



STATE OF DELAWARE
THE PUBLIC SERVICE COMMISSION
861 SILVER LAKE BOULEVARD
CANNON BUILDING, SUITE 100
DOVER, DELAWARE 19904

TELEPHONE: (302) 736-7500
FAX: (302) 739-4849

February 5, 2015

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Kevin Neilson, Regulatory Policy Administrator *KSN*

SUBJECT: IN THE MATTER OF THE APPLICATION OF LIGHTOWER FIBER NETWORKS I, LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE RESOLD AND FACILITIES-BASED LOCAL EXCHANGE AND COMPETITIVE INTRASTATE TELECOMMUNICATIONS SERVICES WITHIN THE STATE OF DELAWARE (FILED DECEMBER 15, 2014) - PSC DOCKET NO. 14-0569

Lightower Fiber Networks I, LLC (“LFN-I” or the “Company”) has applied (“Application”) for a Certificate of Public Convenience and Necessity (“CPCN”) to provide resold and facilities-based local exchange and competitive intrastate telecommunications services to the public within the State of Delaware. The Delaware Public Service Commission staff (“Staff”) has reviewed the Application to determine its compliance with the Rules and Regulations promulgated in 26 *Del. Admin. C.* §4001.

LFN-I submitted a bond in the amount of \$10,000 issued by Westchester Fire Insurance Company on behalf of LFN-I in compliance with the requirements of 26 *Del. Admin. C.* §4001-4.6.1 when the Application was filed. However, the requirements of 26 *Del. Admin. C.* §4001 have changed and a bond is no longer necessary. To demonstrate its financial capability, LFN-I also provided to Staff verified consolidated financial statements of LTS Group Holdings LLC (“Holdings”), LFN-I’s indirect parent, reflecting its financial status as of December 31, 2013. LFN-I also provided a verified guarantee from Holdings guaranteeing the financial obligations of LFN-I for twelve months beyond the effective date of the certification of LFN-I.

To demonstrate its technical and operational capabilities, LFN-I provided Staff with background information of its principal officers and employees.

Pursuant to 26 *Del. Admin. C.* §4001-4.3, a copy of the Application was provided to the Division of the Public Advocate, and public notice of the Application was published in The News Journal and in the Delaware State News newspapers on January 22, 2015. Staff reports that it received no formal comments or objections to LFN-I's Application for a CPCN.

As part of its Application, LFN-I requested a waiver of the provisions of 26 *Del. C.* §208(b) so that it may maintain its books and records relating to its Delaware operations outside of the State of Delaware. Staff believes that the waiver request is reasonable and recommends that the Commission grant the requested waiver. In addition, LFN-I requested a waiver of the provisions of 26 *Del. Admin. C.* §4001-10.2 so that it may maintain its books consistent with General Accepted Accounting Principles. 26 *Del. Admin. C.* §4001-10.2 has been removed from the regulations and therefore no waiver is required.

Based on Staff's review and analysis, LFN-I has shown that it has the financial, operational, and technical means to provide competitive local exchange and long distance telecommunications services in Delaware. Therefore, Staff recommends that the Commission grant Lighttower Fiber Networks I, LLC a CPCN to provide resold and facilities-based local exchange and competitive intrastate telecommunications services within the State of Delaware.