

**Before the
Federal Communications Commission
Washington, D.C. 20554**

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|--|---|----------------------------|
| In the Matter of |) | |
| |) | |
| Allstream Fiber US, Inc. |) | |
| <i>Licensees,</i> |) | File No. SCL-T/C-2015_____ |
| |) | |
| MTS Inc. |) | |
| <i>Transferor,</i> |) | |
| |) | |
| and |) | |
| |) | |
| Zayo Group, LLC |) | |
| <i>Transferee</i> |) | |
| |) | |
| Application for Transfer of Control of |) | |
| Submarine Cable Landing License |) | |

**JOINT APPLICATION FOR TRANSFER OF CONTROL OF
CABLE LANDING LICENSE**

MTS Inc. (“MTS” or “Transferor”) and Zayo Group, LLC (“Zayo” or “Transferee”) (together, “Applicants”), pursuant to the Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§34-39 (1994), Executive Order No. 10530, Exec. Ord. No. 10530 *reprinted as amended* in 3 U.S.C. §301, and Section 1.767 of the Rules of the Federal Communications Commission (“Commission”), 47 C.F.R. §1.767, request approval for the transfer of control of Allstream Fiber US, Inc. (“Allstream-US” or “Licensee”), the holder of a submarine cable landing license, from MTS to Zayo.

I. THE APPLICANTS

A. Allstream Fiber US, Inc. (Licensee) and MTS Inc. (Transferor)

Allstream-US provides telecommunications to customers on a private carriage basis, between the United State and Canada. Allstream-US is a wholly owned direct subsidiary of Transferor. Transferor is a wholly owned direct subsidiary of MTS Allstream Holdings Inc. (“MTS

Holdings”), a corporation organized under the laws of Canada. MTS Holdings is a wholly owned direct subsidiary of Manitoba Telecom Services Inc., a corporation organized under the laws of Manitoba, Canada.

Licensee holds a submarine cable landing license as described below.¹ Licensee does not provide intrastate or interstate telecommunications services in the United States.

B. Zayo Group, LLC (Transferee)

Zayo is a provider of bandwidth infrastructure and network neutral colocation and interconnection services over regional and metropolitan fiber networks. These services enable customers to manage, operate, and scale their telecommunications and data networks. Such customers consist primarily of wireless service providers, national and regional telecommunications carriers and other communications service providers, media and content companies, schools, hospitals, governments, banks and other bandwidth-intensive enterprises.

Zayo does not currently hold any submarine cable landing licenses from the Commission. Zayo holds international Section 214 authority to provide global or limited global facilities-based and resale services granted in IB File No. ITC-214-20091106-00475.² Zayo also holds blanket domestic Section 214 authority to provide interstate telecommunications services.

II. DESCRIPTION OF THE PROPOSED TRANSACTION

Pursuant to an agreement entered into on November 21, 2015, Zayo will acquire 100 percent of equity of Licensee (the “Transaction”). Following Commission approval of this Application ownership and control of Licensee will be transferred to Zayo.

¹ Licensee also holds international Section 214 authority, but only provides telecommunications on a private carriage basis. Therefore, Licensee is, by separate letter, contemporaneously surrendering its international Section 214 authority. *See* IB File No. ITC-214-19981207-00852.

² Zayo’s indirect subsidiary, Zayo Group EU Limited (f/k/a AboveNet Communications Europe Limited), provides international telecommunications services, pursuant to Section 63.21(h), under the international Section 214 authorization of Zayo.

The Transaction is one part of a larger transaction whereby Zayo will acquire Allstream, Inc. (“Allstream”), which is also a subsidiary of MTS Holdings. Allstream is a Canadian provider of IP communications that works exclusively with business customers. Allstream does not provide common carrier telecommunications services in the United States or between Canada and the United States. The operations of Licensee form a very small part of the overall Allstream business and the only portion of the Allstream business involving an authorization issued by the Commission.

III. PUBLIC INTEREST CONSIDERATIONS

Applicants respectfully submit that the Transaction will serve the public interest, convenience and necessity. The Transaction will be seamless to consumers and will not adversely affect Licensee’s carrier customer(s) in the United States or Canada. Applicants anticipate that, immediately following completion of the Transaction, Licensee will continue to provide high-quality private carrier services while gaining access to the additional resources and operational expertise of Zayo. The network of Licensee (and Allstream) complements Zayo’s network and the acquisition will increase Zayo’s existing fiber footprint in the United States and Canada. As a result, the combined company will be able to better compete against larger carriers in both the United States and Canada.

