CK# 128928/60-7269
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May 7, 2015

RECEIVED
2015 MAY 8 PM 12 25
DELAWARE P.S.C.

BY OVERNIGHT COURIER

Hon. Donna Nickerson, Secretary
Delaware Public Service Commission
Cannon Building
861 Silver Lake Boulevard, Suite 100
Dover, DE 19904

Re: Joint Application of Fibertech Holdings Corp., Fiber Technologies Networks, L.L.C., and Sidera Networks, Inc., Lightower Fiber Networks I, LLC and Lightower Fiber Networks II, LLC for Approval to Transfer Control of Fiber Technologies Networks, L.L.C. and for Certain Financing Arrangements
PSC DOCKET NO. 15-_____

Dear Secretary Nickerson:

On behalf of Fibertech Holdings Corp. ("Fibertech Holdings"), enclosed for filing with the Commission are an original plus ten (10) copies of the above-referenced Application, which seeks approval to transfer control of Fiber Technologies Networks, L.L.C. and for certain financing arrangements. Also enclosed is a check in the amounts of $450.00 for the requisite filing fee.

Please date-stamp the extra copy of this filing and return it in the envelope provided. Should you have any question, please do not hesitate to contact the undersigned.

Respectfully yours,

STEVENS & LEE

Joseph H. Huston, Jr. (No. 4035)

JHH:slfo
Enclosures

BEFORE THE
DELAWARE PUBLIC SERVICE COMMISSION

COPY

Joint Application of	)	
	)	
Fibertech Holdings Corp.,	)	
Fiber Technologies Networks, L.L.C.,	)	
	)	
and	)	Docket No. _____
	)	
Sidera Networks, Inc.,	)	
Lightower Fiber Networks I, LLC and	)	
Lightower Fiber Networks II, LLC	)	
	)	
for Approval to Transfer Control of	)	
Fiber Technologies Networks, L.L.C.	)	
and for Certain Financing Arrangements	)	

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2015 MAY 8 PM 12 25
DELAWARE P.S.C.

JOINT APPLICATION

Pursuant to 26 Del. C. § 215, Fibertech Holdings Corp. ("Fibertech Holdings" or "Transferor") and Sidera Networks, Inc. ("Sidera" or "Transferee") respectfully request the consent of the Delaware Public Service Commission (the "Commission") for the proposed transfer of control to Sidera of Fiber Technologies Networks, L.L.C. ("Fibertech"), an indirect wholly-owned subsidiary of Fibertech Holdings that is authorized to provide competitive intrastate telecommunications services in Delaware (the "Transaction"). Sidera, Fibertech Holdings, and Fibertech are herein collectively referred to as the "Applicants."

The Applicants also seek approval pursuant to 26 Del. C. § 215, for Fibertech, along with Lightower Fiber Networks I, LLC ("LFN-I"), and Lightower Fiber Networks II, LLC ("LFN-II"), to participate in the financing arrangements to be entered into in connection with the Transaction as described more fully herein. The Applicants also seek approval for Fibertech to participate in existing financing arrangements in which LFN-I and LFN-II already participate. LFN-I and LFN-II have each elected to be regulated under Subchapter VII-A, Chapter 1 of Title 26 of the

Delaware Code. See PSC Docket Nos. 14-0569 (LFN-I) & 15-0952 (LFN-II). Therefore, LFN-I and LFN-II do not require approval pursuant to 26 Del. C. § 215 to participate in the financing arrangements described in this Application.

The Applicants respectfully request that the Commission commence its examination and act expeditiously to grant the approval requested so that they may consummate the Transaction as quickly as possible.

I. DESCRIPTION OF THE APPLICANTS

A. Fibertech Holdings and Fibertech

Fibertech, a New York limited liability company, is a wholly-owned subsidiary of Fibertech Networks, LLC, a Delaware limited liability company, which in turn is a subsidiary of Fibertech Holdings, a Delaware corporation. Through its operating subsidiaries Fibertech and Fibertech Facilities Corp., Fibertech Holdings has constructed and operates high-capacity metro area networks and fiber rings to meet the communications and broadband needs of telecommunications carriers, business entities, and educational, governmental, and health-care institutions. The principal business address of Fibertech Holdings, Fibertech Networks, LLC, and Fibertech is 300 Meridian Centre, Rochester, New York 14618.

