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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 JOINT APPLICATION OF
CCG COMMUNICATIONS, LLC AND LEXENT INC
FOR APPROVAL OF (1) THE MERGER OF CCG
COMMUNICATIONS, LLC, VEROXITY
TECHNOLOGY PARTNERS, LLC, AND
VEROXITY HOLDINGS, INC., WITH AND INTO
LEXENT INC., AND (2) ENCUMBRANCE OF
ASSETS.

DOCKET NO. T-04290A-12-0373

APPLICATION

(Expedited Approval Requested)

JOINT APPLICATION FOR APPROVAL OF MERGER

I. INTRODUCTION

CCG Communications, LLC ("CCG") and Lexent Inc. ("Lexent") respectfully jointly request approval pursuant to A.R.S. § 40-285, to the extent required, as well as any other applicable statutes or rules, of (1) the Merger of CCG, Veroxity Technology Partners, LLC ("VTP"), and Veroxity Holdings, Inc. ("VHI") with and into Lexent, with Lexent as the surviving entity, and (2) the participation by Lexent in certain amended financing arrangements of Light Tower LLC, which is the direct parent of Lexent and VHI and the indirect parent of CCG and VTP. Only CCG is currently regulated by the Commission; VTP, VHI and Lexent are not currently regulated by the Commission.

1 **II. DESCRIPTION OF CCG, VTP, VHI AND LEXENT**

2 **A. The Parties**

3 CCG Communications, LLC, a Massachusetts limited liability company, is a direct
4 subsidiary of VHI and an indirect subsidiary of Light Tower LLC, with its executive headquarters
5 located at 80 Central Street, Boxborough, Massachusetts 01719. In Arizona, CCG is authorized to
6 provide services pursuant to Decision No. 67883 issued by the Commission in Docket No. T-
7 04290A-04-0838 on June 1, 2005 (the "Certificate").

8 Verosity Technology Partners, LLC, a Massachusetts limited liability company, is also a
9 direct subsidiary of VHI and an indirect subsidiary of Light Tower LLC, with its executive
10 headquarters located at 80 Central Street, Boxborough, Massachusetts 01719.

11 Verosity Holdings, Inc., a Delaware corporation, is a direct subsidiary of Light Tower
12 LLC, with its executive headquarters located at 80 Central Street, Boxborough, Massachusetts
13 01719.

14 Lexent Inc., a Delaware corporation, is a direct subsidiary of Light Tower LLC, with its
15 executive headquarters located at 80 Central Street, Boxborough, Massachusetts 01719.

16 Light Tower, LLC, a Delaware limited liability company, also has its executive
17 headquarters located at 80 Central Street, Boxborough, Massachusetts.

18 Each of CCG, VTP, VHI, Lexent, and Light Tower, LLC is an indirect, wholly-owned
19 subsidiary of Light Tower Holdings LLC ("Light Tower"), a Delaware limited liability company,
20 a privately held company with its executive headquarters located at 80 Central Street,
21 Boxborough, Massachusetts.

22 Light Tower has over 6,400 fiber route miles that serve over 2,800 on-net buildings
23 coupled with comprehensive transport and alternative access solutions. In addition to CCG's
24 minor footprint in Arizona, the company's primary geographic footprint extends from Boston and
25 southern New Hampshire, to eastern New York State, northern New Jersey, Long Island, New
26

1 York City, Rhode Island and Connecticut. Light Tower's other subsidiaries, including LT LLC
2 and Lexent, do not currently operate in the State of Arizona.

3 **B. Designated Contacts**

4 Questions, correspondence, or other communications concerning this Application should
5 be directed to:

6 Michael T. Hallam
7 Lewis and Roca LLP
8 40 North Central Avenue
9 Phoenix, Arizona 85004
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10 -and-

11 Leslie J. Brown, Esquire
12 Deputy General Counsel
13 Lighttower Fiber Networks
14 80 Central Street
15 Boxborough, MA 01719
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Email: lbrown@lighttower.com

16 **III. DESCRIPTION OF THE MERGERS AND FINANCING**

17 **A. Mergers of CCG, VTP, VHI and Lexent**

18 Subject to required approvals, the following transactions will occur simultaneously: (1)
19 CCG and its sister affiliate, VTP, will merge with and into their direct parent, VHI, with VHI
20 being the surviving entity; and (2) VHI will merge with and into its sister affiliate, Lexent, with
21 Lexent being the surviving entity. Upon completion of these transactions, Lexent proposes to
22 hold CCG's Certificate and tariff, and all of CCG's contracts and assets, as well as perform
23 CCG's obligations.¹ Lexent's sole member is and will remain Light Tower, LLC, which will

24 _____
25 ¹ Lexent will also hold the contracts and assets of VTP and perform VTP's obligations.
26

1 remain an indirect, wholly-owned subsidiary of Light Tower. For the Commission's convenience,
2 attached as Exhibit A is a pre-transaction and a post-transaction organizational chart.

