

BINGHAM

NEW APPLICATION



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AZ CORP COMMISSION  
DOCKET CONTROL

Jean L. Kiddoo  
Brett P. Ferenchak  
jean.kiddoo@bingham.com  
brett.ferenchak@bingham.com  
Our File No.: 0000330452

July 30, 2009

Via Overnight Courier

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007-2927

T-20694A-09-0379

Re: **In the Matter of the Application of Zayo Bandwidth, LLC for a Certificate of Convenience and Necessity to Provide Facilities-Based Local Exchange and Long Distance Telecommunications Services**

Dear Mr. McNeil:

On behalf of Zayo Bandwidth, LLC ("Zayo"), enclosed for filing are an original and thirteen (13) copies of the above-referenced application. Please date-stamp the extra copy and return it in the envelope provided. Should you have any questions please do not hesitate to contact Brett Ferenchak at 202-373-6697.

Respectfully submitted,

Jean L. Kiddoo  
Brett P. Ferenchak

Counsel for Zayo Bandwidth, LLC

Enclosure

- Boston
- Hartford
- Hong Kong
- London
- Los Angeles
- New York
- Orange County
- San Francisco
- Santa Monica
- Silicon Valley
- Tokyo
- Walnut Creek
- Washington

Bingham McCutchen LLP  
2020 K Street NW  
Washington, DC  
20006-1806

T 202.373.6000  
F 202.373.6001  
bingham.com

Arizona Corporation Commission  
DOCKETED

JUL 31 2009

DOCKETED BY	NR
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**ARIZONA CORPORATION COMMISSION**

**Application and Petition for Certificate of Convenience and Necessity to Provide  
Intrastate Telecommunications Services**

Mail original plus 13 copies of completed application to:

For Docket Control Only:  
(Please Stamp Here)

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending  
in Arizona as an Interexchange reseller, AOS provider,  
or as the provider of other telecommunication services.

Type of Service: \_\_\_\_\_ N/A \_\_\_\_\_

Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_ Date Docketed: \_\_\_\_\_

Type of Service: \_\_\_\_\_

Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_ Date Docketed: \_\_\_\_\_

**A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION**

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and mark the appropriate box(s).

- Resold Long Distance Telecommunications Services (Answer Sections A, B).
- Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- Alternative Operator Services Telecommunications Services (Answer Sections A, B)
- Other \_\_\_\_\_ (Please attach complete description)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

**Zayo Bandwidth, LLC ("Zayo" or "Applicant")**  
**901 Front Street, Suite 200**  
**Louisville, CO 80027**  
**Phone: (303)381-4683**  
**Fax: (303)226-5777**  
**cyost@zayo.com**  
**www.zayo.com**

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

N/A

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

**Christopher P. Yost**  
**General Counsel**  
**Zayo Bandwidth, LLC**  
**901 Front Street, Suite 200**  
**Louisville, CO 80027**  
**Phone: (303)381-4677**  
**Fax: (303)226-5777**  
**cyost@zayo.com**

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

**Jean L. Kiddoo**  
**Brett P. Ferenchak**  
**Kimberly A. Lacey**  
**Bingham McCutchen LLP**  
**2020 K Street N.W.**  
**Washington, DC 20006**  
**Phone: (202)373-6697**  
**Fax: (202)373-6001**  
**jean.kiddoo@bingham.com**  
**brett.ferenchak@bingham.com**  
**kimberly.lacey@bingham.com**

(A-6) The name, address, telephone number (including area code), facsimile number(including area code), and E-mail address of the Applicant's Complaint Contact Person:

**Christopher P. Yost**  
**General Counsel**  
**Zayo Bandwidth, LLC**  
**901 Front Street, Suite 200**  
**Louisville, CO 80027**  
**Phone: (303)381-4677**  
**Fax: (303)226-5777**  
**cyost@zayo.com**

(A-7) What type of legal entity is the Applicant? Mark the appropriate box(s) and category.

- Sole proprietorship
- Partnership: \_\_\_\_\_ Limited, \_\_\_\_\_ General, \_\_\_\_\_ Arizona, \_\_\_\_\_ Foreign
- Limited Liability Company: \_\_\_\_\_ Arizona,  X  Foreign
- Corporation: \_\_\_\_\_ "S", \_\_\_\_\_ "C", \_\_\_\_\_ Non-profit
- Other, specify: \_\_\_\_\_

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).

**The officers of Applicant are as follows:**

**John Scarano (President)**  
**Ken desGarenes (Vice President and Chief Financial Officer)**  
**Scott Beer (Vice President, General Counsel, & Secretary)**  
**Christopher Yost (General Counsel & Assistant Secretary)**

**The managers of Applicant are as follows:**

**Daniel P. Caruso**  
**Gillis Cashman**  
**John Siegel**  
**John A. Downer**  
**Michael Choe**

**All officers and managers can be reached through Applicant's principal place of business.**

3. Indicate percentages of ownership of each person listed in A-8.2.

**Zayo is a wholly owned subsidiary of Zayo Group, LLC.**

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number). See pages 34-36.
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number). See pages 34-36.
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number). See pages 9-27.
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number). See page 16-18.
5. The proposed fee that will be charged for returned checks (reference by Tariff page number). See page 22.

**Zayo's intrastate telecommunications tariff is included as Attachment B.**

(A-10) Indicate the geographic market to be served:



Statewide. (Applicant adopts statewide map of Arizona provided with this application).



Other. Describe and provide a detailed map depicting the area.

(A -11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from reoccurring.

**Neither Applicant nor any of its officers, directors, partners or managers has been or are currently the subject of any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.**

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

**Neither Applicant nor any of its officers, directors, partners, or managers has been or are currently the subject of any civil or criminal investigation, or had judgment entered in or any judgments levied by an administrative agency or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.**

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

Yes

No

**To the extent Applicant provides basic local exchange services, Applicant's customers will be able to access alternative toll service provides or resellers via 1+101XXXX access.**

(A -14) Is Applicant willing to post a Performance Bond? Please check appropriate box(s).

For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

Yes

No

If "No", continue to question (A-15).

For Local Exchange Resellers, a \$25,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

Yes

No

If any box in (A-14) is marked "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than onetype of service.

**While Applicant is willing to post a Performance Bond, Applicant does not believe that a bond should be required because Applicant does not intend to provide telecommunications services to residential customers. Instead, Applicant will provide telecommunications services to enterprise and carrier customers. As described below, Applicant is part of the Zayo Bandwidth operating group that primarily provides private line, wavelength, Ethernet, Internet and collocation services.**

(A-15) If any box in (A-14) is marked "No", provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the Applicant's superior financial position limits any risk to Arizona consumers.

**Applicant's deposit policy can be found on pages 16-18 of the tariff. Applicant does not intend to provide telecommunications services to residential customers.**

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the Applicant is requesting authority to provide service.

Note: For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until you are advised to do so by the Hearing Division.

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in Arizona:

Yes

No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

**Zayo will primarily provide services using its own facilities and facilities leased from other carriers.**

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in Arizona:

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

**Applicant holds authority to provide telecommunications services in Colorado, Illinois, Michigan, Ohio, Pennsylvania and Minnesota. However, Applicant's affiliates that are part of Zayo Group's "Zayo Bandwidth" operating group hold authority to provide telecommunications services in California, Colorado, the District of Columbia, Idaho, Indiana, Kentucky, Maryland, Michigan, New Jersey, New York, Ohio, Oregon, Pennsylvania, Tennessee, Virginia, Washington and West Virginia. Applicant's affiliates that are part of Zayo Group's "Onvoy Voice Services" operating group hold authority to provide telecommunications services in Colorado, Indiana, Iowa, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.**

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in Arizona.

Note: If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

**Zayo holds authority to provide telecommunications services in Colorado, Illinois, Michigan, Ohio, Pennsylvania and Texas. Zayo does not yet provide telecommunications services in these states. Please see the responses to A-18 and A-20 for information regarding the services offered by other Zayo Bandwidth group entities. Biographies of Zayo's key personnel are provided as Exhibit A.**

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

**Zayo does not have any affiliates that are authorized to provide telecommunications services in Arizona.**

**As stated above, Zayo is a wholly owned subsidiary of Zayo Group. Zayo Group was organized to acquire and support long-term development of fiber-based bandwidth solutions-oriented businesses and has made a number of acquisitions to further that business plan. Specifically, Zayo has acquired: (1) Memphis Network, LLC (now known as Zayo Bandwidth Tennessee, LLC) ("Zayo-TN");<sup>1</sup> (2) PPL Telcom, LLC (now known as Zayo Bandwidth Northeast, LLC) ("Zayo-NE") and PPL Prism, LLC (now known as Zayo Bandwidth Northeast Sub, LLC) ("Zayo-NE Sub");<sup>2</sup> (3) Indiana Fiber Works LLC (now known as Zayo Bandwidth Indiana, LLC) ("Zayo-**

1 The acquisition of Zayo-TN was completed on July 31, 2007. Zayo-TN is a provider of intrastate communications services in Tennessee.

2 The acquisition of Zayo-NE and Zayo-NE Sub was completed on August 24, 2007. Zayo-NE and Zayo-NE Sub provide

IN”);<sup>3</sup> (4) Onvoy, Inc. and Minnesota Independent Equal Access Corporation (together, “Onvoy”);<sup>4</sup> (5) 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> (6) Northwest Telephone, Inc. (now known as Zayo Bandwidth Northwest, Inc.) (“Zayo-NW”) and NTI of California, LLC (“NTIC”);<sup>6</sup> and (7) FiberLink LLC d/b/a Columbia Fiber Solutions (“CFS”).<sup>7</sup> Zayo, Zayo-TN, Zayo-NE, Zayo-NE Sub, Zayo-IN, Zayo-Central, Zayo-VA, Zayo-NW, NTIC, and CFS are part of Zayo Group’s “Zayo Bandwidth” fiber-based business unit. Zayo Bandwidth provides solutions to carriers, web-centric companies, public institutions and enterprises. Zayo Bandwidth services primarily include private line, wavelength, Ethernet, Internet and collocation services.

(A-21) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- Decision # 64178 Resold Long Distance  
 Decision # 64178 Resold LEC  
 Decision # 64178 Facilities Based Long Distance  
 Decision # 64178 Facilities Based LEC

#### B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

- Yes  No

If “No,” explain why and give the date on which the Applicant began operations.

**Applicant was formed on April 22, 2008, and does not have any financial statements of its own. Zayo’s financials are consolidated with the financial statements of its parent, Zayo Group.**

local exchange and/or interexchange services in the District of Columbia, Maryland, New Jersey, New York, Pennsylvania, and Virginia.

3 The acquisition of Zayo-IN was completed on September 28, 2007. Zayo-IN provides telecommunications or dark fiber services in Illinois, Indiana, Kentucky, and Ohio.

4 The acquisition of Onvoy was completed on November 7, 2007. Onvoy provides competitive local exchange services in Indiana, Iowa, Michigan, Minnesota, North Dakota, Ohio and Wisconsin and interexchange services in Indiana, Iowa, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. MIEAC provides centralized equal access services in Minnesota and North Dakota.

5 The acquisition of Zayo-Central and Zayo-VA was completed on February 15, 2008. Zayo-Central provides wholesale bandwidth services in Georgia, Illinois, Indiana, Kentucky, Michigan, Ohio, Pennsylvania, Tennessee, Virginia and West Virginia. Zayo-VA provides intrastate wholesale bandwidth services in Virginia.

6 The acquisition of Zayo-NW was completed on May 30, 2008. Zayo-NW provides telecommunications services in Idaho, Washington, and Oregon. The acquisition of NTIC was completed on May 26, 2009 and NTIC is a direct subsidiary of Zayo-NW. NTIC provides telecommunications services in California.

7 The acquisition of CFS was completed on September 30, 2008. CFS provides wholesale fiber optic transport services in Idaho and Washington.

(B -2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

**Applicant provides as Attachment D the audited financial statements of Zayo Group for the year ended June 30, 2008.**

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

**Initially, Applicant will rely on the financial resources of its parent company, Zayo Group, LLC.**

(B-4) The Applicant must provide the following information.

**Applicant's business is building communications solutions for large enterprise and carrier customers on an individual case basis for each projects needs. The responses to questions 1 and 2, below, therefore, are based on a rough estimate of the projects that Applicant might obtain in the first twelve months of operations.**

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.