Fibertech is authorized to provide facilities-based and resold telecommunications services in Delaware pursuant to Docket No. 03-463 issued on November 25, 2003. Further information regarding the managerial, technical and financial qualifications of Fibertech and the services it provides has previously been submitted to the Commission and therefore is a matter of public record, and the Applicants request that it be incorporated by reference herein.

B. Sidera, LFN-I and LFN-II

Sidera and SNI Merger Sub Inc. are both Delaware corporations, and SNI Merger Sub Inc. was created for purposes of the Transaction. Sidera is an indirect, wholly owned subsidiary

of LTS Group Holdings LLC ("LTS Holdings"), a Delaware limited liability company. LTS Holdings, through its operating subsidiaries LFN-I and LFN-II (together, the "LT Operating Companies"), provides Ethernet, SONET, wavelengths, private network services, Internet access, dark fiber and collocation services to carrier, government and enterprise customers. The principal office of LTS Holdings, Sidera and the LT Operating Companies is located at 80 Central Street, Boxborough, MA 01719. LFN-I, a Delaware limited liability company, holds authority to operate as a public utility and provide resold and facilities-based local exchange and competitive intrastate telecommunications services pursuant to Order No. 8711 issued in PSC Docket No. 14-0569 on March 3, 2015. LFN-II, a New York limited liability company and direct subsidiary of Sidera, holds authority to provide local exchange and competitive intrastate telecommunications services in Delaware pursuant to Certificates granted in Order No. 5654, issued on January 30, 2001.[1] The current ownership structure of LTS Holdings, Sidera, SNI Merger Sub Inc., and the LT Operating Companies is included in the charts provided in Exhibit A.

No individual or entity owns a majority of the equity of LTS Holdings. Berkshire Partners LLC ("Berkshire"), through certain investment funds ultimately controlled by Berkshire's managing directors, controls a majority of the voting interests in LTS Holdings. Upon consummation of the Transaction, Berkshire, through certain investment funds ultimately controlled by Berkshire's managing directors, will control 43.4 percent of the direct or indirect equity interests in LTS Holdings and, through these equity interests and certain proxy rights, a total of 68.8 percent of the voting interests in LTS Holdings. Berkshire, a Boston-based

[1] The original certificates were granted to Consolidated Edison Communications, Inc., which merged with and into Con Edison Communications, LLC. The company then changed its name to RCN New York Communications, LLC and subsequently to Sidera Networks, LLC. Most recently the company changed its name to Lightower Fiber Networks II, LLC. *See* Docket No. 15-0952.

investment firm, has invested in over 110 companies since 1986 through eight investment funds. In doing so, Berkshire has developed specific industry experience in several areas, including communications. Berkshire has a strong history of partnering with management teams to grow the companies in which it invests. The principal office of Berkshire is located at 200 Clarendon Street, 35th Floor, Boston, Massachusetts 02116.

In addition, upon consummation of the Transaction the following entities also will own 10 percent or more of LTS Holdings:

> HarbourVest: Certain investment funds and entities affiliated with HarbourVest Partners, LLC ("HarbourVest") collectively will own or control approximately 12.6 percent of the direct or indirect ownership interests of LTS Holdings, including 10 percent in direct interests and a 1.7 percent interest held through an investment in Pamlico Capital II, L.P. (described below).[2] Harbourvest is a private equity firm led by an investment team that has been investing in the private markets for 30 years.
>
> Pamlico: Pamlico Capital II, L.P. will hold approximately 8.4 percent of the direct ownership interests of LTS Holdings. Pamlico Capital Management L.P., a non-member proxy holder, will control an additional 10.3 percent of the direct voting interests of LTS Holdings. Pamlico Capital II, L.P. and Pamlico Capital Management L.P. are controlled by their general partner, Pamlico Capital GP II, LLC are referred to collectively as "Pamlico"). Pamlico, a Charlotte, North Carolina-based private equity firm, invests in growing middle market companies in the U.S. Pamlico works with proven management teams in its target industries, which include communications, business and technology services and healthcare.

