

ORIGINAL NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission
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IN THE MATTER OF APPLICATION OF)
CCG COMMUNICATIONS, LLC FOR)
APPROVAL TO PLEDGE OR ENCUMBER ASSETS)

DOCKET NO. T-04290A-10-0216

APPLICATION

(Expedited Approval Requested)

APPLICATION FOR APPROVAL TO PLEDGE OR ENCUMBER ASSETS

I. INTRODUCTION

CCG Communications, LLC (“CCG”) respectfully requests approval pursuant to A.R.S. § 40-285, to the extent required, as well as any other applicable statutes or rules, to pledge and encumber its assets located in the State of Arizona, in connection with a pending transaction (the “Transaction”) between its parent, Verosity Holdings, Inc. (“Verosity”) and the shareholders of Verosity on the one hand, and Light Tower Holdings, LLC (“Light Tower”), on the other. Pursuant to the Transaction, Light Tower will acquire all of the issued and outstanding shares of Verosity and the Verosity shareholders will become minority interest holders in Light Tower. At closing, the Verosity shares will be transferred to Light Tower’s wholly-owned indirect subsidiary, Light Tower LLC (a wholly owned subsidiary of LT LLC, which is a direct subsidiary of Light Tower), and Verosity and CCG will become indirect subsidiaries of LT LLC.¹ As a result, Verosity and its subsidiaries, including CCG, will join and become credit parties to that certain Credit Agreement, dated as of October 20,

¹ While the Transaction would result in the indirect transfer of control of CCG to Light Tower, because CCG’s annual operating revenue does not exceed \$1,000,000 and it is therefore not a Class A utility, the Commission’s affiliated interest rules requiring Commission review of certain transactions under A.A.C. R14-2-804 are inapplicable to the Transaction. See A.A.C. R14-2-802.A (affiliated interest rules applicable to Class A utilities).

1 2008, as amended, between LT LLC, as Borrower, and the Lenders thereto and various other parties
2 (the "LT Credit Agreement"), pursuant to which CCG will provide a guaranty and will pledge its assets
3 as security for the financing arrangements under the LT Credit Agreement.² Accordingly, CCG, as a
4 public service corporation holding a Certificate of Convenience and Necessity authorizing it to
5 provide competitive services in the State,³ seeks authority from the Commission pursuant to A.R.S. §
6 40-285, to the extent required, to encumber its assets under the LT Credit Agreement subsequent to
7 closing of the Transaction.

8 **II. DESCRIPTION OF VEROXITY, CCG AND LIGHT TOWER**

9 **A. Veroxity Holdings, Inc. and CCG Communications, LLC**

10 Veroxity Holdings, Inc., a Delaware corporation, is a privately held company with its
11 executive headquarters located at 6 Technology Park Drive, Westford, MA 01886. CCG
12 Communications, LLC, a Massachusetts limited liability company, is a direct wholly owned
13 subsidiary of Veroxity with its executive headquarters located at 6 Technology Park Drive, Westford,
14 MA 01886. In Arizona, CCG is authorized to provide competitive facilities-based local exchange
15 telecommunications services pursuant to Decision No. 67883 issued by the Commission in Docket
16 No. T-04290A-04-0838 on June 1, 2005.

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19 **B. Light Tower Holdings, LLC and LT LLC**

20 Light Tower Holdings, LLC, a Delaware limited liability company, is a privately held
21 company with its executive headquarters located at 80 Central Street, Boxborough, Massachusetts.
22 Through its operating subsidiaries, Light Tower offers Ethernet, dark fiber, wavelengths, SONET,
23

24
25
26 ² CCG, a Massachusetts limited liability company, is a foreign public service company whose physical facilities are also
27 used in providing communications service in interstate commerce. Accordingly, A.R.S. §§ 40-301 and 40-302, governing
28 issuance of debt and creation of liens on property of public service corporations in the State, are inapplicable to CCG
joining and becoming a co-guarantor under the LT Credit Agreement. See A.R.S. § 40-301.D.

³ See *In the Matter of CCG Communications, LLC for a Certificate of Convenience and Necessity to Provide Competitive
Facilities-Based Local Exchange Telecommunications Services in Arizona*, Docket No. T-04290A-04-0838, Opinion and
Order (Jun. 1, 2005).

1 and Internet access, and collocation services. The company has over 4,500 fiber route miles with
2 over 1,750 on-net buildings coupled with comprehensive transport and alternative access solutions.
3 The company's geographic footprint extends from Boston and southern New Hampshire, to eastern
4 New York State, northern New Jersey, Long Island, New York City, Rhode Island and Connecticut.
5 Light Tower's subsidiaries, including LT LLC and Light Tower LLC, do not operate in the State of
6 Arizona.
7

8 **C. Designated Contacts**

9 Questions, correspondence, or other communications concerning this application should be
10 directed to:
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27 **III. DESCRIPTION OF THE PROPOSED ENCUMBRANCE**

28 Upon consummation of the Transaction, Verosity and CCG, as new subsidiaries of LT LLC, will be required to participate in the existing LT Credit Agreement. Under the LT Credit Agreement, CCG will provide a guaranty and will pledge its assets as security for the financing arrangements under that agreement. The LT Credit Agreement, as amended, provides for various credit facilities in an aggregate amount of up to \$64 Million, including a revolving credit facility and term loans.

IV. PUBLIC INTEREST CONSIDERATIONS

CCG's joinder to the LT Credit Agreement and the encumbrance of its assets, is a condition to completion of the Transaction, which will further the public interest by ultimately increasing the availability of telecommunications services in the State of Arizona. The complementary strengths,

1 products sets, capital and geographic footprints of the Light Tower and the Verosity Companies will
2 supplement the operational capabilities of CCG, yielding increased technical and managerial
3 expertise, greater financial resources, including access to the credit facilities under the LT Credit
4 Agreement, and a significantly larger network. As a result, CCG will have significant additional
5 resources to provide enhanced offerings and provide more advanced telecommunications-related
6 services. This will allow CCG to strengthen its relative competitive positions in telecommunications
7 markets, increasing the availability of telecommunications in the State of Arizona and creating
8 benefits for Arizona consumers.

9 **V. CONCLUSION**

10 For the foregoing reasons, CCG submits that the public interest, convenience, and necessity
11 would be furthered by grant of this Application for the Commission's consent to the encumbrance of
12 CCG's assets that will arise under the Transaction. Accordingly, CCG respectfully requests that the
13 Commission consent to such encumbrance under A.R.S. § 40-285. CCG further respectfully
14 requests expedited consideration and approval of this application without hearing.
15

16 RESPECTFULLY SUBMITTED this 26th day of May 2010.

17
18 **LEWIS AND ROCA LLP**

19
20 By  _____

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26 ORIGINAL and 13 copies of the foregoing
27 Filed this 26th day of May, 2010 with:

28 The Arizona Corporation Commission
Utilities Division – Docket Control
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1 Copy of the foregoing hand-delivered
2 this 26th day of May, 2010, to:

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