**Subject to the qualification above, Applicant projects total revenue of \$5,000 for the first twelve months of providing telecommunications services following certification.**

2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.

**Subject to the qualification above, Applicant projects operating expenses of \$2,500 during the first twelve months of providing telecommunications services following certification.**

3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

**At the end of the first twelve months of operation, Applicants net book value of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers is \$0.**

4. If the projected value of all assets is zero, please specifically state this in your response.

**The projected value of all assets is zero.**

5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

**The current fair value of assets is the same as the current net book value.**

**C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(C-1) Indicate if the Applicant has a resale agreement in operation,

Yes

No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

**D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

Yes

No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in Arizona.

**Zayo will be providing telecommunications services through a combination of its own facilities and through the resale of the facilities of other certified carriers. Zayo has not yet entered into or requested interconnection/resale agreements in Arizona. The timeframe for providing facilities-based services in Arizona is as soon as commercially possible after certificate granted.**

**E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59421:

Yes  No

**To the extent that Applicant provides basic local exchange services, Applicant will abide by the quality of service standards approved in Commission Decision Number 59421.**

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

Yes  No

**To the extent that Applicant provides basic local exchange services, Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with ILEC and emergency service providers to provide this service.**

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R142-1111 (A):

Yes  No

**To the extent Applicant deploys its own switch, it will be fully equal access capable.**

I certify that if the applicant is a Delaware limited liability company, a current copy of the Certificate of Formation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.



\_\_\_\_\_  
(Signature of Authorized Representative)

7/30/09

\_\_\_\_\_  
(Date)

Christopher P. Yost

\_\_\_\_\_  
(Print Name of Authorized Representative)

General Counsel & Assistant Secretary

\_\_\_\_\_  
(Title)

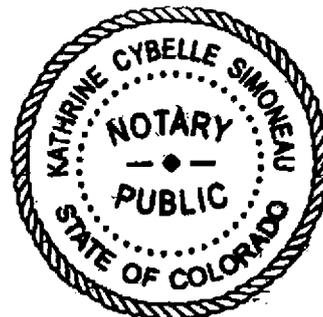
SUBSCRIBED AND SWORN to before me this 30th day of July, 2009.

Kathrine Cybelle Simoneau

NOTARY PUBLIC

My Commission Expires

1/27/2013



## **LIST OF ATTACHMENTS & EXHIBITS**

<b>Attachment A-1</b>	<b>Certificate of Formation</b>
<b>Attachment A-2</b>	<b>Certificate of Good Standing as Foreign Entity</b>
<b>Attachment B</b>	<b>Proposed Intrastate Tariff</b>
<b>Attachment C</b>	<b>[NOT APPLICABLE]</b>
<b>Attachment D</b>	<b>Financial Information</b>
<b>Exhibit A</b>	<b>Management Biographies</b>

**Attachment A-1**

**Certificate of Formation**

# Delaware

PAGE 1

*The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "ZAYO BANDWIDTH, LLC", FILED IN THIS OFFICE ON THE TWENTY-SECOND DAY OF APRIL, A.D. 2008, AT 1:36 O'CLOCK P.M.



4537167 8100

080457681

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

*Harriet Smith Windsor*

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6541361

DATE: 04-23-08

**CERTIFICATE OF FORMATION  
OF  
ZAYO BANDWIDTH, LLC**

TO THE SECRETARY OF STATE  
OF THE STATE OF DELAWARE:

The undersigned, an authorized natural person, for the purpose of forming a limited liability company, under the provisions and subject to the requirements of the State of Delaware (particularly Chapter 18, Title 6 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified, and referred to as the "**Delaware Limited Liability Company Act**") hereby certifies that:

**ARTICLE I**

**NAME**

The name of the limited liability company is Zayo Bandwidth, LLC (the "**Company**").

**ARTICLE II**

**INITIAL REGISTERED OFFICE AND REGISTERED AGENT**

The address of the registered office and the name and address of the registered agent of the limited liability company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, County of New Castle.

**IN WITNESS WHEREOF**, the undersigned authorized agent of the Company has executed this Certificate of Formation as of the 22<sup>nd</sup> day of April, 2008.

By: /s/ Christopher I. Humber  
Name: Christopher I. Humber  
Title: Authorized Agent

**Attachment A-2**

**Certificate of Good Standing as Foreign Entity**

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
**CERTIFICATE OF GOOD STANDING**

*To all to whom these presents shall come, greeting:*

*I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that*

**\*\*\*ZAYO BANDWIDTH, LLC\*\*\***

*a foreign limited liability company organized under the laws of the jurisdiction of Delaware did obtain a Certificate of Registration in Arizona on the 11th day of February 2009.*

*I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company has not had its Certificate of Registration revoked for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed a Certificate of Cancellation as of the date of this certificate.*

*This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.*

**IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 30th Day of July, 2009, A. D.**



A handwritten signature in black ink, appearing to read "E G Johnson", written over a horizontal line.

Executive Director

By: \_\_\_\_\_ 376667

# STATE OF ARIZONA



## Office of the CORPORATION COMMISSION

### CERTIFICATE OF REGISTRATION

To all to whom these presents shall come, greeting:

I, Michael P. Kearns, Interim Executive Director of the Arizona Corporation Commission, do hereby certify that

**\*\*\*ZAYO BANDWIDTH, LLC\*\*\***

a foreign limited liability company organized under the laws of the jurisdiction of Delaware did obtain a Certificate of Registration in Arizona on the 11th day of February 2009.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 17th Day of February, 2009, A. D.



*Michael P. Kearns*  
Interim Executive Director

By: *Linda Johnson*

**Attachment B**

**Proposed Intrastate Tariff**

ZAYO BANDWIDTH, LLC  
901 Front Street, Suite 200  
Louisville, CO 80027

RATES, RULES AND ADMINISTRATIVE REGULATIONS  
FOR FURNISHING  
INTRASTATE TELECOMMUNICATIONS SERVICES  
WITHIN THE STATE OF ARIZONA

FILED WITH THE ARIZONA CORPORATION COMMISSION

---

Issued: \_\_ \_\_, 2009

Effective: \_\_\_\_\_, 2009

Christopher P. Yost, General Counsel  
Zayo Bandwidth, LLC  
901 Front Street, Suite 200  
Louisville, CO 80027

CHECK SHEET

The sheets inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

<u>Page</u>	<u>Number of Revision</u>	<u>Page</u>	<u>Number of Revision</u>
Title	Original		
1	Original	28	Original
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 Issued: July 31, 2009

Effective: August 30, 2009

Christopher P. Yost, General Counsel  
Zayo Bandwidth, LLC  
901 Front Street, Suite 200 Louisville, CO 80027

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TARIFF FORMAT

- A. **Page Numbering** - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between Page 14 and 15 would be 14.1.
- B. **Page Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4<sup>th</sup> revised Page 14 cancels the 3<sup>rd</sup> revised Page 14.
- C. **Paragraph Numbering Sequence** - There are various levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2
  - 2.1
  - 2.1.1
  - 2.1.1.1
- D. **Check Sheets** - When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the pages contained in the tariff, with a cross-reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. An asterisk designates all revisions made in a given filing (\*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some pages.) The tariff user should refer to the latest Check Sheet to find out if a particular page is the most current on file with the Commission.

Explanation of Symbols

- (C) – To signify changed administrative regulation
- (D) – To signify a discontinued rate, administrative regulation or test
- (I) – To signify an increase in a rate
- (M) – To signify text or rates relocated without change
- (N) – To signify a new rate, regulation or other text or new test
- (R) – To signify a reduction in a rate
- (T) – To signify a change in text but no change in rate

DEFINITIONS

"Access Line" refers to facilities and transmission path used to create a telecommunications connection from a network device to the serving center and composing the local loop.

"Applicant" refers to an individual, partnership, corporation, association, or government agency who applies to the Company for any new or additional telephone service.

"Business Hours" refers to the time after 8:00 A.M. and before 5:00 P.M., Monday through Friday excluding holidays

"Carrier," "Company" or "Utility" refers to Zayo Bandwidth, LLC.

"Central office" refers to a switching unit that provides central office telecommunications services to the general public having the necessary equipment and operating arrangements for terminating Access Lines and trunks or trunks only.

"Commission" refers to the Arizona Corporation Commission.

"Customer" refers to any person, firm, corporation, or governmental entity who has applied for and is granted service or who is responsible for payment of service.

"Delinquent or Delinquency" refers to an account for which payment has not been paid in full on or before the last day for timely payment.

"Facility" refers to one or all of the elements of a physical plant used to provide telecommunications services.

"Grade of Service" refers to the type of service furnished to a Customer with respect to the functionality and capabilities of the service offering.

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DEFINITIONS (Cont'd)

"Grandfathered Service" applies to an obsolete and/or outdated service the Utility no longer wishes to provide. The grandfathering of a service is the Utility's method of managing a tariff for this service prior to ultimately discontinuing the service, or change existing tariff regulations without discontinuing certain rights, privileges or conditions of the service to existing customers.

"ICB" refers to pricing arrangements made on an individual case basis.

"Local Access Transport Area ("LATA")" refers to a geographic area established for the provision and administration of communications service. A LATA encompasses designated exchanges, which are grouped to serve common social, economic and other purposes.

"Nonrecurring Charges" refer to a one-time charge associated with given service or item of equipment which applies on a per-service and/or per item basis each time the service or item of equipment is provided.

"Service" refers to any telecommunications service(s) provided by the Company under this tariff.

"Subscriber" refers to the firm, company, corporation, or other entity that contracts for service under this tariff and that is responsible for the payment of charges as well as compliance with the Company's regulations pursuant to this tariff.

"Switching" refers to the machines that switch telephone calls from/to other telephones or trunks.

"Tariffs" refer to the tariffs, price lists, and generally applicable terms and conditions on file with a state or federal regulatory authority or publicly available on the Company's website in accordance with the regulations of a state or federal regulatory authority.

**SECTION 1. APPLICATION OF TARIFF**

- 1.1.1 This tariff governs the services provided by Zayo Bandwidth, LLC that originate and terminate within the State of Arizona. Specific services and rates are described elsewhere in this tariff.
- 1.1.2 The Company installs, operates, and maintains the communications services provided herein in accordance with the terms and conditions set forth under this tariff. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer, to allow connection of a Customer's location to the Company's network. The Customer shall be responsible for all charges due for such service arrangement.
- 1.1.4 The Company's services are available to large enterprise, government and wholesale Customers only.

## **SECTION 2. RULES AND REGULATIONS**

### **2.1 Undertaking of the Company**

This tariff contains the regulations, rates and charges applicable to resold and facilities-based competitive telecommunications services provided by the Company in the State of Arizona.

### **2.2 Obligations of the Customer**

2.2.1 The Customer shall be responsible for:

- 2.2.1.1 The payment of all applicable charges pursuant to this tariff.
- 2.2.1.2 Reimbursing the Company for damage to, or loss of, the Company's facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations, or by fire or theft or other casualty on the Customer's premises unless caused by the negligence or willful misconduct of the employees or agents of the Company.
- 2.2.1.3 Providing at no charge, as specified from time to time by the Company, any needed space and power to operate the Company's facilities and equipment installed on the Customer's premises.
- 2.2.1.4 Complying with all laws and regulations regarding the working conditions on the premises at which the Company's employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain the Company's facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material prior to any construction or installation work.

**SECTION 2. RULES AND REGULATIONS (Cont'd)**

**2.2 Obligations of the Customer (Cont'd)**

2.2.1.5 Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of the Company's facilities and equipment in any Customer premises for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company.

2.2.1.6 Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance for interruptions in service will be made for the period during which service is interrupted for such purposes.

2.2.2 With respect to any service or facility provided by the Company, the Customer shall indemnify, defend and hold harmless the Company from all claims, actions, damages, liabilities, costs and expenses for:

2.2.2.1 Any loss, destruction or damage to property of the Company or any third party, or injury to persons, including, but not limited to, employees or invitees of either the Company or the Customer, to the extent caused by or resulting from the negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees; or

2.2.2.2 Any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer.

**SECTION 2. RULES AND REGULATIONS (Cont'd)**

**2.2 Obligations of the Customer (Cont'd)**

2.2.3 The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The connection, operation, testing, or maintenance of such equipment shall be such as not to cause damage to the Company-provided equipment and facilities or injury to the Company's employees or other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.