Sidera has sufficient financial qualifications to consummate the Transaction and to provide adequate working capital to meet the operational needs of Fibertech for the foreseeable future. As explained below, Sidera has obtained financing commitments that will enable it to consummate the Transaction, which will include paying off existing debt arrangements in which Fibertech participates.

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[2] The remainder of HarbourVest's interests are held through other investment funds, none of which holds a 10 percent or greater interest in LTS Holdings. The precise amount of new equity in LTS Holdings that the HarbourVest entities will receive as a result of the Transaction has not been finally determined, but the Applicants expect that upon consummation of the Transaction, HarbourVest will hold an aggregate direct and indirect interest in LTS Holdings of between 12 and 15 percent.

II. CONTACT INFORMATION

For the purposes of this Application, contacts for the Applicants are as follows:

For the Applicants:

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Email: jhh@stevenslee.com

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and:

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For Sidera and the LT Operating Companies:

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and:

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General Counsel & Executive Vice President
Lightower Fiber Networks
80 Central Street
Boxborough, MA 01719
Tel: 978-264-6080
dmayer@lightower.com

III. DESCRIPTION OF THE TRANSACTIONS

A. Description of the Transfer of Control

Fibertech Holdings and Sidera have entered into an Agreement and Plan of Merger (the "Agreement") effective as of April 25, 2015, pursuant to which Sidera will acquire control of

Fibertech. Specifically, pursuant to the Agreement, SNI Merger Sub Inc. will merge with and into Fibertech Holdings, with Fibertech Holdings surviving the merger as a wholly-owned subsidiary of Sidera. As a result, Fibertech will become an indirect, wholly-owned subsidiary of Sidera. For the Commission's reference pre- and post-transaction organization charts are provided as Exhibit A.

While the Transaction will result in changes in the equity ownership of Fibertech Holdings, the ultimate parent of Fibertech, it is not expected to change or affect the day-to-day operations or customer-facing activities of this operating subsidiary. The Applicants anticipate that Fibertech's customers will benefit from the enhanced access of Fibertech Holdings to the capital and financial strengths of Sidera and also the availability of additional management expertise following the acquisition by Sidera. The post-Transaction management of Fibertech Holdings will be able to draw upon the substantial experience in the telecommunications industry of the current management teams of Sidera and its subsidiaries.

The Transaction is expected to be transparent to customers of Fibertech in Delaware. The Transaction will not affect the current operation of Fibertech, trigger any Federal or state anti-slamming or bulk customer transfer rules (because the certificated, customer-facing service providers will be unchanged), nor adversely affect the market for telecommunications services in Delaware. The Transaction also will not adversely affect competition for the provision of telecommunications in Delaware because all of the customers served by Fibertech have, and following consummation of the Transaction will continue to have, access to multiple competitive alternatives.

B. Description of the Financing Arrangements

The Applicants request Commission approval for (1) Fibertech to participate in the financing arrangements to be entered into concurrently with the consummation of the

Transaction and (2) Fibertech to participate in certain the Existing Credit Facilities (as defined below).

In connection with the completion of the Transaction, including repaying the existing debt of Fibertech Holdings and its subsidiaries, LTS Buyer LLC ("LTS Buyer") and/or Sidera (together with LTS Buyer, the "Borrowers") expect to obtain additional debt financing in an aggregate amount of up to $1,324.5 million (the "Additional Opco Financing"), of which up to $985.4 million is expected to be in the form of additional senior secured term loans and $75 million is expected to be in the form of additional senior secured revolving credit facilities (of which no more than $23 million may be drawn on the date of consummation of the Transaction), both of which will be incurred as incremental senior secured indebtedness under their existing senior secured credit facilities (the "Existing Credit Facilities"), and the remainder as unsecured debt under separate financing arrangements. As of the date hereof, prior to giving effect to the Additional Opco Financing, the Borrowers have outstanding $1,404 million in debt financing under the Existing Credit Facilities, comprised of approximately $1,279.0 million in senior secured term loans and $125 million in senior secured revolving credit facilities.