The Commission’s public interest analysis of proposed transactions requires the Commission to balance the potential harms posed by a transaction with the potential benefits. Under the Commission’s “sliding scale approach” to evaluating benefit claims, “where potential harms appear both substantial and likely ... the demonstration of claimed benefits must reveal a higher

degree of magnitude and likelihood....”³ However, where potential harms appear unlikely or less likely and less substantial, the Commission will accept a lesser showing.⁴ In contrast to the expected benefits to the Licensee and its current and prospective customers in the United States and Canada, the Transaction poses no competitive harm. Further, Zayo and its subsidiaries do not hold a submarine cable landing license. The Transaction therefore serves the public interest.

IV. INFORMATION REQUIRED BY SECTION 1.767 OF COMMISSION’S RULES

Applicants provide the following information in support of this Application as required by 47 C.F.R. §1.767:

(1) Name, address and telephone number of Applicants:

| | | |
|--------------------|--|------------------------|
| <u>Licensee</u> | Allstream Fiber US, Inc. 21st Floor, 333 Main Street Winnipeg, Manitoba, Canada R3C 3V6 Tel: 204-941-4754 | FRN: 0007477755 |
| <u>Transferor:</u> | MTS Inc. 21st Floor, 333 Main Street Winnipeg, Manitoba, Canada R3C 3V6 Tel: 204-941-4754 | FRN: 0008310682 |
| <u>Transferee:</u> | Zayo Group, LLC 1805 29th Street, Suite 2050 Boulder, CO 80301 Tel: 303-381-4683 | FRN: 0016555849 |

(2) Place of Formation:

Licensee: Allstream-US is organized under the laws of the State of Delaware.

Transferor: MTS is organized under the laws of Canada.

Transferee: Zayo is organized under the laws of the State of Delaware.

³ See e.g., *Applications of Softbank Corp., Starburst II, Inc., Sprint Nextel Corporation, and Clearwire Corporation for Consent to Transfer Control of Licenses and Authorizations; Petitions for Reconsideration of Applications of Clearwire Corporation for Pro Forma Transfer of Control*, IB Docket No. 12-343, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd 9642 at 9677-78, para. 91 (2013).

⁴ See e.g., *id.* at 9678-79, para. 93.

(3) Correspondence concerning this Application should be sent to :

For Transferee:

Russell M. Blau
Brett P. Ferenchak
Morgan, Lewis & Bockius LLP
2020 K Street, N.W., Suite 1100
Washington, DC 20006-1806
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202-373-6001 (fax)
russell.blau@morganlewis.com
brett.ferenchak@morganlewis.com

For Transferor and Licensee:

Lawrence J. Movshin
Jennifer L. Kostyu
Wilkinson Barker Knauer LLP
1800 M Street, N.W., Suite 800N
Washington, DC 20036
202-783-4141 (tel)
202-783-5851 (fax)
lmovshin@wbklaw.com
jkostyu@wbklaw.com

with a copy to:

Christopher P. Yost, General Counsel
Zayo Group, LLC
1805 29th Street
Boulder, CO 80301
303-381-4677 (tel)
christopher.yost@zayo.com

with a copy to:

Paul Beauregard
Chief Corporate and Strategy Officer &
Corporate Secretary
MTS Inc.
21st Floor, 333 Main Street
Winnipeg, Manitoba, Canada R3C 3V6
204.941.4754 (tel)
paul.beauregard@mtsallstream.com

(4) Description of the Cable System:

Licensee is a co-licensee in the Submarine Cable Landing License that is authorized to land and operate in the United States a private submarine fiber optic cable extending between the United States and Canada (the AmeriCan-1 submarine cable) pursuant to Section 1.767 of the Commission's Rules, 47 C.F.R. § 1.767. *See* IB File No. SCL-LIC-19980123-00002 & SCL-MOD-19990901-00016.

(5) Landing Points:

The landing points are near Seattle, Washington and Victoria, Canada. Additional details of the Landing points are available in File No. SCL-LIC-19980123-00002.

(6) A Statement as to Whether the Cable Will be Operated on a Common Carrier or Non-Common Carrier Basis

The AmeriCan-1 Cable is operated and, to Applicants' knowledge, will continue to be operated on a non-common carrier basis.

(7) Ownership Interest in the AmeriCan-1 Cable

Allstream-US currently holds a one-quarter interest in the capacity and the related support facilities and structures of the AmeriCan-1 submarine cable. Upon completion of the Transaction, Allstream-US will be a wholly owned subsidiary of Zayo.

