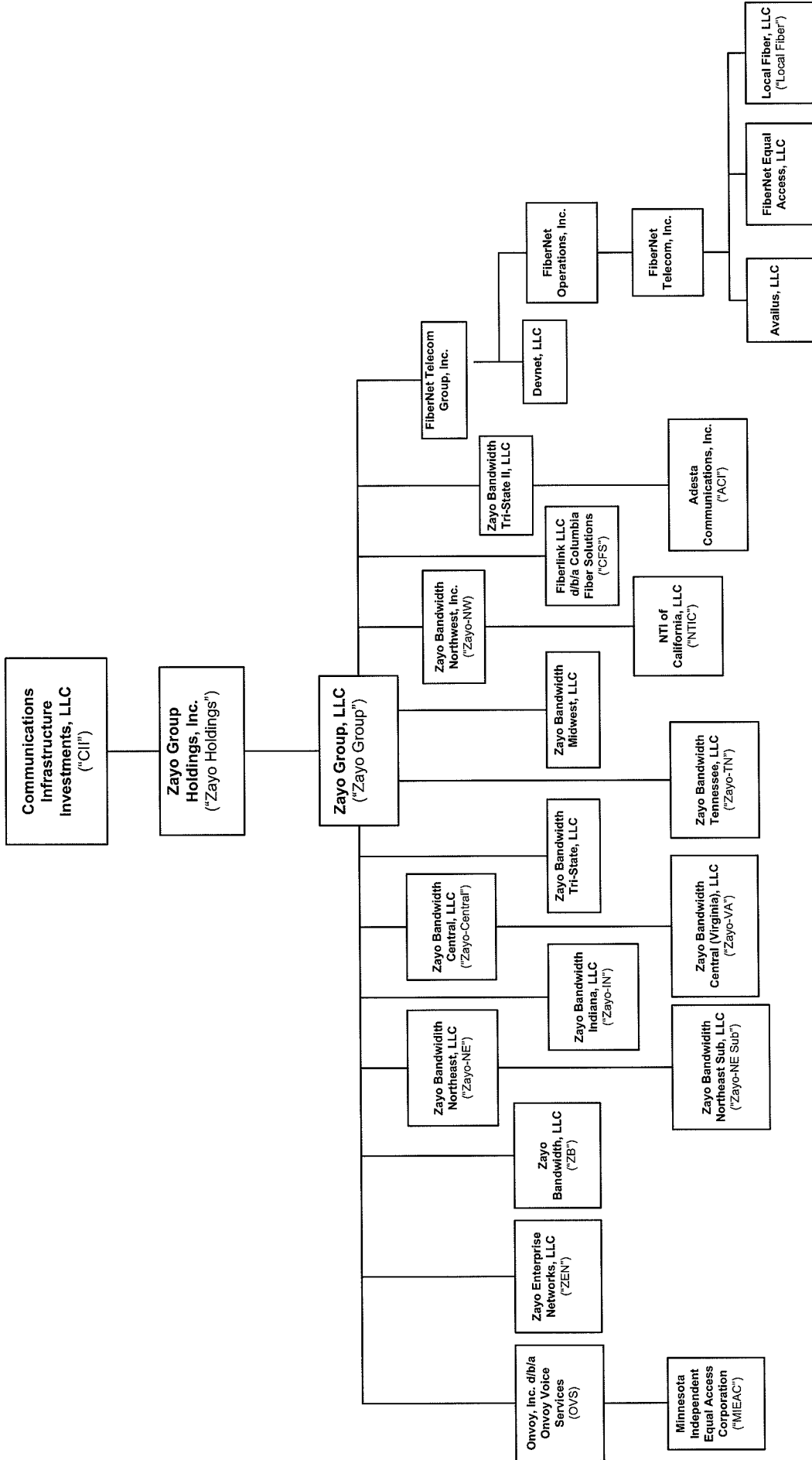
## **LIST OF EXHIBITS**

- |           |   |
|-----------|---|
| Exhibit A | Current Corporate Structure                             |
| Exhibit B | Proposed Corporate Structure                            |
| Exhibit C | Sample Customer Notice of <i>Pro Forma</i> Merger       |
| Exhibit D | Sample Customer Notice of <i>Pro Forma</i> Reassignment |