It is expected that the obligations of the Borrowers in respect of such Additional Opco Financing will be unconditionally guaranteed by LTS Buyer and each of its existing and future U.S. wholly-owned subsidiaries (with certain exceptions including immaterial subsidiaries and "unrestricted" subsidiaries), including but not limited to Fibertech as well as the LT Operating Companies. These guarantees will be consistent with the guarantees provided by the LT Operating Companies in respect of the Existing Credit Facilities. The obligations of the Borrowers under the additional senior secured term loans and additional senior secured revolving credit facilities will be secured, consistent with the Existing Credit Facilities, by a security

interest in substantially all of the assets of the Borrowers and the guarantors, including a pledge of all or substantially all of the capital stock or membership units of LTS Buyer and its U.S. wholly-owned subsidiaries, subject in each case to the exclusion of certain assets and additional exceptions, including exceptions related to "unrestricted" subsidiaries. Upon completion of the Transaction, therefore, each of Fibertech and the LT Operating Companies will provide a guaranty and related pledge of substantially all of its assets as security for all or some of the above-described Additional Opco Financing and the outstanding indebtedness under the Existing Credit Facilities.

The Applicants anticipate that the Additional Opco Financing will consist solely of long-term indebtedness (other than in the case of the additional senior secured revolving facilities). The Applicants expect that the Additional Opco Financing consisting of long-term indebtedness shall mature within approximately four-and-a-half to six-and-a-half years after issuance depending on the type of facility.

In general the interest rates and issue price (also referred to as original issue discount) for such Additional Opco Financing will not be determined until the financing arrangements related thereto are finalized. That noted, depending on the type of credit facility(ies) or other arrangements for the portion of the Additional Opco Financing in the form of additional senior secured facilities, the interest rate(s) are expected to be a floating rate (consisting of a base rate, which will float with a rate index such as LIBOR or Federal Funds Rate, plus an applicable margin) and such indebtedness shall be issued with certain original issue discount, such rates and discounts depending on credit conditions at the time they are priced. In addition, it is expected that for that portion of the Additional Opco Financing in the form of unsecured debt, the interest rate shall be a fixed rate of at least 10% per annum and such unsecured debt shall be issued with

original issue discount of at least 2.0% (which original issue discount may be increased under certain circumstances).

In addition to the above-described debt financing arrangements, new and rollover equity will provide the financing for the remainder of funds required to acquire Fibertech Holdings and its subsidiaries, including Fibertech.

Participation by Fibertech and the LT Operating Companies in the proposed Additional Opco Financing and the Existing Credit Facilities will not adversely affect their current or proposed operations in Delaware. Accordingly, the Applicants request that the Commission approve the Transaction and the participation (1) by Fibertech in the proposed financing arrangements and (2) by Fibertech in the Existing Credit Facilities.

IV. PUBLIC INTEREST CONSIDERATIONS

Applicants submit that the Transaction will enhance the ability of Fibertech to compete in the telecommunications marketplace in Delaware. Fibertech will continue to be operated by highly experienced, well-qualified management, operating and technical personnel. Fibertech will also have access to the operational and managerial resources of Sidera, and such support will strengthen its competitive position. Fibertech will continue to offer competitive and innovative products following the Transaction at the same rates and on the same terms and conditions as currently provided (subject to future changes pursuant to applicable law and contract provisions). The Transaction is expected to be transparent to customers of Fibertech and is not expected to result in the discontinuance, reduction, loss or impairment of service to any customer. Ultimately, the Transaction will benefit businesses and consumers by enabling Fibertech to become a stronger competitor in its markets. The Transaction described in this Application is being done in accordance with law and for a proper purpose.