2.2.4 The Company's services (as detailed in this tariff) may be connected to the services or facilities or other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs or contracts which are applicable to such connections.

2.2.5 Upon reasonable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in this tariff for the installation, operation, and maintenance of Customer-provided facilities and equipment that is connected to Company-owned facilities and equipment.

**2.3 Liability of the Company**

2.3.1 In view of the fact that the Customer has exclusive control over the use of service and facilities furnished by the Company, and because certain errors incident to the services and to the use of such facilities of the Company are unavoidable, services and facilities are furnished by the Company subject to the terms, conditions and limitations herein specified:

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**SECTION 2. RULES AND REGULATIONS (Cont'd)****2.3 Liability of the Company (Cont'd)**

- (A) The Company's damages arising out of its negligent acts, or mistakes, omissions, interruptions, delays, errors, or defects during the course of furnishing service, shall in no event exceed an amount equivalent to Company's charges for service during the period affected by such negligence, or in which such mistakes, omissions, interruptions, delays, errors, or defects occurred. Any mistakes, omissions, interruptions, delays, errors, or defects that are caused by or materially contributed to by the negligence or willful acts of Customer, or that arise from facilities or equipment used by Customer and not provided by Company, shall not result in the imposition of any liability upon Company.
- (B) Customer shall defend, indemnify, and hold harmless the Company, its officers and directors, employees, and agents from and against any and all lawsuits, claims, demands, penalties, losses, fines, liabilities, damages, and expenses of any kind and nature (including, without limitation, liability to third parties for personal injury or death and for loss or damage to property, and loss or damage to Company property, and injury to Company employees), without limitation whatsoever, that in any way arise out of or result from Customer's operations, installation or maintenance of equipment and facilities, or performance under this tariff, or that arises out of or in any way is connected with Customer's provision of service to its end users, or any use or attempted use by Customer or any such end user of services provided by the Company hereunder; provided that this section shall not apply to the extent that any injury, loss, or damage is caused by the gross negligence or willful misconduct on the part of the Company.

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**SECTION 2. RULES AND REGULATIONS (Cont'd)**

**2.3 Liability of the Company (Cont'd)**

- (C) The Company will not be liable for any act, omission to act, negligence, or defect in the quality of service of any underlying carrier or other service provider whose facilities or services are used in furnishing any portion of the service received by Customer. Company will not be liable for any failure of performance that is caused by or the result of any act or omission by Customer or any entity other than Company, that furnishes services, facilities, or equipment used in connection with Company's services or facilities.
- (D) EXCEPT AS EXPRESSLY PROVIDED IN THIS TARIFF, COMPANY MAKES NO EXPRESSED OR IMPLIED REPRESENTATIONS, OR WARRANTIES, INCLUDING ANY WARRANTIES REGARDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- (E) IN NO EVENT SHALL COMPANY BE LIABLE TO CUSTOMER FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES (INCLUDING WITHOUT LIMITATION, LOST PROFITS OR REVENUE).

**2.3.2 Limitation of Liability**

- 2.3.2.1 Nothing in this tariff shall be construed to limit the Company's liability in cases of gross negligence or willful misconduct.
- 2.3.3.1 Neither Party shall be responsible for delays or failures in performance, except for the obligation to make payments required under this tariff, resulting from acts or occurrences in the nature of force majeure such as fire, explosion, acts of God, war, or civil commotion; any law, order, regulation, or ordinance of any government or legal body; strikes; or delays caused by the other Party. In such event, the Party affected shall, upon giving prompt notice to the other, be excused from such performance to the extent of such interference. The affected Party shall use its reasonable efforts to avoid or remove the cause of non-performance and both Parties shall proceed to perform with dispatch once the causes are removed or cease.

**SECTION 2. RULES AND REGULATIONS (Cont'd)**

2.4 Application for Service

2.4.1 Minimum Contract Period

2.4.1.1 Except as otherwise provided, the minimum contract period is one month for all services furnished. When a service is discontinued prior to the expiration of the minimum period, charges are applicable, whether the service is used or not.

2.4.1.2 The Company may require a minimum contract period longer than one month in connection with special, non-standard types or arrangements of equipment, or for unusual construction, necessary to meet special demands for service.

2.4.2 Cancellation of Service

2.4.2.1 Where the applicant cancels an order for service prior to the start of the installation or special construction of facilities, no charge shall apply, except to the extent the Company incurs a service order or similar charge from a supplying carrier, if any, prior to the construction.

**SECTION 2. RULES AND REGULATIONS (Cont'd)**

**2.4 Application for Service (Cont'd)**

- 2.4.2.2 Where the installation of facilities, other than those provided by special construction, has been started prior to cancellation, the lower of the following charge applies;
  - 2.4.2.2.A The total costs of installing and removing such facilities; or
  - 2.4.2.2.B The monthly charges for the entire initial contract period of the service ordered by the Customer as provided in this tariff plus the full amount of any applicable installation and termination charges.
- 2.4.2.3 Where special construction of facilities has been started prior to the cancellation, and the Company has another requirement for the specially constructed facilities, no charge applies.
- 2.4.2.4 The Company reserves the right to redefine its regions, add new regions, or remove regions from its current offering, as it deems appropriate in its sole discretion and will provide the Customer with at least thirty (30) days' notice of any change in the definition of the Company's regions.
- 2.4.2.5 In the event the Company plans to exit a current region, the Company shall provide Customer with thirty (30) days prior written notification of the Company's intent. The Customer shall be allowed to immediately terminate services in the affected region without penalty.

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**SECTION 2. RULES AND REGULATIONS (Cont'd)****2.5 Payment for Service**

2.5.1 Company will bill Customer monthly, unless there is a contract for a longer billing period, with recurring charges being billed in advance and any usage charges billed in arrears. All amounts due Company are payable in full within thirty (30) days ("Due Date") from the date of invoice ("Bill Date").

2.5.2 Payments are past due if not received by the Company by the Due Date. Any amounts past due will be subject to a late payment charge accruing at the rate of 1-1/2% per month or the highest lawful rate, whichever is lower, until paid. In addition, invoices not paid within forty (40) days of the Bill Date and which have not been disputed in accordance with the procedures set forth in Section 2.7.1 of this tariff, may result in suspension of service until the overdue payment and any additional charges that may be imposed to restore service, have been paid. Customer agrees to pay all costs incurred by Company in collecting any unpaid amounts. Failure of the Customer to pay all undisputed amounts by the Due Date is a material breach and Company shall notify Customer and allow five (5) days for Customer to cure a monetary breach, and if default remains uncured, Company may terminate services hereunder for non-payment.

2.5.3 The Customer is responsible for payment of all charges for service furnished to the Customer. Charges based on actual usage during a month will be billed monthly, unless there is a contract for a longer billing period, in the month following the month in which the service was used. All fixed monthly and nonrecurring charges for services ordered will be billed monthly in advance.

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**SECTION 2. RULES AND REGULATIONS (Cont'd)****2.5 Payment for Service (Cont'd)**

2.5.4 The Company reserves the right to require from an applicant for service advance payments of fixed charges and nonrecurring charges. The advance payment will not exceed an amount equal to the nonrecurring charge(s) and one month's recurring charges for the service or facility. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated nonrecurring charges for the special construction. The advance payment will be applied to any indebtedness for the service and facilities for which the advance payment is made on the Customer's initial bill.

Advanced payments for installation costs or special construction will be credited on the first bill in their entirety.

**2.6 Customer Deposits**

2.6.1 The Company may require a deposit or guarantee of payment from any Customer or applicant who has not established good credit with that utility. Deposit or guarantee of payment requirements as prescribed by the utility must be based upon standards which bear a reasonable relationship to the assurance of payment.

A deposit shall not exceed an estimated two months gross bill or existing two months bill where applicable. All deposits shall be in addition to payment of an outstanding bill or a part of such bill as has been resolved to the satisfaction of the Company, except where such bill has been discharged in bankruptcy. The Company will not require a deposit or a guarantee of payment without explaining in writing why that deposit or guarantee is being required and under what conditions, if any, the deposit will be diminished upon return.

The Company may determine whether a Customer has established good credit with that utility, except as herein restricted:

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**SECTION 2. RULES AND REGULATIONS (Cont'd)****2.6 Customer Deposits (Cont'd)**

- 2.6.1.1 A Customer, who within the last 12 months has not had service disconnected for nonpayment of a bill and has not been liable for disconnection of service for nonpayment of a bill, and the bill is not in dispute, shall be deemed to have established good credit.
- 2.6.1.2 The Company shall not require a deposit or a guarantee of payment based upon income, home ownership, residential location, employment tenure, nature of occupation, race, color, creed, sex, marital status, age, national origin, or any other criteria which does not bear a reasonable relationship to the assurance of payment or which is not authorized by this chapter.
- 2.6.1.3 No utility shall use any credit reports other than those reflecting the purchase of utility services to determine the adequacy of a Customer's credit history without the permission in writing of the Customer. Any credit history so used shall be mailed to the Customer in order to provide the Customer an opportunity to review the data. Refusal of a Customer to permit use of a credit rating or credit service other than that of a utility shall not affect the determination by the utility as to that Customer's credit history.
- 2.6.1.4 Interest shall be paid on deposits in excess of \$20 at the rate set by Arizona statute. Interest on deposits shall be payable from the date of deposit to the date of refund or disconnection. The Utility may, at its option, pay the interest at intervals it chooses but at least annually, by direct payment, or as a credit on bills.

**2.6.2 Return of Deposit**

Upon termination of service, the deposit with accrued interest shall be credited to the Customer's final invoice and the balance shall be returned within 45 days to the Customer.

**2.6.3 Guarantee of Payment**

The Utility may accept, in lieu of deposit, a contract signed by a guarantor satisfactory to the Utility whereby payment of a specified sum, not exceeding the deposit requirement, is guaranteed. The term of such

contract shall be for no longer than 12 months, but shall automatically terminate after the Customer has closed and paid the account with the Utility, or at the guarantor's request upon 60 days' written notice to the Utility. Upon termination of a guarantee contract or whenever the Utility deems same insufficient as to amount or surety, a cash deposit or a new or additional guarantee may be required for good cause upon reasonable written notice to the Customer.

The service of any Customer who fails to comply with these requirements may be disconnected upon notice as prescribed in Arizona Rules. The Utility shall mail the guarantor copies of all disconnect notices sent to the customer whose account he has guaranteed unless the guarantor waives such notice in writing.

**SECTION 2. RULES AND REGULATIONS (Cont'd)**

**2.7 Customer Complaints and Billing Disputes**

2.7.1 In the event that Customer disputes any charges, Customer must submit a written claim describing the disputed amount. Customer shall submit all documentation as may reasonably be required to support the claim. Payment may be withheld for the amounts subject to a dispute submitted prior to the Due Date. All disputes and claims for refunds must be submitted to Company within forty-five (45) days of the Bill Date. If Customer does not submit a claim as stated above, Customer waives all rights to file a claim thereafter. Company shall investigate and resolve all disputes within forty-five (45) days of receipt of the dispute and Company's resolution of such a dispute is final. Any portion of a disputed amount deemed payable by Company must be paid in full within ten (10) days of resolution or Customer's service may be subject to disconnection and late payment charges imposed on the overdue amount.

2.7.2 Customers may register any inquiry or complaint at:

Zayo Bandwidth, LLC  
901 Front Street, Suite 200  
Louisville, Colorado 80027  
Telephone: (800) 390-6094  
Email: [billing@zayo.com](mailto:billing@zayo.com)  
Web: [www.zayo.com/bandwidth](http://www.zayo.com/bandwidth)

2.7.3 Customers unable to resolve a dispute with the Company may submit any inquiry or complaint to the:

Arizona Corporate Commission  
[insert contact info]

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**SECTION 2. RULES AND REGULATIONS (Cont'd)****2.8 Allowance for Interruptions in Service**

2.8.1 Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in equipment owned, provided, or billed for, by the Company.

