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T.R.A. DOCKET ROOM

Zayo Group Holdings Inc. & Subsidiaries
400 Centennial Parkway, Suite 200
Louisville, CO 80027

August 13, 2010

Tennessee Regulatory Authority
Utilities Division
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Reponse to letter dated July 10, 2010 (copy attached) re Docket 10-00136 response for Zayo Bandwidth/Memphis Networkx, LLC.

To Whom It May Concern:

I am writing in response to the request for a filing of reduction in tariff to offset the equity payment received in June 2010. As a reminder Memphis Networkx LLC is primarily a carrier's carrier and does not have a tariff. As such while we have standard pricing, we routinely provide services on an "ICB" basis. An analysis of the service orders entered into in the prior year (typically 24-36 month contract) showed discounts of over \$250,000 from standard pricing from the period of October 2009 thru September 2010. The majority of these contract are still in force for the period of October 2010 thru September 2011. As previously mentioned the company routinely provided services on an "ICB" basis and the sales force always has the ability to discount from standard pricing of up to 20%. Between the in place contracts and new contracts, the discounts offered will easily exceed \$300,000 between October 2010 and September 2011.

As requested, there are 13 copies of this response. Please feel free to contact me directly at (303) 381-4662 if you have questions or need additional information.

Sincerely,



Tim Gentry,
Zayo Group Corporate Controller

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

July 10, 2010

Tim Gentry
Zayo Bandwidth/Memphis Networx, LLC
7620 Appling Center Drive
Memphis, TN 38133

RE: DOCKET NO. 10-00136

According to the State Comptroller's Office your company was sent a tax equity payment in June 2010 resulting from Tennessee Code Annotated § 67-6-222. While this legislation entitles your company to receive such payments, it also requires that your company flow through the savings in the form of price reductions to business and/or interconnection customers. Specifically Tenn. Code Ann. § 67-6-222 (c) states in pertinent part:

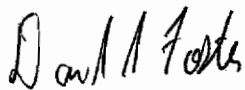
To the extent that a person engaged in the business of providing telecommunications services subject to tax under title 67, chapter 6 experiences a net tax savings solely as a result of receiving a payment under subsection (b), such net tax savings shall inure to the benefit of business customers of such person through an adjustment in the price of telecommunications services provided by such person, including business interconnection services....Subsequent price adjustments shall be effective as of October 1, 2003, and as of October 1 of each year thereafter, based on the actual payment received by each company under subsection (b) with respect to the immediately preceding June 30 payment date taking into account the cumulative amount of price adjustments previously implemented.

In essence, this statutory provision requires your company to reduce rates for business and/or interconnection services by the net amount of the tax equity payment received from the State Comptroller's Office in June, 2010. Since these annual rate adjustments are required to become effective October 1, 2010 please file appropriate tariffs reflecting such annual price reductions with the Tennessee Regulatory Authority no later than August 10, 2010. The reductions can be in the form of promotions, waived recurring charges, rate reductions, etc., but must be made during the period of October 1, 2010 through September 30, 2011. If the reductions (promotions, waived charges, reduced rates ...) placed into effect for last year's tax equity payments are still in place, then continuing those reductions may satisfy the revenue reductions required for the period October 1, 2010 thru September 30, 2011.

These filings should also include a detailed price-out (units * prices) of the calculations used in determining the flow-through amount of the tax equity payment received. Again the tariffs are required by statute to become effective October 1, 2010. It is requested that this information be provided no later than 2:00 P.M. on August 10, 2010, and reference Docket No. 10-00136 on the response. In accordance with TRA rules, submit either thirteen (13) written copies of your response or four (4) written copies and an electronic version.

If you have any questions concerning this matter, contact Roger Knight at (615) 741-2904 extension 166 or Pasty Fulton at extension 193.

Sincerely,

A handwritten signature in black ink, appearing to read "David Foster". The signature is written in a cursive, slightly slanted style.