V. CONCLUSION

For the reasons stated above, Applicants respectfully submit that the public interest, convenience and necessity would be served by grant of this Application for approval of the transfer of control of Fibertech and the financing arrangements set forth above.

Respectfully submitted,

Joseph H. Huston, Jr. (No. 4035)
Stevens & Lee, P.C.
1105 N. Market Street, Suite 700
Wilmington, DE 19801
Tel: (302) 425-3310
Fax: (610) 371-7972
jhh@stevenslee.com

Counsel for Applicants

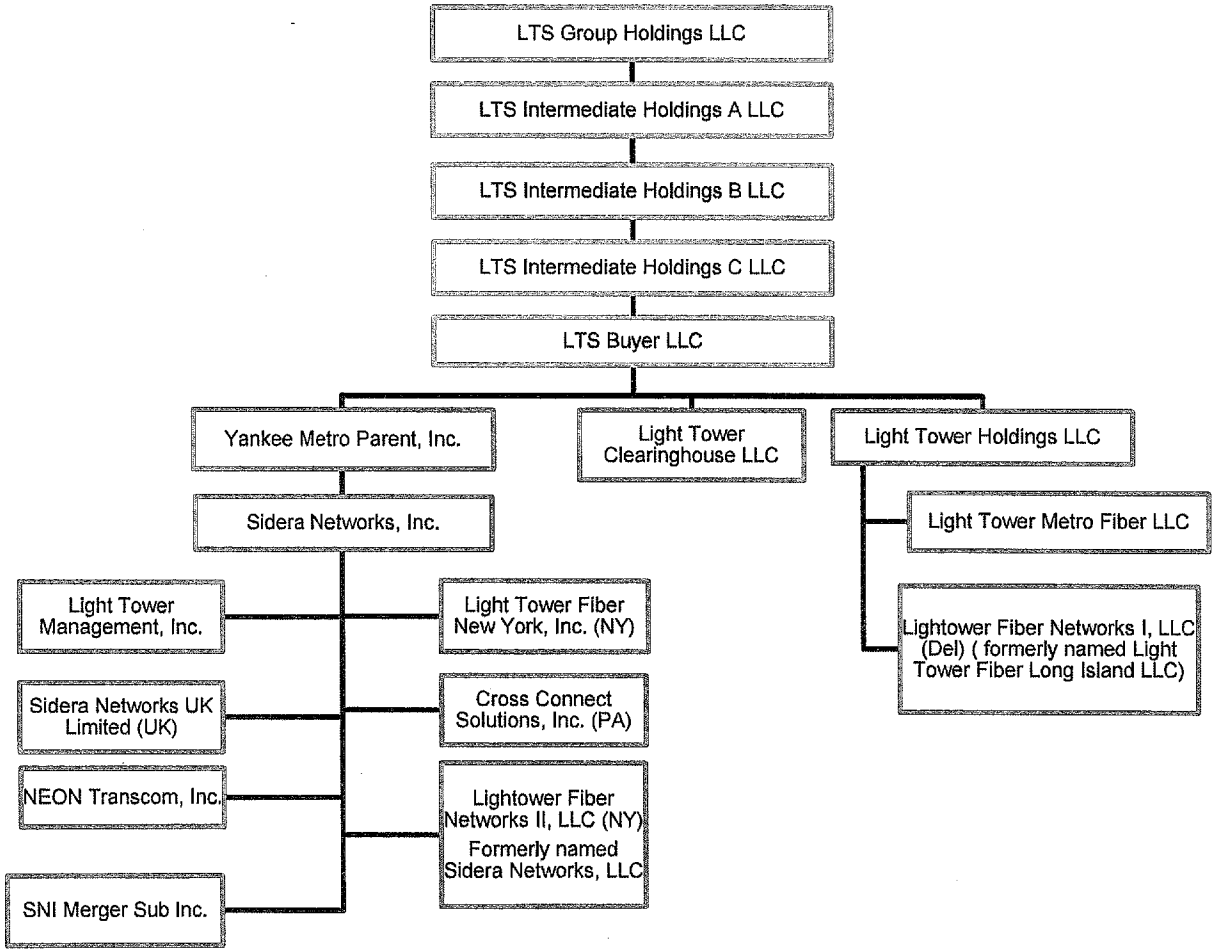
Dated: May 7, 2015

EXHIBIT A

Pre- and Post-Transaction Corporate Ownership Charts

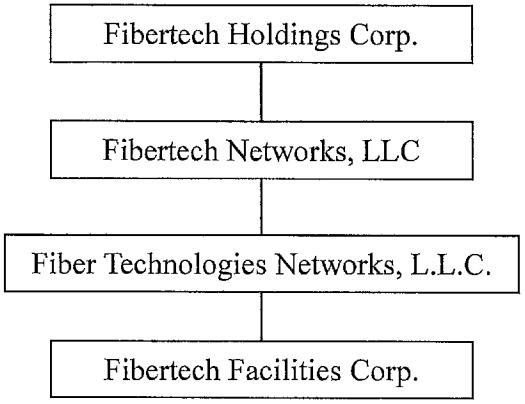
LTS Group Holdings

Pre-Transaction Structure



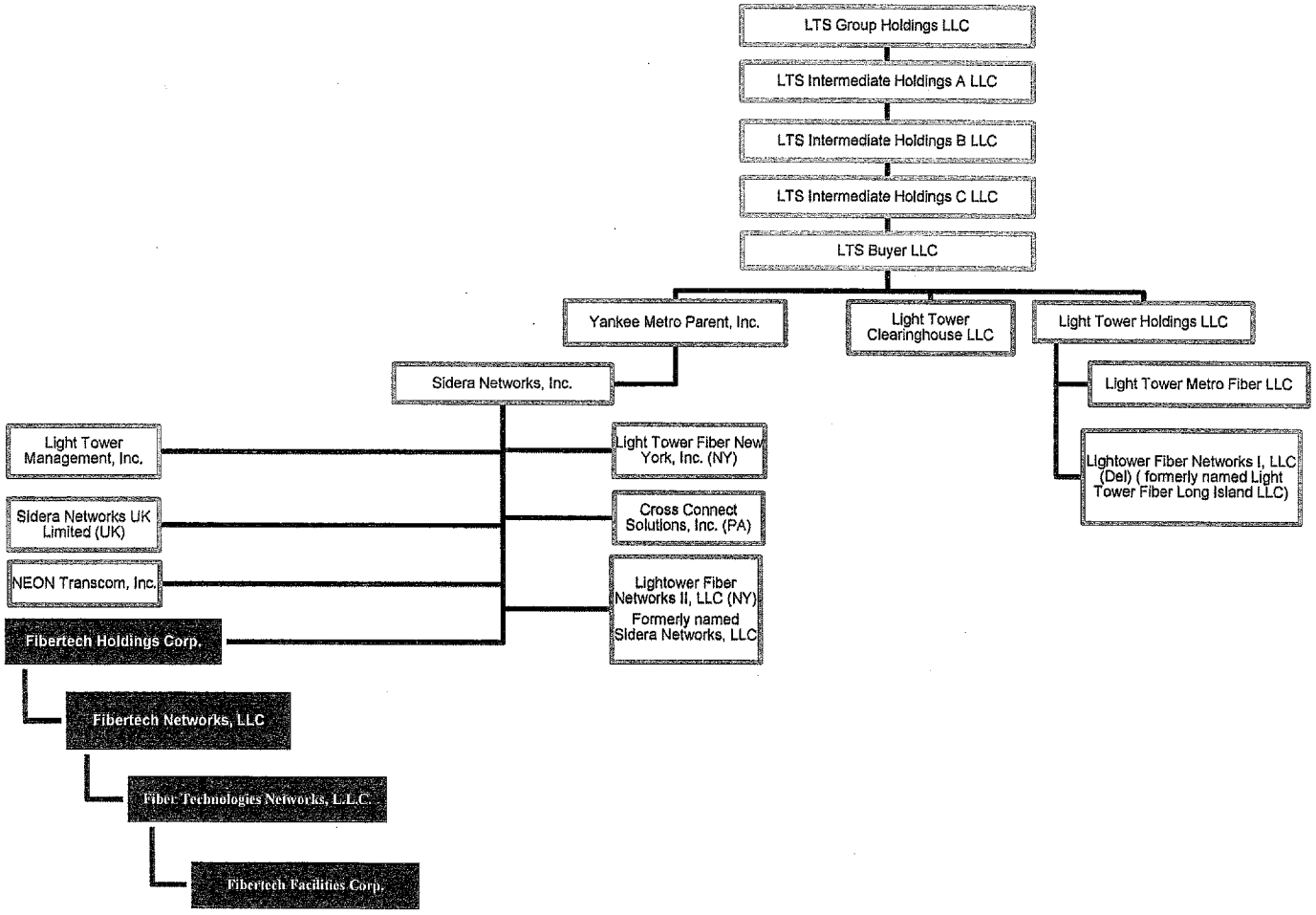
Fibertech

Pre-Transaction Structure



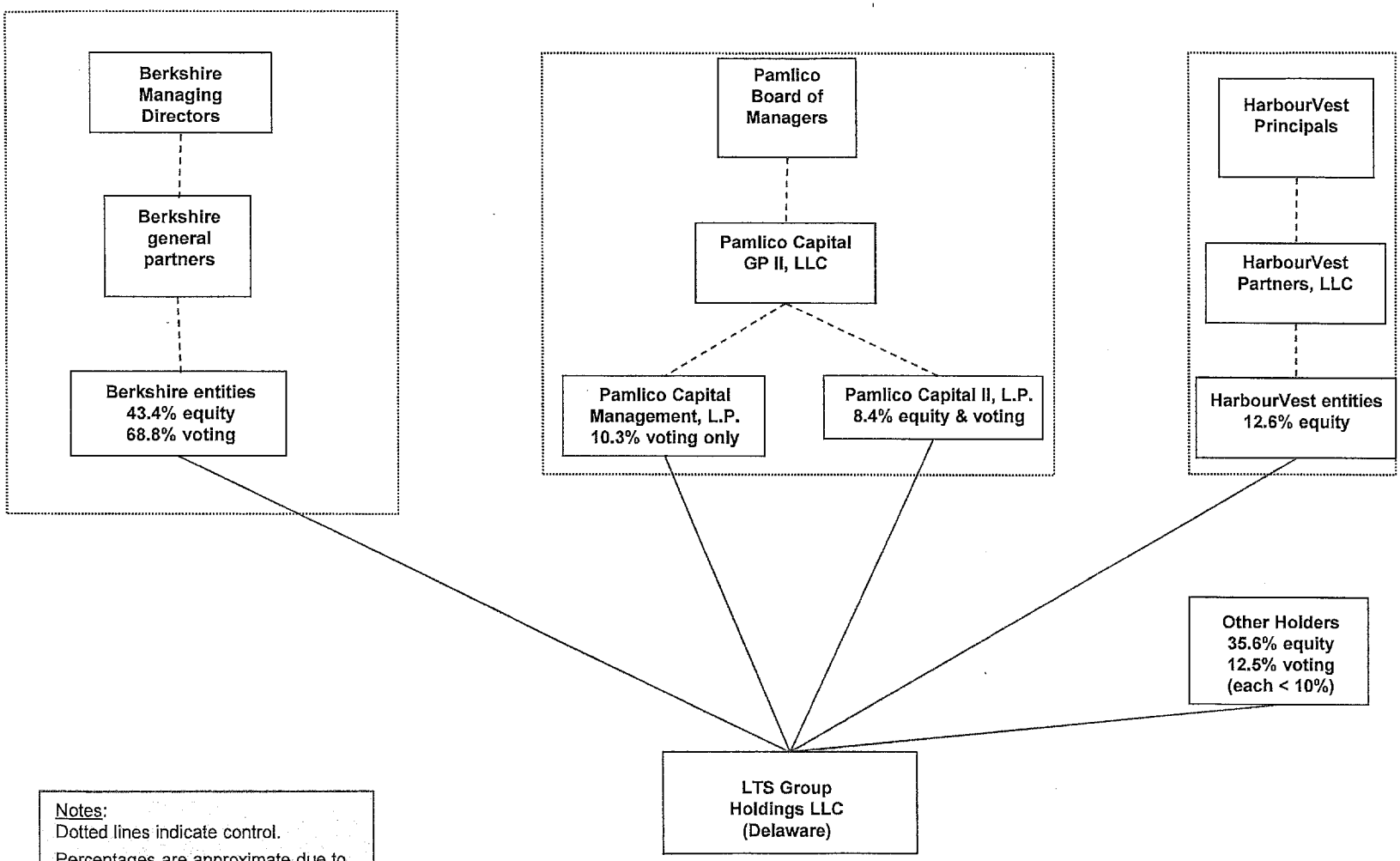
LTS Group Holdings