2.8.2 The following allowances are provided for interruptions in service, as specified for particular services furnished solely by the Company:

The Company shall allow for interruptions in exchange telephone service of 24 hours or more not due to conduct of Customer an amount equal to the fixed monthly charges for exchange service multiplied by the ratio of the days of interruption to thirty days. When interruptions continue beyond 24 hours, credit allowance will be given in successive 24-hour multiples.

**2.9 Taxes, Fees and Surcharges**

2.9.1 All state and local taxes and fees shall be listed as separate line items on the Customer's bill.

2.9.2 If a municipality, other political subdivision or local agency of government, or the Commission imposes and collects from the Company a gross receipts tax, occupation tax, real estate tax, license tax, permit fee, franchise fee, or regulatory fee, such taxes and fees shall, as allowed by law, be billed pro rata to the Customer receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government.

2.9.3 Service shall not be subject to taxes for a given taxing jurisdiction if the Customer provides the Company with written verification, acceptable to the Company and to the relevant taxing jurisdiction, that the Customer has been granted a tax exemption.

2.9.4 All Customers are subject to the Arizona Lifeline Support and Telecommunications Relay Service/Telecommunication Devices for the Deaf surcharges. The surcharges will appear as a monthly charge on the Customers bills.

**SECTION 2. RULES AND REGULATIONS (Cont'd)**

**2.10 Returned Check Charge**

The charge for a returned check is \$15.00 or five percent of the amount of the check, whichever is greater.

**2.11 Special Customer Arrangements**

In cases where a Customer requests special or unique arrangements which may include but are not limited to engineering, conditioning, installation, construction, facilities, assembly, purchase or lease of facilities and/or other special services not offered under this tariff, the Company, may provide the requested services. Appropriate recurring charges and/or nonrecurring charges and other terms and conditions will be developed for the customer for the provisioning of such arrangements. All special Customer arrangements will be in writing and will be filed with the Commission.

**SECTION 2. RULES AND REGULATIONS (Cont'd)**

**2.12 Disconnection and Termination of Service**

The Company shall not disconnect basic local service for nonpayment of toll or information service charges or any service other than basic local service.

**2.12.1 Disconnection of Service Without Notice**

Company shall have the right to refuse or discontinue telephone service or service arrangements without advance notice, if the acts of the Customer or the conditions upon their premises are such as to indicate an intent to defraud Company or to use the Service to defraud a third party, including but not limited to, providing false credit information, significantly misstating expected service volumes, using the services for unlawful purposes, or using services without intent to pay.

Company will attempt to contact the Customer by telephone prior to discontinuing the Service or portions thereof. If Company is unable to contact the Customer by telephone, a letter will be mailed to the Customer on the same date that their service or service arrangement is discontinued, explaining the reasons for such action and the Customer's right to dispute such action.

Customer is responsible for all charges attributable to Customer, even if incurred as a result of fraudulent or unauthorized use of the Service by third parties. Company may, but is not obligated to, detect or report unauthorized or fraudulent use of Service.

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**SECTION 2. RULES AND REGULATIONS (Cont'd)****2.12 Disconnection and Termination of Service (Cont'd)****2.12.2 Disconnection of Service Requiring Notice**

Disconnection notices issued by the Company will inform the Customer facing service disconnection of the total amount which the Customer would need to pay in order to avoid disconnection of service. [It must also inform the Customer of the Company's legal obligation to provide service to customers whose access service charges are paid, even while their toll service is disconnected for nonpayment of outstanding toll debt.

2.12.2.1 The Company may disconnect service for any of the following reasons provided it has notified the Customer of its intent, in writing, to disconnect service and has allowed the Customer a reasonable time of not less than thirty (30) days in which to remove the cause for disconnection:

2.12.2.1.A Non-compliance with Regulations. For violation of or non-compliance with Commission's rules and regulations or for violation of or non-compliance with the Company's tariffs on file with the Commission.

2.12.2.1.B Failure on Contractual Obligations. For failure of the Customer to fulfill his contractual obligations for service or facilities subject to regulation by the Commission.

2.12.2.1.C Refusal of Access. For failure of the Customer to permit the Company to have reasonable access to its equipment and property.

2.12.2.1.D Failure to meet the utility's deposit and credit requirements.

**SECTION 2. RULES AND REGULATIONS (Cont'd)**

**2.12 Disconnection and Termination of Service (Cont'd)**

**2.12.2. Disconnection of Service Requiring Notice**

2.12.2.1.E For non-payment of a bill for service, provided that the Company has made a reasonable attempt to effect collection and has given the Customer written notice of its *intent to deny service* if settlement of his account is not made and provided the Customer has at least five (5) days notice, in which to make settlement before his service is denied.

2.12.2.1.F **Failure to Comply with Service Conditions.** For failure of the Customer to furnish the service equipment, permits, certificates, or rights-of-way, specified by the Company as a condition to obtaining service, or if the equipment or permissions are withdrawn or terminated.

**SECTION 2. RULES AND REGULATIONS (Cont'd)**

**2.13 Unlawful Use of Service**

2.13.1 Service shall not be used for any purpose in violation of law or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents, and permits. The Company shall refuse to furnish service to an applicant or shall disconnect the service without notice of a Customer when:

2.13.1.1 An order shall be issued, signed by a judge finding that probable cause exists to believe that the use made or to be made of the service is prohibited by law, or

2.13.1.2 The Company is notified in writing by a law enforcement agency acting within its jurisdiction that any facility furnished by the Company is being used or will be used for the purpose of transmitting or receiving gambling information in interstate or foreign commerce in violation of the law.

2.13.2 If service has been physically disconnected by law enforcement officials at the Customer's premises and if there is not presented to the Company the written finding of a judge, then upon written or verbal request of the subscriber, and agreement to pay restoral of service charges and other applicable service charges, the Company shall promptly restore such service.

**2.14 Interference with or Impairment of Service**

Service shall not be used in any manner that interferes with other persons in the use of their service, prevents other persons from using their service, or otherwise impairs the quality of service to other Customers. The Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others or impairing the service of others.

**SECTION 2. RULES AND REGULATIONS (Cont'd)**

**2.15 Overcharge/Undercharge**

2.15.1 When a Customer has been overcharged, the amount shall be refunded or credited to the Customer.

**2.16 Notices**

2.16.1 Any notice required or permitted to be given under this tariff shall be in writing and delivered by hand, mail, national overnight courier service or by fax if confirmed by telephone to the Customer, at the address or phone numbers shown herein or at such other address or phone numbers as shall be designated from time to time.

**2.17 Access to Telephone Relay Services**

2.17.1 Where required by the Commission and where Company provides switched services, the Company will participate in telephone relay services for handicapped and/or hearing impaired end users, and will comply with all regulations and requirements. The Company shall impose any monthly surcharge or any other related charge upon its telecommunications Customers as may be required by state law.

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**SECTION 3. DESCRIPTION OF SERVICES****3.1 General**

The various types of service offered by the Company are described below. The Company's services are billed at predetermined monthly rates, unless there is a contract for a longer billing period. Recurring charges are billed in advance of the month in which the service is provided. Any optional features and extraordinary installation costs other than recurring and nonrecurring charges may apply as described herein. Customers requesting these services may subscribe to services on a month-to-month basis, or on an individual case basis as described in Section 3.6.

**3.2 Service Configurations**

There are two types of service configuration over which Company's services are provided: point-to-point and multipoint service.

**3.2.1 Point-to-Point Service**

Point-to-Point Service connects two premises designated by the Customer, either on a directly-connected basis, or through a hub where multiplexing functions are performed.

**3.2.2 Multipoint Service**

Multipoint Services connect three or more premises designated by the Customer through a Company hub. While there is no limitation on the number of locations that may be connected through multipoint service, the quality of service may be degraded when more than three points are connected. Multipoint services may be provided where it is technically possible to provide those services. However, if the Company determines that the requested multipoint service is not feasible, the Customer will be notified and provided an opportunity to change the order within forty-five (45) days.

**SECTION 3. DESCRIPTION OF SERVICES (Cont'd)**

**3.3 Service Descriptions and Technical Specifications**

The Company plans to offer the following services:

**3.3.1 100Mbps, 1Gbps, and 10Gbps Ethernet Service**

The Company provides point-to-point broadband communications services through 100Mbps, 1Gbps, and 10Gbps Ethernet circuits, provided between locations designated by the Customer and/or between such locations and a Company hub, through fiber optic cable owned or controlled by Company.

**3.4 Rate Categories**

There are six rate categories that may apply to the Company's Services.

**3.4.1 Channel Terminations**

The Channel Termination Rate category provides for the communications path between two premises designated by a Customer. Included as part of the Channel Termination is a standard channel interface arrangement which defines the technical characteristics associated with the type of facilities to which the Company's service is to be connected, and the type of signaling capability (if any). One Channel Termination charge applies per Customer designated premises at which the service is terminated.

**3.4.2 Channel Mileage**

The Channel Mileage Rate category provides for the transmission facilities between two or more premises designated by a Customer.

**SECTION 3. DESCRIPTION OF SERVICES (Cont'd)**

**3.4.3 Extraordinary Charges**

From time to time, Customers may request special services not addressed specifically by rate elements in this Tariff, or services to locations that may cause Company to incur extraordinary expenses not contemplated in the provision of standard service offerings. These costs include, but are not limited to:

Additional construction costs

Building space rental or rights-of-way costs

Additional equipment

Special facilities routing

In these cases, the Customer will be billed additional charges on an ICB.

**3.4.4 Volume Discounts**

Discounts for specified dollar volumes of traffic to a specific location or aggregate dollar volumes may apply to Customers that subscribe to substantial volumes of the Company's services.

**3.4.5 Term Discounts**

Customers will be eligible for discounts for executing agreements for services for one to ten years.

**SECTION 3. DESCRIPTION OF SERVICES (Cont'd)**

**3.5 Application of Rate Elements**

The rate categories described in this Tariff will be applied as follows, when applicable:

**3.5.1 Point-to-Point Services**

Channel Terminations

Channel Mileage

Optional Features and Functions

Extraordinary Charges

Volume Discounts

Term Discounts

**3.5.1.1 Multipoint Services**

Channel Terminations

Channel Mileage

Optional Features and Functions

Extraordinary Charges

Volume Discounts

Term Discounts

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**SECTION 3. DESCRIPTION OF SERVICES (Cont'd)****3.6 Contract Rates – Special Pricing Arrangements – ICB**

3.6.1 In lieu of the rates, terms and conditions set forth in this Tariff, rates and charges may be established at negotiated rates on an ICB, taking into account the nature of the facilities and services, the costs of construction and operation, the volume of traffic, the length of service commitment by the Customer, and use of facilities by other Customers. Such arrangements shall be considered Special Pricing Arrangements, the term of which will be set forth in individual Customer contracts. Unless otherwise specified in the individual Customer contract, the terms, conditions, obligations and regulations set forth in this Tariff shall be incorporated into, and become a part of, said contract, and shall be binding on the Company and the Customer. In the event of a conflict between the terms and conditions of this Tariff and an individual Customer contract, the terms and conditions from the individual Customer contract shall apply. Specialized rates or charges will be made available to similarly-situated Customers on a non-discriminatory basis. ICB contracts will be submitted to the Commission as required.

3.6.2 In addition to any rate or charge established by the Company, the Customer will also be responsible for any recurring or non-recurring charges imposed by telephone companies incurred by or on behalf of the Customer in establishing and maintaining service. Such charges may be billed by the Company or directly by the telephone company, at the Company's option.

**3.7 Taxes****3.7.1 Sales, Use and Excise Taxes**

In addition to all recurring, non-recurring, usage or special charges, Customer shall also be responsible for and shall pay all applicable federal, state and local sales, use and excise taxes.

**SECTION 3. DESCRIPTION OF SERVICES (Cont'd)**

**3.8 Temporary Promotional Programs**

The Company may establish temporary promotional programs wherein it may waive or reduce recurring or non-recurring charges, to introduce a present or potential Customer to a service no previously subscribed to by the Customer.

## **SECTION 4. RATES AND CHARGES**

### **4.1 General Regulations**

4.1.1 Except as specifically indicated, the rates set forth in this section are for private line services where the originating and terminating points are on Company's existing network. In all other situations, special construction charges may apply in order to connect locations to Company's network.