3 Following the consummation of the proposed transaction, Lexent will provide service to
4 all of CCG's customers at the same contractual rates, terms, and conditions of service as prior to
5 the transactions. In addition, the same personnel who manage these services will continue to do so,
6 and there will be no change in the network assets used to provide these services. There will be no
7 change in ultimate ownership and control of assets, liabilities or operations of the merged
8 companies. Accordingly, the transactions will be seamless and virtually transparent to any
9 Arizona consumers.

10 For the reasons set forth above, CCG and Lexent request that the Commission approve the
11 transfer of CCG's Certificate to Lexent without a hearing. *See In the Matter of the Application of*
12 *Midvale Telephone, Inc.*, Docket Nos. T-02532A-10-0207; T-20741A-10-0207 (Decision No.
13 72728) (approving the transfer of a certificate without a hearing).

14 **B. Participation of Lexent in Amended Financing Arrangements of Light**
15 **Tower LLC**

16 Upon completion of the transaction, Lexent, as a direct subsidiary of Light Tower LLC, will
17 be required to participate in existing financing arrangements of Light Tower LLC. Specifically,
18 under the existing Credit Agreement, as restated and amended on December 16, 2011, between Light
19 Tower LLC, as Borrower, and the Lenders thereto and various other parties (the "Credit
20 Agreement"), Lexent will provide a guaranty and will pledge its assets as security for the financing
21 arrangements under the Credit Agreement. The Credit Agreement, as amended, provides for various
22 credit facilities (the "LT Credit Facilities") in an aggregate amount of up to \$505 Million including a
23 revolving credit facility, incremental facility and term loans. The LT Credit Facilities will mature on
24 November 30, 2015.

1 **IV. REQUEST FOR APPROVAL**

2 The Applicants respectfully submit this Application to obtain authorization and approval of
3 the above-described mergers. In connection with the Commission's approval of these mergers, the
4 Applicants request that the Commission allow Lexent to retain the Certificate of CCG. The mergers
5 are expected to be implemented on or about December 31, 2012.²

6 CCG already participates as a guarantor under, and pledges its assets as security for, the
7 Credit Agreement. Lexent requests that the Commission authorize Lexent to pledge its assets as
8 security for the Credit Agreement, as amended, in an aggregate amount of up to \$505 Million.³

9 The proposed mergers are entirely internal to Light Tower, which will remain the ultimate
10 parent of Lexent. Therefore, Light Tower will retain complete indirect ownership and control of all
11 assets, operations, and authorizations used to provide regulated services in Arizona, if any.

12 The proposed mergers and encumbrances will further the public interest. First, the mergers
13 will enhance competition by permitting Light Tower and its subsidiaries to serve customers through a
14 more efficient and streamlined corporate structure. Second, as all existing customers are served
15 under contracts, which will be assumed by the surviving entities, there will be no change in the rates
16 or substantive terms and conditions under which CCG currently serves customers. Upon completion
17 of the mergers, the same personnel who manage these services will continue to do so, and there will
18 be no change in the network assets used to provide these services. The surviving entity, Lexent, will
19 make any required name changes to contracts, but the merger will otherwise be transparent to
20 customers, who will continue to see high-quality services billed in the same manner that they
21 currently are billed. Third, the merger will not cause any adverse employment consequences; the
22 same employees who currently provide service will continue to do so, and there are no adverse

23 _____
24 ² Open Access Acquisition LLC will merge into Lexent at a later date.

25 ³ Because CCG is not a Class A entity in Arizona, the Affiliated Interests Rules do not apply. In addition,
26 to the extent that it is a borrower under the financings, Lexent, as a provider of communications service
whose "physical facilities are also used in providing communications service in interstate commerce," is
exempt from the provisions of ARS § 40-301 et seq. See ARS § 40-301.D.

1 employment actions planned as a result of the proposed mergers. Fourth, customers will continue to
2 receive safe and adequate utility service at just and reasonable rates, because the financial, network
3 and human resources of Lexent and Light Tower are more than sufficient to continue to ensure
4 smooth operations and competitive pricing. Moreover, the mergers will result in a more streamlined
5 corporate structure that will enable Light Tower to more efficiently achieve potential operational,
6 administrative and strategic objectives.

7 For the foregoing reasons, the Applicants submit that the public interest, convenience, and
8 necessity would be furthered by grant of this Application by the Commission. Accordingly, the
9 Applicants respectfully request that the Commission approve this Application without a hearing.
10 The Applicants further respectfully request expedited consideration and approval of this
11 Application so that they may consummate the transactions contemplated in this Application
12 before December 31, 2012.