**EXHIBIT A**

**Current Corporate Structure**

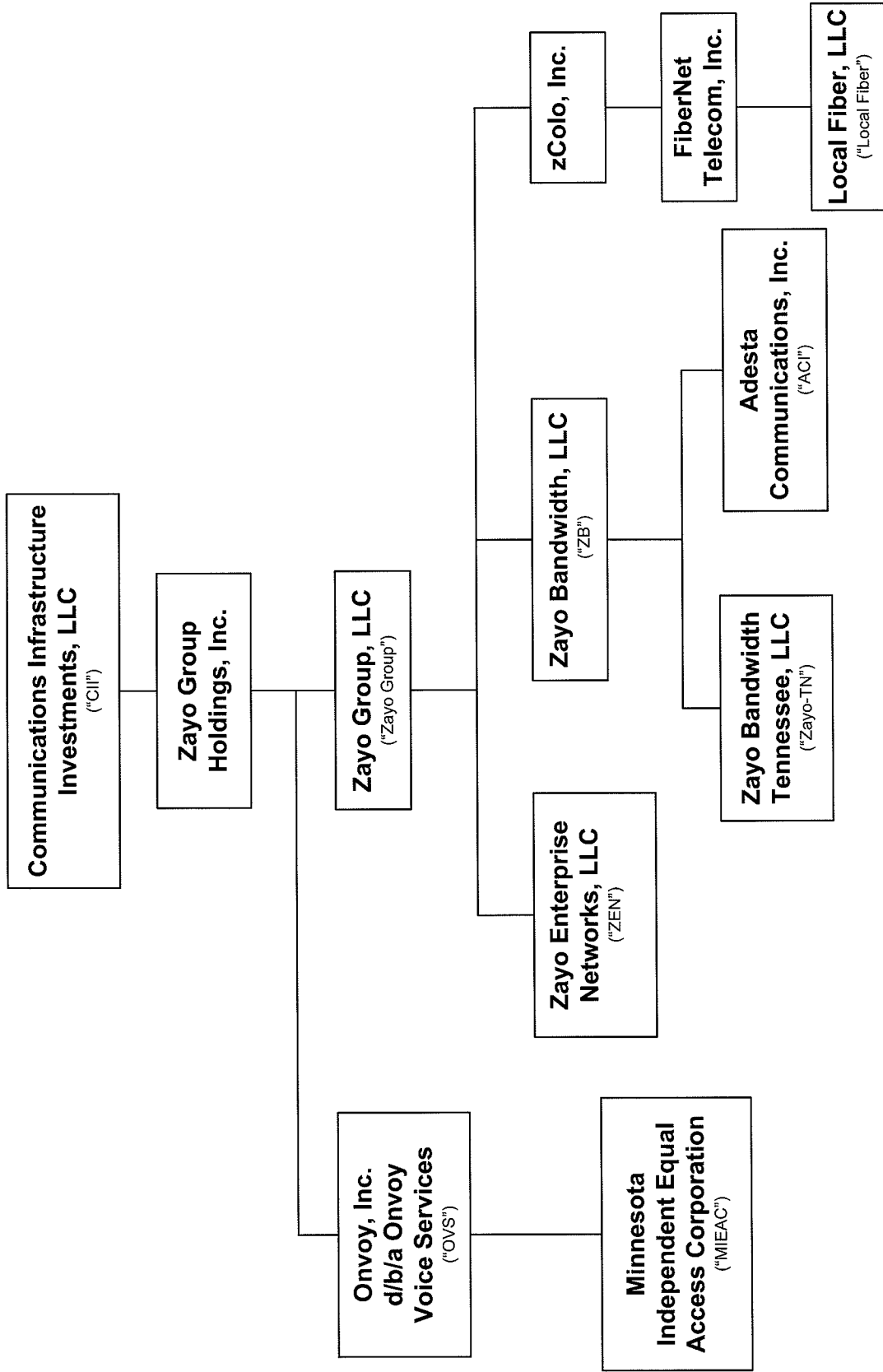
**CURRENT CORPORATE STRUCTURE**



**EXHIBIT B**

**Proposed Corporate Structure**

**PROPOSED CORPORATE STRUCTURE**



## **EXHIBIT C**

### **Sample Customer Notice of *Pro Forma* Merger**

The applicable affected Zayo-NW and CFS customers will receive notice of the change in service provider through a bill notation in their bill issued on or about January 1, 2010. The text of the bill notation provided to the affected customers of the Zayo-NW and CFS that will become customers of ZB as a result of the *pro forma* intra-corporate mergers follows

On or about February 1, 2010, Zayo Group, LLC will undertake an internal corporate reorganization and consolidation. Thus, the Zayo corporate entity that will provide your telecommunications services will be Zayo Bandwidth, LLC, another wholly owned Zayo Group subsidiary. Your services and the associated pricing and terms and conditions of service will not change as a result of this intra-corporate consolidation. There is no charge associated with this change and any preferred carrier freeze you have will remain in place. You will continue to receive a bill from Zayo Bandwidth and we will continue to resolve any issues you may have with your account or service using the same customer service number: 1-866-236-2824.

We recognize that you always have a choice in telecommunications carrier and believe that this intra-corporate consolidation will enhance our ability to serve you. Zayo Bandwidth looks forward to continuing to provide you with the superior service you are accustomed to receiving and to the opportunity to provide you additional services.

## **EXHIBIT D**

### **Sample Customer Notice of *Pro Forma* Reassignment**

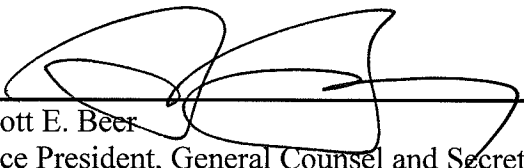
The applicable affected Zayo-NW and CFS customers will receive notice of the change in service provider through a bill notation in their bill issued on or about January 1, 2010. The text of the bill notation provided to the affected customers of CFS, NTIC, and Zayo-NW that will be realigned with ZEN follows:

As a Zayo Enterprise Networks customer, we want to thank you again for your valued business. On an administrative note, we are notifying you that Zayo Group is implementing an internal corporate reorganization and thus your telecommunications carrier of record will change to Zayo Enterprise Networks on or after February 1, 2010. Zayo Enterprise Networks will continue to provide you the same services previously provided by our affiliated business unit, Zayo Bandwidth (Zayo Bandwidth Northwest, Inc., NTI of California, LLC or Fiberlink, LLC d/b/a Columbia Fiber Solutions), and your associated pricing and terms and conditions of service will not change as a result of this reorganization. There is no charge associated with the change from Zayo Bandwidth to Zayo Enterprise Networks and any preferred carrier freeze you have remains in place. You will continue to be billed by Zayo Enterprise Networks and we will continue to resolve any issues you may have with your account or service using the same customer service number: 1-866-629-8200. We recognize you do have the right to change telecommunications providers subject to restrictions in your contract or service order. Zayo Enterprise Networks looks forward to continuing to provide you with the superior service you are accustomed to receiving and to the opportunity to provide you additional services.

## VERIFICATION

I, Scott E. Beer, state that I am Vice President, General Counsel and Secretary of Zayo Group, LLC; that I am authorized to make this Verification on behalf of Zayo Group, LLC and its subsidiaries; 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.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 29<sup>th</sup> day of ~~November~~ <sup>December</sup>, 2009.

  
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Scott E. Beer  
Vice President, General Counsel and Secretary  
Zayo Group, LLC