4.1.2 Services may be provided using one, or a combination of *rate elements* as outlined in this Tariff.

### **4.2 Charges for Changes to Pending Orders, Service Rearrangements and Expedite Charges**

From time to time, Customers may request changes to pending orders, rearrangements to existing service, and order completion to standard intervals. In these cases, the Customer will be required to reimburse the Company for the increased expenses incurred on an ICB.

### **4.3 Nonrecurring Charge**

Non recurring charges will be charged on a time and materials basis.

### **4.4 Special Construction**

#### **4.4.1. Bases for Rates and Charges**

Rates and charges for special construction will be based on the costs incurred by the Company and may include (1) nonrecurring type charges; (2) recurring type charges; (3) termination liabilities; or (4) combinations thereof.

**SECTION 4. RATES AND CHARGES (Cont'd)**

4.4.2 The costs referred to in Section 4.4.1 may include one or more of the following items to the extent that they are applicable:

- A. Installed cost of the facilities, including estimated costs for the rearrangement of existing facilities. Cost installed includes the cost of:
  - 1. equipment and materials provided or used,
  - 2. engineering, labor and supervision,
  - 3. transportation, and
  - 4. rights-of-way;
- B. cost of maintenance;
- C. depreciation on the estimated installed cost of any facilities provided, based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage;
- D. administration, taxes, and uncollectible revenue on the basis of reasonable average costs for these items;
- E. license preparation, processing, and related fees;
- F. tariff preparation, processing, and related fees;
- G. any other identifiable costs related to the facilities provided; or
- H. an amount for return and contingencies.

**SECTION 4. RATES AND CHARGES (Cont'd)****4.5 Rates****4.5.1 Point-to-Point and Multipoint Services****4.5.1.1 Metro Phoenix Pricing (on-net circuit originates and terminates in the Phoenix market)**

DS3 Point to Point – \$1,040 MRC/\$1000 NRC  
 OC3 Point to Point – \$2,595 MRC/\$2000 NRC  
 OC12 Point to Point – \$5,973 MRC/\$3000 NRC  
 OC12 Hub – \$4,100 MRC/\$3000 NRC  
 OC48 Hub – \$8,200 MRC/\$5000 NRC  
 DS3 Tail - \$500 MRC/\$1000 NRC  
 OC3 Tail - \$1300 MRC/\$2000 NRC  
 OC12 Tail – \$3000 MRC/\$3000 NRC  
 100Mb Point to Point - \$1,890 MRC/\$2000 NRC  
 1000Mb Point to Point - \$7,290 MRC/\$5000 NRC

**4.5.2 Service Elements****4.5.2.1 Nonrecurring Charges**

Administrative Charge:	ICB
Design and Central Office Connection Charge:	ICB
Customer Connection Charge:	ICB
Local Distribution Channel:	ICB
Channel Mileage Termination:	ICB
Channel Mileage:	ICB
Optional Features:	
Add/Drop Multiplexing:	ICB
Add/Drop Function:	ICB

Issued: July 31, 2009

Effective: August 30, 2009

Christopher P. Yost, General Counsel  
 Zayo Bandwidth, LLC  
 901 Front Street, Suite 200  
 Louisville, CO 80027

**Attachment C**

**[NOT APPLICABLE]**

**Attachment D**  
**Financial Information**



Grant Thornton

Consolidated Financial Statements and Report  
of Independent Certified Public Accountants

**Zayo Group, LLC and Subsidiaries**

June 30, 2008

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Grant Thornton

## Report of Independent Certified Public Accountants

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To the Members of  
Zayo Group, LLC and Subsidiaries

We have audited the accompanying consolidated balance sheet of Zayo Group LLC (a Delaware corporation) and subsidiaries (collectively, the “Company”) as of June 30, 2008, and the related consolidated statements of operations, member’s equity and cash flows for the year then ended. These consolidated statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Zayo Group, LLC and subsidiaries as of June 30, 2008 and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

Denver, Colorado  
November 26, 2008

## Consolidated balance sheet

	June 30, 2008
	(In thousands)
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 5,644
Trade receivables, net of allowance of \$463	12,665
Due from affiliate	37
Other receivables	186
Prepaid expenses	1,690
Deferred income taxes	737
Total current assets	<u>20,959</u>
Property and equipment, net of accumulated depreciation of \$10,137	186,428
Intangible assets, net of accumulated amortization of \$6,290	47,328
Goodwill	71,391
Deferred income taxes	28,069
Restricted cash, non-current	245
Debt issuance costs, net	4,145
Other assets	1,123
Total assets	<u>\$ 359,688</u>
<b>Liabilities and member's equity</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 6,339
Accrued liabilities	18,589
Taxes payable	1,265
Capital lease obligations, current portion	1,498
Long-term debt, current portion	502
Deferred revenue, current portion	2,024
Total current liabilities	<u>30,217</u>
Capital lease obligations, net of current portion	13,136
Long-term debt, net of current portion	99,803
Deferred revenue, net of current portion	14,345
Deferred income taxes	20,913
Other long-term liabilities	3,183
Total liabilities	<u>181,597</u>
Commitments and contingencies (note I)	-
<b>Member's equity</b>	
Member's interest	179,878
Accumulated deficit	(1,787)
Total member's equity	<u>178,091</u>
Total liabilities and member's equity	<u>\$ 359,688</u>

The accompanying notes are an integral part of this consolidated statement.

## Consolidated statement of operations

	Year ended June 30, 2008
	(In thousands)
Revenue	\$ 102,359
Operating costs and expenses	
Operating costs, excluding depreciation and amortization	34,479
Selling, general and administrative expenses	42,775
Deferred compensation	3,381
Depreciation and amortization	16,509
Total operating costs and expenses	<u>97,144</u>
Operating income	<u>5,215</u>
Other income (expense)	
Interest expense	(6,208)
Interest income	279
Other income, net	188
Total other expense, net	<u>(5,741)</u>
Loss before income taxes	(526)
Provision for income taxes	<u>1,007</u>
Net loss	<u>\$ (1,533)</u>

The accompanying notes are an integral part of this consolidated statement.

## Consolidated statement of member's equity

	Year ended June 30, 2008		
	(In thousands)		
	Member's interest	Accumulated deficit	Total member's equity
Balance at July 1, 2007	\$ 6,797	\$ (254)	\$ 6,543
Capital contributed	166,450	-	166,450
Membership interest - compensation	3,381	-	3,381
Property contributed	3,250	-	3,250
Net loss	-	(1,533)	(1,533)
Balance at June 30, 2008	<u>\$ 179,878</u>	<u>\$ (1,787)</u>	<u>\$ 178,091</u>

The accompanying notes are an integral part of this consolidated statement.

## Consolidated statement of cash flows

	Year ended June 30, 2008
	(In thousands)
<b>Cash flows from operating activities</b>	
Net loss	\$ (1,533)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation and amortization	16,509
Provision for doubtful accounts	463
Amortization of deferred financing costs	500
Membership interest - compensation	3,381
Deferred taxes	(258)
Changes in operating assets and liabilities, net of acquisitions	
Receivables	4,659
Prepaid expenses	542
Other assets	(302)
Accounts payable and accrued liabilities	(5,991)
Deferred revenues	(2,994)
Other Liabilities	(1,573)
Net cash provided by operating activities	<u>13,403</u>
<b>Cash flows from investing activities</b>	
Purchases of property and equipment	(23,650)
Acquisition of Memphis Network, LLC, net of cash acquired	(9,173)
Acquisition of PPL Telcom, LLC, net of cash acquired	(41,318)
Acquisition of Indiana Fiber Works, LLC, net of cash acquired	(22,601)
Acquisition of Onvoy, Inc. net of cash acquired	(69,954)
Acquisition of Voicepipe Communications, Inc., net of cash acquired	465
Acquisition of Citynet Fiber Network, LLC, net of cash acquired	(99,168)
Acquisition of Northwest Telephone, Inc., net of cash acquired	(5,799)
Proceeds from disposition of property and equipment	1,189
Net cash used in investing activities	<u>(270,009)</u>
<b>Cash flows from financing activities</b>	
Equity contributions	166,450
Proceeds from borrowings	100,000
Principal repayments on capital lease obligations	(877)
Deferred financing costs	(4,645)
Increase in restricted cash	(230)
Net cash provided by financing activities	<u>260,698</u>
Net increase in cash and cash equivalents	4,092
Cash and cash equivalents, beginning of period	<u>1,552</u>
Cash and cash equivalents, end of period	<u>\$ 5,644</u>
<b>Supplemental disclosure of cash flows information</b>	
Cash paid for interest	\$ 5,346
Cash paid for income taxes	\$ 5

## Supplemental disclosure of non-cash, investing and financing activities

The Company had approximately \$5,012 of accrued construction liabilities relating to its various development projects as of June 30, 2008. In addition, the Company entered into capital leases of approximately \$1,180 during 2008. The Company has offset the total purchases of property and equipment by these amounts.

Please refer to note A of the Company's consolidated financial statements for details of the Company's recent acquisitions.

The accompanying notes are an integral part of this consolidated statement.

June 30, 2008

(In thousands, except unit and per unit amounts)

## Notes to consolidated financial statements

**Note A – Organization and description of business**

Zayo Group, LLC, a Delaware LLC, formerly CII Holdco, Inc., and, prior to that, Zayo Bandwidth, Inc., was formed on May 4, 2007, and is the operating parent company of a number of subsidiaries engaged in telecommunication services. Zayo Group, LLC and its subsidiaries are collectively referred to as “Zayo Group” or the “Company”. Headquartered in Louisville, Colorado, the Company operates an integrated metropolitan and nationwide fiber optic infrastructure to offer:

- Converged and data services.
- Voice services including long-distance, digital trunks, business lines, Signaling System 7 and two way primary rate interface services.
- Private line services consisting of local and intercity dedicated facilities.

Zayo Group, LLC is wholly owned by Zayo Group Holdings, Inc., which in turn is wholly owned by Communications Infrastructure Investments, LLC. Zayo Group Holdings, Inc. has no operations and was formed to pledge its equity interest in Zayo Group, LLC, to the Company’s lenders.

**Acquisitions**

During the course of the year, the Company completed the purchase of Memphis Network, LLC (“Memphis”) (July 31, 2007), PPL Telecom, LLC (“PPL”) (August 24, 2007), Indiana Fiber Works, LLC (“Indiana”) (September 28, 2007), Onvoy, Inc. (“Onvoy”) (November 7, 2007), Voicepipe Communications, Inc. (“Voicepipe”) (November 7, 2007), Citynet Fiber Network, LLC (“Citynet”) (February 15, 2008) and Northwest Telephone, Inc. (“Northwest”) (May 30, 2008). In the Memphis, PPL, Indiana and Citynet acquisitions, the Company acquired all of the membership interests outstanding. The Company also acquired all of the outstanding shares of Onvoy, Northwest and Voicepipe.

The acquisitions were accounted for using the purchase method of accounting in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 141, *Business Combinations* with the assets acquired and liabilities assumed being recorded at estimated fair values.

The accompanying consolidated financial statements include the operations and financial position of the acquired entities from their respective acquisition dates.