(8) Certification and Ownership Information Required by Section 1.767(a)(8) of the Commission's Rules, 47 C.F.R. §1.767(a)(8) Incorporating by Reference the Requirements of Section 63.18(h) and (o) of the Commission's Rules, 47 C.F.R. §§63.18(h) and (o):

Section 63.18(h) – Ten Percent or Great Shareholders:

Upon completion of the Transaction, the following entities will hold, directly or indirectly, a 10% or greater interest⁵ in Licensee:

The following entity will hold a ten percent (10%) or greater direct interest in **Allstream Fiber U.S., Inc.:**

| | |
|---------------------|--|
| Name: | Zayo Group, LLC ("Transferee" or "Zayo") |
| Address: | 1805 29th Street Boulder, CO 80301 |
| Citizenship: | U.S. (Delaware) |
| Principal Business: | Telecommunications |
| % Interest: | 100% (directly in Zayo) |

⁵ Unless otherwise indicated, the ownership interests provided herein represent both equity and voting interests.

The following entity currently holds a ten percent (10%) or greater direct interest in **Zayo Group, LLC:**

Name: Zayo Group Holdings, Inc. (“Holdings”)
Address: 1805 29th Street
Boulder, CO 80301
Citizenship: U.S. (Delaware)
Principal Business: Holding Company
% Interest: 100% (directly in Zayo)

The following entities and individuals currently hold a ten percent (10%) or greater, direct or indirect, interest in **Zayo Group Holdings, Inc.**⁶

Name: GTCR Partners X/A&C LP
Address: 300 N. LaSalle Street, Suite 5600
Chicago, IL 60654
Citizenship: U.S.
Principal Business: Investments
% Interest: 18.70% (indirectly in Holdings as the general partner of (i) GTCR Fund X/A LP (9.31% direct interest in Holdings), (ii) GTCR Fund X/C LP (2.67% direct interest in Holdings) and (iii) GTCR Investors (CII) LP (6.73% direct interest in Holdings))

Name: GTCR Investment X LLC
Address: 300 N. LaSalle Street, Suite 5600
Chicago, IL 60654
Citizenship: U.S.
Principal Business: Investments
% Interest: 18.79% (indirectly in Holdings as the general partner of (i) GTCR Partners X/A&C LP and (ii) GTCR Co-Invest X/C LP (0.08% direct interest in Holdings))

⁶ Less than 5.0% of Holdings outstanding shares are held in escrow in Communications Investment Infrastructure LLC’s (“CII”) name; these shares are to be distributed to certain CII common unit holders and potentially Investors following resolution of contingent distributions among the preferred and common unit members of CII and upon the vesting of unvested CII common units. At that time, CII will be completely removed from the ownership chain of Holdings.

The following individuals are members of the board of managers of GTCR Investment X LLC, are all U.S. citizens, and can be reached through GTCR Investment X LLC:

Mark M. Anderson
Craig A. Bondy
Philip A. Canfield
David A. Donnini
Constantine S. Mihas
Collin E. Roche
Sean L. Cunningham
Aaron D. Cohen

To Zayo's knowledge, no other person or entity, directly or indirectly, owns or controls a 10% or greater interest in Holdings through GTCR Partners X/A&C LP or GTCR Investment X LLC.

Holdings is a publicly traded company (NYSE: ZAYO) whose stock ownership varies on a daily basis. Based on information filed with the SEC with respect to Holdings and other information provided to Holdings, to the knowledge of Zayo's management, no other person or entity currently holds a 10% or greater direct or indirect interest in Zayo. Additional information regarding Holdings' ownership is available in Holdings' most recent proxy statement available at: <http://www.sec.gov/Archives/edgar/data/1608249/000162612915000213/0001626129-15-000213-index.htm>.

Section 63.18(h) – Interlocking Directorates:

Except for the foreign carrier subsidiaries listed below, which share certain directors as Zayo, Zayo does not have any interlocking directorates with a foreign carrier.