Post-Transaction Structure



LTS Group Holdings

Post-Transaction Ownership Overview



Notes:
Dotted lines indicate control.
Percentages are approximate due to rounding.

VERIFICATIONS

COMMONWEALTH OF MASSACHUSETTS §
§
COUNTY OF MIDDLESEX §

VERIFICATION

I, David L. Mayer, am General Counsel, Executive Vice President and Secretary of LTS Buyer LLC and each of its subsidiaries, including Sidera Networks, Inc., Lightower Fiber Networks I, LLC and Lightower Fiber Networks II, LLC (collectively, the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to the Company are true and correct to the best of my knowledge, information, and belief.

David L. Mayer
General Counsel and Executive Vice President
LTS Buyer LLC

Sworn and subscribed before me this 5th day of May, 2015.

Carolynne O. Miller
Notary Public

My commission expires 3-25-16

CAROLYNNE O. MILLER
MY COMMISSION EXPIRES 03-25-2016
COMMONWEALTH OF MASSACHUSETTS
NOTARY PUBLIC

STATE OF NEW YORK §
§
CITY OF ROCHESTER §

VERIFICATION

I, Charles Stockdale, hereby declare that I am the Senior Vice President & General Counsel of Fibertech Holdings Corp.; that I am authorized to make this Verification on behalf of Fibertech Holdings Corp., Fibertech Networks, LLC, Fiber Technologies Networks, L.L.C. and Fibertech Facilities Corp.; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

Charles B. Stockdale
Name: Charles Stockdale
Title: Senior Vice President and General Counsel

SWORN TO AND SUBSCRIBED before me on the 29th day of ~~May~~ April, 2015.

James Hoare
Notary Public

My commission expires: 3-17-2018

James A. Hoare
Notary Public - State of New York
No. 02HO6298930
Qualified in Monroe County
My Commission Expires 3-17-2018

DE

BEFORE THE
DELAWARE PUBLIC SERVICE COMMISSION

Joint Application of	)	
	)	
Fibertech Holdings Corp.,	)	
Fiber Technologies Networks, L.L.C.,	)	
	)	
and	)	Docket No. _____
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Lightower Fiber Networks I, LLC and	)	
Lightower Fiber Networks II, LLC	)	
	)	
for Approval to Transfer Control of	)	
Fiber Technologies Networks, L.L.C.	)	
and for Certain Financing Arrangements	)	

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of May, 2015, a copy of the foregoing Application was served by first class mail, postage prepaid, upon the following:

Division of the Public Advocate
820 N. French St., 4th Floor
Wilmington, DE 19801

Julie M. Donoghue, Esquire
Deputy Attorney General
Delaware Department of Justice
820 North French Street, 6th Floor
Wilmington, DE 19801

Joseph H. Huston, Jr. (No. 4035)