# Zayo Group LLC and Subsidiaries

8

June 30, 2008

(In thousands, except unit and per unit amounts)

## Note A – Organization and description of business (continued)

### Acquisitions (continued)

The following table presents the preliminary allocation, which is subject to change, of the acquisition cost, including professional fees and other related acquisition costs, to the assets acquired and liabilities assumed, based on their estimated fair values:

	Memphis	PPL	Indiana	Onvoy	Voicepipe	Citynet	Northwest
Current assets	\$ 754	\$ 2,819	\$ 1,718	\$ 16,241	\$ 825	\$ 4,365	\$ 1,224
Property and equipment	10,771	54,631	24,779	41,028	180	32,186	4,353
Intangibles	1,581	6,307	-	26,912	1,085	16,947	786
Goodwill	-	-	9,946	2,806	2,136	52,928	3,575
Deferred income taxes	-	56	-	22,075	27	-	28
Other assets	506	100	13	88	-	301	113
<b>Total assets acquired</b>	<b>\$ 13,612</b>	<b>\$ 63,913</b>	<b>\$ 36,456</b>	<b>\$ 109,150</b>	<b>\$ 4,253</b>	<b>\$ 106,727</b>	<b>\$ 10,079</b>
Current liabilities	\$ 3,823	\$ 4,220	\$ 3,321	\$ 13,261	\$ 364	\$ 1,986	\$ 1,023
Capital lease obligations	616	10,433	-	-	-	1,688	1,594
Long-term debt	-	-	-	303	-	-	-
Deferred revenue	-	2,909	10,001	3,051	194	2,520	689
Deferred income taxes	-	-	-	13,255	445	-	852
Other liabilities	-	50	-	3,831	-	73	-
<b>Total liabilities assumed</b>	<b>4,439</b>	<b>17,612</b>	<b>13,322</b>	<b>33,701</b>	<b>1,003</b>	<b>6,267</b>	<b>4,158</b>
Purchase consideration	9,173	46,301	23,134	75,449	3,250	100,460	5,921
Less cash acquired	-	-	533	5,495	465	1,292	122
Less units issued	-	-	-	-	3,250	-	-
<b>Net cash paid (received)</b>	<b>\$ 9,173</b>	<b>\$ 46,301</b>	<b>\$ 22,601</b>	<b>\$ 69,954</b>	<b>\$ (465)</b>	<b>\$ 99,168</b>	<b>\$ 5,799</b>

A portion of the consideration in the Memphis, Onvoy, Citynet and Northwest acquisitions was paid into escrow accounts, to be disbursed upon the settlement of various purchase agreement terms including net working capital adjustments, severance payments and claims for indemnification. As of June 30, 2008, \$12,025 remains in escrow.

In connection with the acquisition of PPL, a deposit of \$4,983 was paid during the period ended June 30, 2007.

In connection with the various acquisitions, the previous owners entered into various agreements, including indefeasible rights-of-use agreements with other telecommunication service providers to lease them fiber and other infrastructure. In accordance with Emerging Issues Task Force 01-03, *Accounting in a Business Combination for Deferred Revenue of an Acquiree* (“EITF 01-03”) the estimated value of deferred revenue was calculated based on its estimated fair value at acquisition date. The Company determined that approximately \$10,900 met the standards set by EITF 01-03 as representing assumed legal obligations, the balance of the deferred revenue, mostly customer prepayments with no remaining obligations was not recorded. This deferred revenue is expected to be recognized over the next five to twenty years.

## Note B – Summary of significant accounting policies

### Basis of presentation

The accompanying consolidated financial statements include all the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note B – Summary of significant accounting policies (continued)****Estimates and assumptions**

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Significant estimates are used when establishing allowances for doubtful accounts, reserves for disputed line cost billings, determining useful lives for depreciation and amortization, assessing the need for impairment charges, allocating purchase price among the fair values of assets acquired and liabilities assumed, accounting for income taxes and various other items. The Company evaluates these estimates and judgments on an ongoing basis and bases its estimates on historical experience, *current conditions* and various other assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results may differ from these estimates under different assumptions or conditions.

**Cash equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

**Restricted cash**

Restricted cash consists of cash balances held by various financial institutions as collateral for debt, letters of credit and surety bonds. These balances are reclassified to cash and cash equivalents when the underlying obligation is satisfied, or in accordance with the governing debt agreement.

**Property and equipment**

The Company's property and equipment includes property and equipment in service, under construction or development, and held for sale.

Property and equipment is recorded at historical cost or acquisition fair value, net of reductions for the allocation of negative goodwill. Costs associated directly with network construction, service installations and development of business support systems including employee related costs, are capitalized.

Depreciation is calculated on a straight-line basis over the assets' estimated useful lives, which are determined based on historical usage with consideration given to technological changes, trends in the industry and other economic factors that could impact the network architecture and asset utilization. Assets held for sale are stated at the lower of cost or estimated proceeds from the sale, less costs to sell.

Equipment acquired under capital leases is recorded at the lower of the fair value of the asset or the net present value of the minimum lease payments at the inception of the lease, net of reductions for the allocation of negative goodwill. Amortization of equipment held under capital leases is included in depreciation and amortization expense, and is calculated on a straight-line basis over the estimated useful lives of the assets, or the related lease term, whichever is shorter.

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note B – Summary of significant accounting policies (continued)****Property and equipment (continued)**

The Company provides for the impairment of long-lived assets pursuant to SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (“SFAS No. 144”) which requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of its assets may not be recoverable. An impairment loss is recognized when the assets’ carrying value exceeds both the assets’ estimated undiscounted future cash flows, excluding interest, and the assets’ estimated fair value. Measurement of the impairment loss is then based on the estimated fair value of the assets. Considerable judgment is required to project such future cash flows and, if required, to estimate the fair value of the long-lived assets and the amount of the impairment.

**Goodwill and purchased intangibles**

Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in a business combination. SFAS No. 142, *Goodwill and Other Intangible Assets* (“SFAS No. 142”) addresses the methods used to capitalize, amortize and to assess impairment of intangible assets, including goodwill resulting from business combinations accounted for under the purchase method. Pursuant to SFAS No. 142, the Company does not amortize goodwill and other intangible assets that have indefinite useful lives; rather, goodwill and other intangible assets with indefinite lives are tested for impairment, at least annually. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their residual values, and reviewed for impairment in accordance with SFAS No. 144. No impairment charge was recorded for the year ended June 30, 2008.

**Derivative financial instruments**

Derivative instruments are recorded in the balance sheet as either assets or liabilities, measured at fair value. Changes in fair value are recognized in earnings. The Company entered into an interest rate swap to convert a portion of its floating rate debt to fixed rate debt and did not elect to apply hedge accounting. The interest rate differentials to be paid or received under such derivatives and the changes in the fair value of the instruments are recognized and recorded as adjustments to interest expense. The principle objectives of the derivative instruments are to minimize the risks and reduce the expenses associated with financing activities. The Company does not use financial instruments for trading purposes.

**Revenue recognition and accounts receivable**

The Company’s revenue was generated from the following products and services:

	Year ended June 30, 2008	
	Amounts	Percentage <sup>(1)</sup>
Converged and data services	\$ 12,946	13%
Voice services	24,790	24
Private line services	64,623	63
	<u>\$ 102,359</u>	<u>100%</u>

<sup>(1)</sup> Represents percentage of revenue

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note B – Summary of significant accounting policies (continued)****Revenue recognition and accounts receivable (continued)**

The Company recognizes revenue when the service is provided to the customer. Most revenue is billed in advance on a fixed rate basis. The remainder of revenue is billed in arrears on a transactional basis determined by customer usage. Fees billed in connection with customer installations and other up-front charges are deferred and recognized as revenue ratably over the estimated average contract life of two years.

The Company recognizes revenue at the amount it expects to realize, which includes billing and service adjustments. Valuation allowances for uncollectible accounts receivable are established through a charge to selling, general and administrative expenses. The Company assesses the adequacy of this reserve periodically, evaluating general factors such as the length of time individual receivables are past due, historical collection experience, the economic and competitive environment, and changes in the credit worthiness of customers. The Company also assesses the ability of specific customers to meet their financial obligations and establishes specific valuation allowances based on the amount the Company expects to collect from these customers, as considered necessary. If circumstances relating to specific customers change or economic conditions improve or worsen such that past collection experience and assessment of the economic environment are no longer relevant, the estimate of the recoverability of the Company's trade receivables may change.

**Operating costs and accrued liabilities**

The Company leases certain network facilities, primarily circuits, from other local exchange carriers to augment its owned infrastructure for which it is generally billed a fixed monthly fee. The Company also uses the facilities of other carriers for which it is billed on a usage basis.

The Company recognizes the cost of these facilities or services when it is billed in accordance with contractual requirements. The Company disputes incorrect billings. The most prevalent types of disputes include disputes for circuits that are not disconnected on a timely basis and usage bills with incorrect or inadequate call detail records. Depending on the type and complexity of the issues involved, it may take several quarters to resolve disputes.

In determining the amount of such operating expenses and related accrued liabilities to reflect in its financial statements, the Company considers the adequacy of documentation of disconnect notices, compliance with prevailing contractual requirements for submitting such disconnect notices and disputes to the provider of the facilities, and compliance with its interconnection agreements with these carriers. Significant judgment is required in estimating the ultimate outcome of the dispute resolution process, as well as any other amounts that may be incurred to conclude the negotiations or settle any litigation.

**Advertising costs**

Advertising costs are expensed as incurred.

**Share-based payments**

The Company accounts for share-based compensation following the guidelines of Financial Accounting Standards Board ("FASB") Statement No. 123 (revised 2004), *Share-Based Payment* ("SFAS No. 123R").

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note B – Summary of significant accounting policies (continued)****Income taxes**

The Company accounts for income taxes under the provisions of SFAS No. 109, *Accounting for Income Taxes* ("SFAS No. 109"). Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

**Note C – Property and equipment**

Property and equipment, including assets held under capital leases, was comprised of the following:

	Estimated useful lives (in years)	As of June 30, 2008	
Land	N/A	\$	3,016
Buildings improvements and site prep improvements	15		9,148
Furniture, fixtures and office equipment	7		1,300
Computer hardware	3 to 5		1,367
Software	3		3,117
Machinery and equipment	7		1,073
Fiber optic equipment	8		56,251
Circuit switch equipment	10		5,035
Packet switch equipment	5		12,001
Fiber optic network	20		70,545
Construction in progress *	N/A		33,712
Less accumulated depreciation			10,137
		\$	186,428

\* Amounts not subject to depreciation

Included in property and equipment at June 30, 2008 are assets under capital leases \$15,101. Depreciation expense related to these assets was \$ 529.

**Note D – Goodwill and other intangible assets**

The Company's goodwill balance at June 30, 2008 was \$71,391.

Intangible assets consist of the following items:

	As of June 30, 2008		
	Gross carrying amount	Accumulated amortization	Net amount
Non-compete agreements	\$ 9,078	\$ 2,372	\$ 6,706
Customer relationships	41,805	3,918	37,887
Trademarks/tradenames	2,735	-	2,735
	\$ 53,618	\$ 6,290	\$ 47,328

## Zayo Group LLC and Subsidiaries

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June 30, 2008

(In thousands, except unit and per unit amounts)

### Note D – Goodwill and other intangible assets (continued)

The amortization of intangible assets, for the year ended June 30, 2008 was \$6,290. Estimated future amortization of intangible assets is as follows:

Year ending June 30,	
2009	\$ 10,796
2010	9,519
2011	7,204
2012	7,016
2013	6,985
Thereafter	3,073
	<u>\$ 44,593</u>

Non-compete agreements are being amortized on a straight-line basis over the expected period of the contracts ranging from two to five years. Customer relationships are being amortized on a straight-line basis over six years. Trademarks assets are indefinite lived intangible assets and are not amortizable.

### Note E – Long-term debt

Long-term debt consists of the following:

	As of June 30, 2008
Tranche A Term Loan	\$ 70,000
Tranche B Term Loan	30,000
Notes payable	305
Less current portion	502
Total long-term debt	<u>\$ 99,803</u>

On November 7, 2007, the Company entered into a Credit and Guaranty Agreement (“Agreement”) that was subsequently amended on February 15, 2008 (Amended and Restated Credit and Guaranty Agreement) and again on May 1, 2008 (First Amendment to the Amended and Restated Credit and Guaranty Agreement).

Under the terms of the Agreement, the borrowings are secured by substantially all of the assets of the Company. The Agreement contains certain affirmative, negative and financial covenants that must be met for the Company to not be in default. Financial covenants include a maximum leverage ratio, minimum interest coverage and minimum fixed charge coverage. Other restrictive covenants limit the Company’s ability to pay dividends, acquire additional debt and make investments among other restrictions. As of June 30, 2008, the Company was in compliance with the covenants.

### Revolving loans (“Revolver”)

During the term of the Agreement, the Company can borrow, repay and re-borrow against the Revolver in an amount up to \$15,000 (adjusted for letter of credit usage). The Revolver matures on May 7, 2013. Loans under the Revolver bear interest at a rate of LIBOR plus 5.25% or base rate plus 4.25% at the Company’s election.

As of June 30, 2008, there were no borrowings outstanding under the Revolver. A standby letter of credit was outstanding in the amount of \$260 resulting in \$14,740 available on the revolver.