13 RESPECTFULLY SUBMITTED this 21st day of August, 2012.

14 LEWIS AND ROCA LLP

15
16 By 

17 Michael T. Hallam
18 40 North Central Avenue
19 Phoenix, Arizona 85004
20 602-262-5340
21 602-734-3886 (fax)
22 Attorneys for CCG Communications, LLC

23 Original and 13 copies of the foregoing
24 filed this 21st day of August, 2012, with:

25 The Arizona Corporation Commission
26 Docket Control
1200 West Washington Street
Phoenix, AZ 85007

1 Copy of the foregoing hand-delivered
2 this 21st day of August, 2012, to:

3 Lyn Farmer
4 Chief Administrative Law Judge
5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, AZ 85007

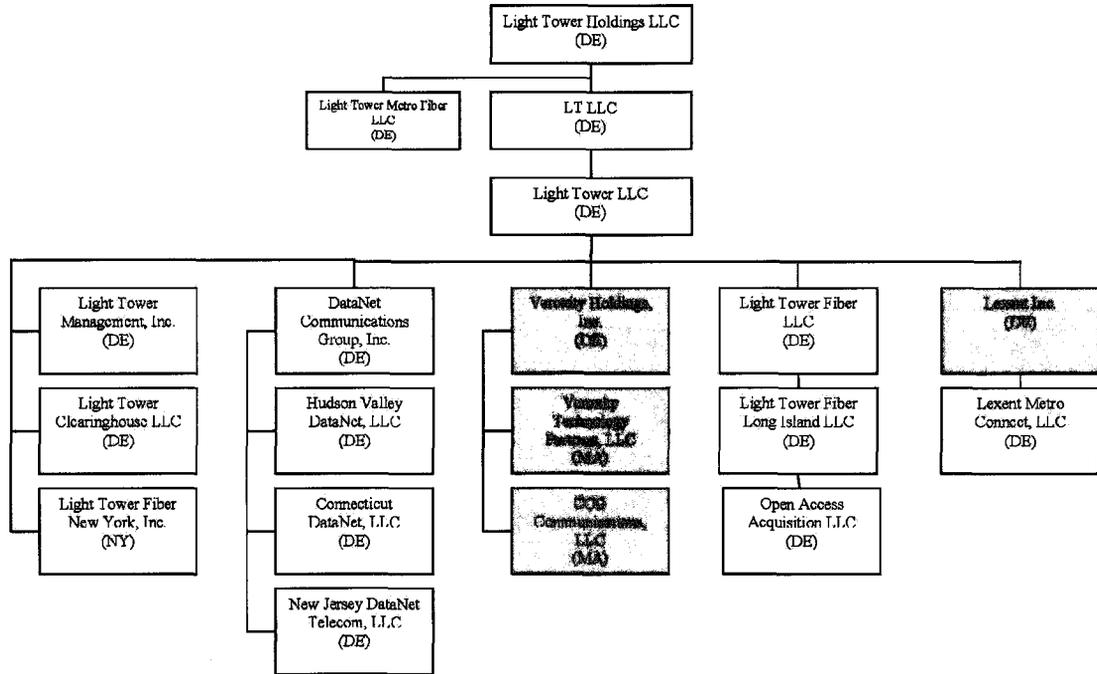
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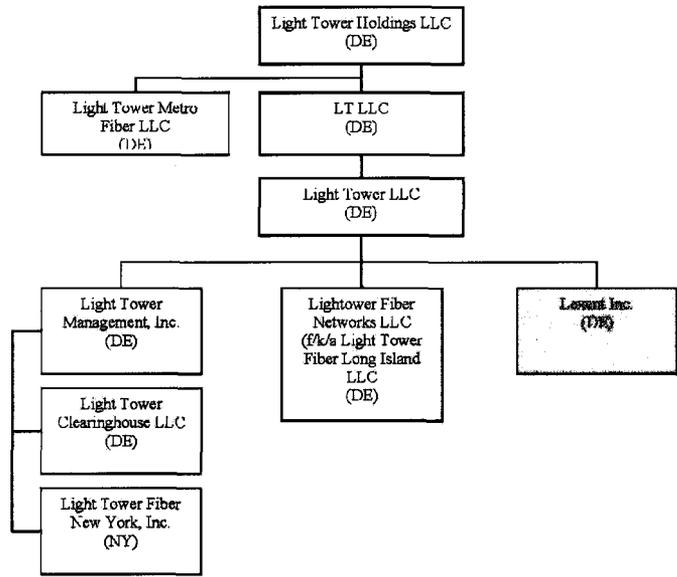
EXHIBIT A

Pre-Internal Restructuring Corporate Organizational Structure



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Post-Internal Restructuring Corporate Organizational Structure



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