Section 1.767(a)(8)(ii) – Certification Regarding Foreign Carrier Status and Foreign Affiliation:

Zayo holds a Reseller Registration and Basic International Telecommunication Services License in Canada and thus is itself a non-dominant foreign carrier in Canada. As described in prior filings by Zayo,⁷ Zayo also is affiliated with its following foreign carrier subsidiaries:

| Country | Affiliate Name | Description of the Company |
|---|--|--|
| Canada (WTO Member) | 360networks Vancouver Ltd. ("360networks") A Canadian entity | 360networks is a wholly owned direct subsidiary of Zayo. 360networks holds a Reseller Registration and Basic International Telecommunication Services in Canada. 360networks has less than a 50% market share in the international transport and local access markets in Canada. |
| Canada (WTO Member) | AboveNet Canada Inc. ("ABN-Canada") A Canadian entity | ABN-Canada is a wholly owned direct subsidiary of Zayo. ABN-Canada was formed in connection with a planned entry into Canadian telecom market and holds a Reseller Registration, but did not undertake any significant service activity, and is in the process of being dissolved. ABN-Canada has less than a 50% market share in the international transport and local access markets in Canada. Canada. |
| France, Germany, Netherlands United Kingdom (WTO Members) | Zayo Group EU Limited ("Zayo-EU") A UK entity | Zayo-EU is a wholly owned indirect subsidiary of Zayo. Zayo-EU provides primarily lit services between the United Kingdom and France, Germany and Netherlands. Zayo-EU has less than a 50% market share in the international transport and local access markets in the countries where it operates. |

⁷ See IB File Nos. FCN-NEW-20141126-00019, ITC-ASG-20130628-00178 and ITC-ASG-20130506-00131.

| Country | Affiliate Name | Description of the Company |
|--|---|--|
| Germany and United Kingdom (WTO Members) | <p>Zayo Group UK Limited (“Zayo-UK”)</p> <p>A UK entity</p> | <p>Zayo-UK is a wholly owned indirect subsidiary of Zayo.</p> <p>Zayo-UK provides dedicated fiber networks primarily used for data services, lit services, and access to network facilities. Zayo-UK has less than a 50% market share in the international transport and local access markets in the United Kingdom and Germany.</p> |
| Japan (WTO Member) | <p>MFN Japan KK (“ABN-Japan”)</p> <p>A Japanese entity.</p> | <p>ABN-Japan is a wholly owned direct subsidiary of Zayo.</p> <p>ABN-Japan formerly provided peering services but is essentially dormant at this time. ABN-Japan has less than a 50% market share in the international transport and local access markets in Japan.</p> |
| United Kingdom and Ireland (WTO Members) | <p>Geo Networks Limited. (“Geo Networks”)</p> <p>A U.K. entity.</p> | <p>Geo Networks is a wholly owned indirect subsidiary of Zayo.</p> <p>Geo Networks provides dedicated fiber networks primarily used for data services and access to network facilities. Geo Networks has less than a 50% market share in the international transport and local access markets in the United Kingdom and Ireland.</p> |
| United Kingdom (WTO Member) | <p>Geo Metro Limited (“Geo Metro”)</p> <p>A U.K. entity.</p> | <p>Geo Metro is a wholly owned direct subsidiary of Geo Networks.</p> <p>Geo Metro provides dedicated fiber networks primarily used for data services and access to network facilities. Geo Metro has less than a 50% market share in the international transport and local access markets in the United Kingdom</p> |

| Country | Affiliate Name | Description of the Company |
|---|---|---|
| United Kingdom (WTO Member) | FibreSpeed Limited ("FibreSpeed") A U.K. entity. | FibreSpeed is a wholly owned direct subsidiary of GEO. FibreSpeed provides dedicated fiber networks primarily used for data services and access to network facilities. FibreSpeed has less than a 50% market share in the international transport and local access markets in the United Kingdom |
| France, United Kingdom, Spain, Germany, Austria, Switzer- land, Nether- lands, Luxembourg, Belgium (WTO Members) | Zayo France SAS (formerly known as Neo Telecoms SAS) ("Zayo-France") A French entity. | Zayo-France is a wholly owned indirect subsidiary of Zayo. Zayo-France provides fiber networks primarily used for data services, IP transit, lit services, and cloud services. Zayo-France has less than a 50% market share in the international transport and local access markets in each of the countries where it operates. |
| France (WTO Member) | Neocenter Est SARL ("Neo-Est") A French entity. | Zayo-France directly owns approximately 32.86% of Neo-Est. Neo telecom Group SAS, the direct parent company of Zayo-France, directly owns approximately 17.14% of Neo-Est. As the indirect parent of Zayo-France and Neo telecom Group SAS, Zayo indirectly owns approximately 50% of Neo-Est. Neo-Est provides lit services, colocation and related services. Neo-Est has less than a 50% market share in the international transport and local access markets in France. |
| France (WTO Member) | Neocenter Ouest SAS ("Neo-Ouest") A French entity. | Zayo-France directly owns approximately 36.58% of Neo-Ouest. Neo-Ouest provides lit services, colocation and related services. Neo-Ouest has less than a 50% market share in the international transport and local access markets in France. |