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note E – Long-term debt (continued)****Tranche A Term Loan (“TL A”)**

TL A matures November 7, 2013. Loans under TL A bear interest at a rate of LIBOR plus 5.25% or base rate plus 4.25% at the Company’s election. As of June 30, 2008, the Company was paying interest at 8.04%. For the period between March 31, 2009 and December 31, 2012, quarterly principal payments in the amount of 0.25% (\$175) are payable on the last day of each calendar quarter. For the period between March 31, 2013 and November 7, 2013, quarterly principal payments in the amount of 24% (\$16,800) are payable on the last day of each of the first three calendar quarters and November 7, 2013.

The principal balance outstanding under the TL A as of June 30, 2008 was \$70,000, of which \$ 69,650 is considered long-term in the accompanying June 30, 2008 consolidated balance sheet.

**Tranche B Term Loan (“TL B”)**

TL B matures November 7, 2013. Loans under TL B bear interest at a rate of LIBOR plus 5.25% or base rate plus 4.25% at the Company’s election. As of June 30, 2008, the Company was paying interest at 8.05%. For the period between March 31, 2009 and December 31, 2012, quarterly principal payments in the amount of 0.25% (\$75) are payable on the last day of each calendar quarter. For the period between March 31, 2013 and November 7, 2013, quarterly principal payments in the amount of 24% (\$7,200) are payable on the last day of each of the first three calendar quarters and November 7, 2013.

The principal balance outstanding under the TL B as of June 30, 2008 was \$30,000, of which \$ 29,850 is considered long-term in the accompanying June 30, 2008 consolidated balance sheet.

Other debt totaling \$305 as of June 30, 2008 consisted of a note payable to the City of Halstad in the amount of \$303 and an automobile note payable of \$2. The note payable to the City of Halstad had been entered into by Onvoy in May 2006, to operate a telecommunications operator service center in Halstad, MN. As an incentive to choose Halstad as the location, the City of Halstad offered both a building and monetary contributions with requirements that Onvoy use the building as a staffed operator service center with specific, minimum full time equivalent employees. If the Company meets the conditions in the agreement, the note payable to the city of Halstad will be reduced over time and the contribution will be recognized.

Contractual debt maturities in effect as of June 30, 2008, were as follows:

Year ending June 30,	
2009	\$ 502
2010	1,000
2011	1,000
2012	1,000
2013	48,500
Thereafter	48,303
	<u>\$ 100,305</u>

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note E – Long-term debt (continued)****Debt issuance costs**

Debt issuance costs have been capitalized on the accompanying consolidated balance sheet and are being amortized using the effective interest rate method over the term of the borrowing agreements, unless terminated earlier, in which case the costs are immediately expensed. Debt issuance costs of \$4,145 (net of accumulated amortization of \$500) were outstanding as of June 30, 2008 and are included in other long-term assets in the accompanying consolidated balance sheet. Debt issuance costs of \$500 were recognized as interest expense during the year ended June 30, 2008.

**Interest rate derivatives**

On June 30, 2008, the Company entered into an interest rate swap agreement on a notional value of \$60,000 with a maturity date of September 13, 2010. There was no up-front cost for this agreement. The contract states that the Company pays 3.69% fixed for the term of the agreement. The counterparty either pays to the Company or receives from the Company the difference between actual LIBOR and the contracted rate.

As of June 30, 2008, the Company did not record any interest rate derivative fair values to the balance sheet. Any future change in fair value will be recorded as a decrease (increase) in interest expense in the consolidated statements of operations for the applicable period.

**Note F – Lease commitments****Capital leases**

Contractual payments under the terms of the Company's capital lease obligations were as follows:

Year ending June 30,	
2009	\$ 2,813
2010	2,380
2011	2,078
2012	1,487
2013	1,415
Thereafter	10,779
Total minimum lease payments	<u>20,952</u>
Less amounts representing interest	6,318
Less current principal payments	<u>1,498</u>
Present value of net minimum lease payments	<u>\$ 13,136</u>

The weighted average interest rate on capital lease obligations was 13.4% as of June 30, 2008.

# Zayo Group LLC and Subsidiaries

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June 30, 2008

(In thousands, except unit and per unit amounts)

## Note F - Lease commitments (continued)

### Operating leases

The Company leases office space, warehouse space, switching and transport sites, points of presence and equipment under non-cancelable operating leases. Lease expense was \$ 6,348 for the year ended June 30, 2008.

Minimum contractual lease payments due each year on or before June 30 under the Company's long-term operating leases, including payments for the leased facility included in the restructuring accrual, are as follows:

Year ending June 30,	
2009	\$ 7,359
2010	6,560
2011	4,466
2012	2,720
2013	1,433
Thereafter	3,209
	<u>\$ 25,747</u>

### Note G - Income taxes

The Company, being a Limited Liability Corporation, is taxed at its parent level, Zayo Group Holdings, Inc. The parent is a holding company with no operations and therefore the tax balances are pushed down to the Company.

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	<u>As of June 30, 2008</u>
<b>Deferred income tax assets</b>	
Net operating loss carryforwards	\$ 28,990
Accrued expenses	337
Other liabilities	1,778
Allowance for doubtful accounts	400
Less valuation allowance	<u>(2,699)</u>
Total deferred income tax assets	<u>28,806</u>
<b>Deferred income tax liabilities</b>	
Property and equipment	\$ 8,679
Intangible assets	11,976
Deferred revenue	258
Total deferred income tax liabilities	<u>20,913</u>
Net deferred income tax assets	<u>\$ 7,893</u>

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note G – Income taxes (continued)**

The Company has available NOL carryforwards of approximately \$73,700 at June 30, 2008. The net operating loss carryforwards expire, if unused, in years 2008 through 2026. On November 7, 2007 and May 30, 2008, Onvoy, Inc. and Northwest Telephone, Inc., respectively, underwent a change in ownership within the meaning of Section 382 of the Internal Revenue Code (“IRC Sec. 382”) due to the Company’s acquisition of them. As a result, the Company’s pre-change net operating losses and tax credit carryforwards are subject to an annual limitation based upon (i) the aggregate fair market value of business operations immediately before the ownership change multiplied by (ii) the federal long-term tax exempt rate (within the meaning of IRC Sec. 382(f)) in effect at that time. Based upon the price paid for the common stock of Onvoy and Northwest, the annual limitations are approximately \$3.5 million and \$.3 million, respectively. The annual limitation is cumulative. Therefore, if not fully utilized in a year, it is carried forward for utilization in future years. To the extent management believes it is more likely than not that the deferred tax assets consisting of the pre-change net operating losses and tax credit carryforwards will not be realized, a valuation allowance has been provided. In future years, such limitation may cause certain pre-change net operating losses and tax credit carryforwards to expire before utilization.

**Note H – Accrued liabilities**

Accrued liabilities included in current liabilities consisted of the following:

	As of June 30, 2008
Accrued bonus	\$ 2,204
Accrued professional fees	1,021
Accrued payroll	919
Accrued property taxes	857
Accrued construction costs	5,012
Accrued vacation	998
Sales tax payable	1,035
Other accrued liabilities	6,543
	<u>\$ 18,589</u>

**Note I – Commitments and contingencies****Acquired leases**

The Company leases certain facilities and accounts for them as operating leases. With the acquisition of Onvoy, Inc. on November 7, 2007, the Company assumed an operating lease and related operating costs associated with the building at 300 South Highway 169, St. Louis Park, MN. As part of the acquisition, the Company planned on exiting the unused portion of this facility as a portion of the lease was determined to be an idle facility. The Company recorded a restructuring accrual of \$2,857 for the estimated fair value of the remaining payments relating to the lease in accordance with EITF 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*. The Company utilized \$332 of this restructuring accrual during the period ended June 30, 2008. The remaining liability at June 30, 2008 was \$2,525.

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note I – Commitments and contingencies (continued)****Legal liability reserve**

The acquisition of Onvoy, Inc. resulted in the company booking legal reserves related to three separate litigations/disputes in the amount of \$959. There is a remaining liability of \$734 at June 30, 2008 which management believes will be adequate to cover the estimated legal and/or settlement costs.

In addition, in the normal course of business, there are various outstanding legal proceedings, claims, commitments and contingent liabilities. In the opinion of management, the ultimate disposition of these matters will not have a materially adverse effect on the Company's financial condition.

**Outstanding letters of credit**

As of June 30, 2008, the Company had \$260 in outstanding letters of credit primarily to collateralize surety bonds securing the Company's performance under contracts.

**Note J – Member's equity and non-consolidated parent equity**

Zayo Group, LLC was initially formed on May 4, 2007 and is a wholly owned subsidiary of Zayo Group Holdings, Inc., which in turn is wholly owned by Communications Infrastructure Investments, LLC ("CII"). CII was organized on November 6, 2006 and subsequently capitalized on May 7, 2007 with capital contributions from various institutional and founder investors. The cash proceeds from the capitalization of CII were contributed to the Company and are reflected in the Company's member's equity.

The following is a discussion of the ownership structure of the non-consolidated parent company, CII.

**Class A preferred units**

CII is authorized to issue 228,615,000 Class A preferred units. At June 30, 2008, the Company had issued 173,427,843 units for proceeds of \$173,427 in cash, 3,250,000 units in exchange for the ownership interest in Voicepipe Communications, Inc. and 6,400,000 units to two Company founders, bringing the total issued and outstanding Class A preferred units to 183,077,843.

The capital account of the Company reflects the contribution by CII to the Company of the following.

- \$173,247 in cash proceeds (\$173,427 of total cash proceeds to CII less \$181 retained for CII operating costs)
- \$3,381 reflecting the vested portion of the 6,400,000 units issued to the two Company founders
- \$3,250 reflecting the value of the Voicepipe Communications, Inc. property contributed

The holders of Class A preferred units are not entitled to receive dividends or distributions, except at the discretion of the Board of Directors. There is no right to receive dividends and no stated dividend rate.

Upon a liquidation of the Company, or upon a non-liquidating distribution, the holders of Class A preferred units are entitled to receive their unreturned capital contributions and their priority return (6% per annum – non-compounding) prior to any distributions being made to Common unit holders. After the Class A preferred unreturned capital contributions and the priority return are satisfied, the remaining proceeds are allocated on a scale between 85% Class A preferred unit holders and 15% Common unit holders and 80% Class A preferred unit holders and 20% Common unit holders depending upon the return multiple to the Class A preferred unit holders.

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note J – Member's equity and non-consolidated parent equity (continued)****Class A preferred units (continued)**

Class A preferred unit holders also receive certain preemptive rights in relation to the issuance of any new securities as well as a put right exercisable at the election of the majority of investor members upon the fifth anniversary of the closing of the first acquisition.

As of June 30, 2008, the Company had issued 6,400,000 Class A preferred units to the two founders. The Class A preferred units issued to the two Company founders vest according to the following schedule: 10% in the 24th month, 10% in the 30th month, 10% in the 36th month, 10% in the 42nd month and the remaining 60% in the 48th month. Deferred compensation expense recognized in the year ended June 30, 2008 totaled \$3,381. Of the remaining deferred compensation expense of \$3,019, \$1,629 will be recognized during the year ended June 30, 2009 and \$ 1,390 will be recognized in subsequent years through June 30, 2011.

**Common units**

The Company is authorized to issue 100,000,000 Common units. Common units are issued as employee equity and are allocated by the Chief Executive Officer and the Board of Directors on the terms and conditions specified in the employee equity agreement. At June 30, 2008, the Company had issued 62,288,889 Common units.

The holders of Common units are not entitled to receive dividends or distributions, except as the discretion of the Board of Directors. There is no right to receive dividends and no stated dividend rate.

Upon a liquidation of the Company, or upon a non-liquidating distribution, the holders of Common units share in the proceeds after the Class A preferred units receive their unreturned capital contributions and their priority return (6% per annum – non-compounding). After the Class A preferred unreturned capital contributions and the priority return are satisfied, the remaining proceeds are allocated on a scale between 85% Class A preferred unit holders and 15% Common unit holders and 80% Class A preferred unit holders and 20% Common unit holders depending upon the return multiple to the Class A preferred unit holders.

Common Units are considered profits interests and vest according to the following schedule: 1/4th in the 12th month and 1/48th in each of the next 36 months or immediately five months after the consummation of a sale of the Company. The Common units are subordinate to the rights of the Class A preferred units and as such are accounted for as a liability. The Company has made a policy decision to measure liabilities incurred under share-based payment arrangements at intrinsic value. As of June 30, 2008, the intrinsic value of the Common units was determined to be zero and therefore no liability was recorded. The Company will re-measure its liabilities under share-based payment arrangements at each reporting date until the date of settlement.