Zayo and each of its subsidiaries listed above are non-dominant in the countries where they are foreign carriers since they each hold less than a 50% market share in the international

transport and local access markets in the countries where they operate. Further, none of the entities are on the Commission's list of foreign carriers presumed to possess market power.⁸

Section 1.767(a)(8)(iii) – Certification Regarding Destination Markets:

By its signature to this application, Zayo certifies that following consummation of the Transaction, Zayo and one or more of its affiliates will provide international telecommunications services in the destination market of the AmeriCan-1 Cable: Canada. As stated above, Zayo, 360networks and ABN-Canada are all non-dominant foreign carriers in Canada.

Section 1.767(a)(8)(iv) – Demonstration Regarding WTO Status and Market Power:

Canada is a member of the WTO. Further, Zayo, 360networks and ABN-Canada all lack market power in Canada as discussed above.

Section 63.18(o) – Certification Regarding Anti-Drug Abuse Act of 1988:

Each Applicant certifies, pursuant to Sections 1.2001 through 1.2003 of the Commission's Rules, 47 C.F.R. §1.2001-1.2003 (implementing the Anti-Drug Abuse Act of 1988, 21 U.S.C. §3301), that it is not subject to a denial of Federal benefits pursuant to the Anti-Drug Abuse Act of 1988.

(9) Certification of Compliance:

Zayo certifies that it accepts and will abide by the routine conditions set forth in Section 1.767(g) of the Commission's Rules, 47 C.F.R. §1.767(g).

⁸ See Public Notice, The International Bureau Revises and Reissues the Commission's List of Foreign Telecommunications Carriers that Are Presumed to Possess Market Power in Foreign Telecommunications Markets, DA 07-233 (rel. Jan. 26, 2007). Following completion of the Transaction, Allstream-US will no longer be affiliated with Manitoba Telecom Services, which is included in that list with respect to Canada.

V. REQUEST FOR STREAMLINING

Applicants request streamlined processing of this Application. This Application qualifies for streamlining because Zayo and its foreign carrier affiliates all lack market power for the reasons described above.

VI. CONCLUSION

For the foregoing reasons, MTS and Zayo respectfully submit that grant of this Application will serve the public interest, convenience and necessity.

Respectfully submitted,

/s/ Lawrence J. Movshin

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/s/ Brett P. Ferenchak

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Counsel for Zayo Group, LLC

Dated: November 25, 2015

VERIFICATION

I, Paul Beauregard, state that I am Chief Corporate and Strategy Officer & Corporate Secretary of MTS Inc. (“MTS”); that I am authorized to make this verification on behalf of MTS and its licensee subsidiary Allstream Fiber US, Inc. (“Licensee”); that the statements regarding the Transaction, MTS and the Licensees in the foregoing application are true and correct to the best of my knowledge and belief.

I declare under the penalty of perjury that the foregoing is true and correct.

A handwritten signature in black ink, appearing to read 'P. Beauregard', with a long horizontal line extending to the right from the end of the signature.


Paul Beauregard
Chief Corporate and Strategy Officer &
Corporate Secretary
MTS Inc.

Executed on November 25, 2015

VERIFICATION

I, Christopher P. Yost, state that I am acting General Counsel of Zayo Group, LLC (the “Company”), that I am authorized to make this verification on behalf of the Company; that the statements regarding the Transaction and the Company and the certifications contained in the foregoing application are true and correct to the best of my knowledge and belief.

I declare under the penalty of perjury that the foregoing is true and correct.



Christopher P. Yost
General Counsel
Zayo Group, LLC

Executed on November 25, 2015

CERTIFICATE OF SERVICE

I, Brett P. Ferenchak, certify that on November 25, 2015, a copy of the foregoing Application for Transfer of Control of Submarine Cable Landing License was served by U.S. mail on the following:

U.S. Coordinator, EB/CIP
U.S. Department of State
2201 C Street, N.W.
Washington, DC 20520-5818

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U.S. Department of Commerce
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Washington, DC 20230

Defense Information Systems Agency
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6910 Cooper Avenue
Fort Meade, MD 20755-7088

/s/ Brett P. Ferenchak _____

Brett P. Ferenchak