**Note K – Fair value of financial instruments**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

**Cash and cash equivalents**

The carrying amount approximated fair value because of the short maturities of such instruments.

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note K – Fair value of financial instruments (continued)****Restricted cash**

The carrying amount approximated fair value because of the short maturities of such instruments.

**Long-term debt**

The carrying amount approximated fair value because the interest rate on this debt represents the current market rate for similar financing available at comparable security to the lender.

**Interest rate swap agreements**

Interest rate swap agreements are carried at market value.

The estimated fair values of the Company's financial instruments approximates the carrying value.

**Note L – Related party transactions**

The Company incurred expenses of \$22 for services including web log development and maintenance from an affiliate during the year ended June 30, 2008. The affiliated entity is an investor in CII and is owned and controlled by the Company's Chief Executive Officer. As of June 30, 2008, amounts owed to the affiliate with respect to the services provided was \$-0-

The acquisition of Voicepipe Communications, Inc. was from a related party consisting of several, but not all, of the existing CII Class A preferred investors. The purchase price reflected comparable revenue multiples for telecommunication managed service businesses. The consideration for the acquisition was 3,250,000 units of CII Class A preferred units.

**Note M – Subsequent events****Second Amendment to Amended and Restated Credit and Guaranty Agreement**

On September 30, 2008, the Company entered into the Second Amendment to the Amended and Restated Credit and Guaranty Agreement ("Second Amendment"). The Second Amendment provided for additional \$35,000 term loan borrowings under a Tranche C Term Loan ("TL C") which were drawn at close in part to fund the acquisitions below. The terms of the TL C are identical to the TL A and TL B loans. TL C matures November 7, 2013, bears interest at either LIBOR plus 5.25% or base rate plus 4.25% and has principal payments of 0.25% (\$88) per quarter commencing on March 31, 2009 through December 31, 2012. For the period between March 31, 2013 and November 7, 2013, quarterly principal payments in the amount of 24% (\$8,400) are payable on the last day of each of the first three calendar quarters and November 7, 2013.

June 30, 2008

(In thousands, except unit and per unit amounts)

**Note M – Subsequent events (continued)****Acquisitions**

On July 22, 2008, the Company acquired assets from CenturyTel Acquisition LLC related to 5 markets in three states “Tri-State Markets”. The Tri State Markets consisted of fiber optic assets and telecommunication services operations in Akron, OH; Toledo, OH; Ann Arbor, MI; Lansing, MI and Ft Wayne, IN. The purchase price was \$2,700.

On September 30, 2008, the Company acquired 100% of the membership interests outstanding of Fiberlink LLC, d/b/a Columbia Fiber Solutions. Fiberlink LLC owned fiber throughout the metro Spokane, WA and Coeur D’Alene, ID regions and provided telecommunication carriers and enterprises with dark fiber under three to five year contracts. The property was purchased for \$12,000.

On September 30, 2008, the Company purchased the assets held by the Adesta Secured Creditors Trust. The Adesta Secured Creditors Trust owned the remaining assets from the Adesta Communications, Inc. bankruptcy. The acquired assets were primarily a telecommunications conduit network in Colorado and a fiber optic system in northern New Jersey. The aggregate purchase price for the assets was \$6,430.

On September 30, 2008, the Company acquired assets from Citynet Holdings, LLC. The assets acquired from Citynet Holdings LLC were comprised of metro fiber networks in Dallas, TX; San Antonio, TX; Chicago, IL; Kingsport, TN; Johnson City, TN; Cincinnati, OH and Phoenix, AZ. The acquisition of the assets was accomplished through the assignment of Citynet Holdings, LLC’s indefeasible rights to use (“IRUs”) for a portion of the fiber and an asset purchase from Citynet Holdings LLC for other portions of the acquired fiber. The aggregate purchase price for the assets was \$3,350.

The September 30, 2008 acquisitions were funded with proceeds from the incremental debt facility (IL C) which closed on the same day.

## Exhibit A

### **Management Biographies**

Zayo Bandwidth, LLC ("Zayo") possesses the managerial qualifications to provide its proposed telecommunications services in Arizona. Applicant is a wholly owned subsidiary of Zayo Group, LLC ("Zayo Group"). Zayo Group has retained many of the key technical personnel of the entities it has acquired who have extensive experience in the telecommunications industry. Zayo Group has augmented this experience with the extensive telecommunications experience of Zayo Group's management. Together, the senior management of Zayo and its highly-qualified technical staff will ensure that Zayo Bandwidth's operations will meet high standards for service quality and reliability. Descriptions of the telecommunications and managerial experience of Zayo Group's management are provided as follows:

#### **Dan Caruso – President, CEO & Co-founder of Zayo Group**

Dan Caruso has 21 years of experience in the Telecommunications and Internet industries. Mr. Caruso was most recently the President and CEO of ICG Communications, a major provider of telecommunications and Internet service in Colorado and Ohio ("ICG"). Mr. Caruso is executive chairman of Envysion, a venture backed company providing Internet-based video surveillance services, and is on the board of NGT Communications, the leading provider of wholesale VoIP services ("NGT"). Since 2003, Mr. Caruso has served on the board of Colorado Uplift, a charity focused on supporting Denver inner-city youths.

Mr. Caruso was a founding executive member and officer of Level 3 Communications, Inc., where he was group vice president of Lines of Business and Marketing and group vice president of Network Services. Previously, Mr. Caruso was a senior vice president at WorldCom and MFS Communications, where he had various responsibilities in business development, network planning, and operations. Mr. Caruso began his career at Ameritech (now part of AT&T) in an executive management program.

Mr. Caruso holds a MBA from the University of Chicago and a B.S. in Mechanical Engineering from the University of Illinois in Champaign-Urbana.

#### **John Scarano – COO & Co-founder of Zayo Group, President of Applicant**

John Scarano has 19 years of experience in the wireline and wireless communications industries. Mr. Scarano was most recently EVP of Corporate Development and Operations of ICG, responsible for strategy, acquisitions and divestitures, business development and various other operations. Mr. Scarano is an observer on the board of NGT.

Mr. Scarano began with Level 3 Communications at its inception and was responsible initially for the development and build-out of Level 3's North American intercity backbone network, local networks and facilities. These were completed ahead of schedule within 33 months for \$6.2B. Mr. Scarano then founded and led the company's Global Business Development group and had the lead role in closing more than 30 transactions valued at approximately \$1.6B.

Mr. Scarano held various executive and staff positions in global operations and business development at MFS Communications (acquired by WorldCom) and AT&T. While at AT&T, Mr. Scarano was responsible for the commercial delivery of the first digital air-to-ground communications system. Mr. Scarano was an elected Town Board member in Orange County, NY, for 7 years holding the elected offices of Councilman and Deputy Supervisor.

Mr. Scarano earned a combined degree in Business Administration and Computer Science from the State University of NY at Albany in 1987.

### **Ken desGarenes – Chief Financial Officer of Zayo Group**

Ken desGarenes has 12 years of experience in technology and communications, most recently as the CFO of Wire One Communications. Wire One, the largest international provider of videoconferencing solutions in the market, was created through the acquisition and integration of three videoconferencing properties. In addition to leading the acquisition and integration efforts, Mr. desGarenes was responsible for raising debt and building a world class finance organization.

Prior to joining Wire One, Mr. desGarenes was a Senior Director at the Gores Group, a technology focused private equity firm. While at the Gores Group, Mr. desGarenes led the financial due diligence and negotiations on numerous acquisitions in both the telecom and technology market. Mr. desGarenes started his career as a commercial banking officer with First Union Bank before moving to Accenture where he worked for 6 years in a corporate development role.

Mr. desGarenes received his BS in finance from the University of Maryland in College Park.

### **Scott Beer – Vice President, General Counsel and Secretary of Zayo Group**

Scott Beer has 15 years of experience in the legal field, with an emphasis on telecommunications. He most recently worked for Level 3 Communications as VP of Carrier Relations, responsible for vendor relations covering \$1.8 billion in network expenses. Prior to Level 3's acquisition of ICG, Mr. Beer was VP and General Counsel of ICG, overseeing all legal and regulatory matters for the company. Mr. Beer started with ICG as Director of Government Affairs handling all state and federal regulatory matters and providing legal support to new product development.

Before starting with ICG, Mr. Beer was in house counsel at MCI WorldCom supporting the Mass Markets Finance Department for 3 years. Mr. Beer began his legal career as an associate attorney for a Denver law firm, where he was a commercial litigator and represented several large communication companies.

Mr. Beer holds a Juris Doctorate from Detroit College of Law at Michigan State University. He earned his B.A. from Michigan State in Communications and Pre-law.

### **Marty Snella – Senior Vice President, Operations of Applicant**

Marty Snella has 27 years of experience in the telecom, information technology, and cable TV industries. At Zayo, Mr. Snella oversees service Operations, Engineering, Outside Plant and Information Technology. Mr. Snella served as Executive Vice President of Operations at ICG

Communications, where he led Field Operations, Engineering and Information Technologies. He was also a member of the senior management team that acquired ICG as a turn around opportunity. Mr. Snella has held various executive and staff positions with Expanets, Qwest Cyber Solutions, Level 3 and AT&T Broadband (TCI). Mr. Snella began his career in telecommunications in 1981, as a Telecommunications Specialist in the United States Air Force.

#### **Brad Cheedle – Senior Vice President, Sales of Applicant**

Brad Cheedle has 15 years experience in the telecommunications industry in a variety of senior roles. Most recently, Mr. Cheedle was an Officer at OnFiber Communications where he oversaw Sales, Marketing and Product Management. OnFiber was sold to Qwest Communications in September 2006. Mr. Cheedle had responsibility for aiding in the sale of the company to Qwest, and leading the integration effort of the company post close. Prior to Mr. Cheedle's position at OnFiber, he worked for Level 3 Communications as a Regional Vice President responsible for Alternate Channels Globally, and several direct and overlay sales organizations. Mr. Cheedle began his career in telecommunications at MCI, where he held a variety of leadership positions including sales, product management, program management and was a founding member of MCI Metro. Mr. Cheedle has a Bachelor of Science Degree in Business Administration in Marketing from the University of Northern Colorado.

#### **Matt Erickson – Vice President, Product and Strategy of Applicant**

Matt Erickson is head of Product Management for Zayo. In his current role, Mr. Erickson is responsible for P&L management, product management and product development for all of Zayo Bandwidth's products, as well as vendor management responsibility for all off-net circuit vendors. Mr. Erickson is on Zayo's M&A team and was part of the day one executive team at Zayo.

Prior to Zayo, Mr. Erickson was Vice President of Marketing & Product Management at ICG. Mr. Erickson was a member of the senior team that successfully sold ICG to Level 3 Communications. Prior to ICG, Mr. Erickson was at Level 3 Communications where he held various roles including Internet, transport and infrastructure product management and corporate strategy/development. Mr. Erickson began his career at Price Waterhouse in the audit and financial advisory services groups.

Mr. Erickson received his B.S. (Summa Cum Laude with Honors) in Accounting from Colorado State University.

#### **Christopher P. Yost – General Counsel of Applicant**

Christopher Yost has more than 18 years of professional legal experience, with over 8 years focused in the telecommunications industry. Prior to joining Zayo Bandwidth, Mr. Yost held several senior positions at Level 3 Communications, including Group Vice President of Human Resources and Vice President of Litigation and Employment. In his roles at Level 3, Mr. Yost was responsible for managing all aspects of Human Resources, including employee relations, compensation and benefits, employee development, recruiting and leadership programs. Mr. Yost also handled corporate security and facilities while managing the interests of the Company and its various subsidiaries in all litigation, claims and risk management. Mr. Yost previously served as a Director

of Labor Relations for Albertson's, Inc., the Boise-based grocery store chain. Before that, Mr. Yost was an associate at the law firm of Akin, Gump, Strauss, Hauer & Feld in Washington, D.C. where he specialized in labor and employment law and litigation since September 1990. Mr. Yost has a law degree from Catholic University of America in Washington, D.C., and a Bachelor of Science degree from Western Michigan University.