David Foster, Chief
Utilities Division

C: Docket File

Zayo Bandwidth Tennessee LLC
Reduced rate data

[illegible]

Zayo Bandwidth Tennessee LLC
Reduced rate data

ENA		850	900	50	Dedicated Ethernet	100Mb
ENA		850	900	50	Dedicated Ethernet	100Mb
ENA		850	900	50	Dedicated Ethernet	100Mb
ENA		850	900	50	Dedicated Ethernet	100Mb
ENA		850	900	50	Dedicated Ethernet	100Mb
ENA		850	900	50	Dedicated Ethernet	100Mb
ENA		850	900	50	Dedicated Ethernet	100Mb
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ENA		925	950	25	Dedicated Ethernet	1000Mb
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ENA		925	950	25	Dedicated Ethernet	1000Mb
ENA		925	950	25	Dedicated Ethernet	1000Mb
ENA		925	950	25	Dedicated Ethernet	1000Mb
ENA		2,500	2,500	-	Wavelengths	10G
ENA		2,500	2,500	-	Wavelengths	10G
Federal Express		350	400	50	DIA	2Mb
Federal Express		400	400	-	Colocation	N/A
Iris Networks		315	400	85	Dark Fiber	N/A
Iris Networks		600	600	-	Private Line	DS3
Iris Networks		600	600	-	Private Line	DS3
Iris Networks		600	600	-	Private Line	DS3
Iris Networks		1,000	1,050	50	Colocation	N/A
ITC^DeltaCom		600	600	-	Private Line	DS3
ITC^DeltaCom		600	600	-	Private Line	DS3
ITC^DeltaCom		600	600	-	Private Line	DS3
ITC^DeltaCom		600	600	-	Private Line	DS3
ITC^DeltaCom		600	600	-	Private Line	DS3
ITC^DeltaCom		600	600	-	Private Line	DS3
ITC^DeltaCom		600	600	-	Private Line	DS3
ITC^DeltaCom		600	600	-	Private Line	DS3
ITC^DeltaCom		700	700	-	Private Line	DS3
ITC^DeltaCom		700	700	-	Private Line	DS3
ITC^DeltaCom		850	900	50	Private Line	DS3
Level 3 Communications Inc.		1,588	1,600	12	Private Line	OC3
Level 3 Communications Inc.		1,770	1,800	30	Private Line	DS3
PaeTec Communications Inc.		125	125	-	Private Line	DS1
PaeTec Communications Inc.		175	200	25	Private Line	DS1
PaeTec Communications Inc.		175	200	25	Private Line	DS1

Zayo Bandwidth Tennessee LLC
Reduced rate data

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Zayo Bandwidth Tennessee LLC
Reduced rate data

Zayo Enterprise Networks - ZEN	115	125	10	Private Line	DS1
Zayo Enterprise Networks - ZEN	115	125	10	Private Line	DS1
Zayo Enterprise Networks - ZEN	115	125	10	Private Line	DS1
Zayo Enterprise Networks - ZEN	118	125	7	Private Line	DS1
Zayo Enterprise Networks - ZEN	118	125	7	Private Line	DS1
Zayo Enterprise Networks - ZEN	118	125	7	Private Line	DS1
Zayo Enterprise Networks - ZEN	118	125	7	Private Line	DS1
Zayo Enterprise Networks - ZEN	118	125	7	Private Line	DS1
Zayo Enterprise Networks - ZEN	118	125	7	Private Line	DS1
Zayo Enterprise Networks - ZEN	118	125	7	Private Line	DS1
Zayo Enterprise Networks - ZEN	118	125	7	Private Line	DS1
Zayo Enterprise Networks - ZEN	118	125	7	Private Line	DS1
Zayo Enterprise Networks - ZEN	120	125	5	Private Line	DS1
Zayo Enterprise Networks - ZEN	150	200	50	Private Line	DS1
Zayo Enterprise Networks - ZEN	150	200	50	Dark Fiber	
Zayo Enterprise Networks - ZEN	178	200	22	Private Line	DS1
Zayo Enterprise Networks - ZEN	306	400	94	Private Line	DS1
Zayo Enterprise Networks - ZEN	400	400	-	Private Line	DS1
Zayo Enterprise Networks - ZEN	418	500	82	Private Line	DS1
Zayo Enterprise Networks - ZEN	500	500	-	Custom Bundle	NA
Zayo Enterprise Networks - ZEN	508	600	92	Private Line	DS1
Zayo Enterprise Networks - ZEN	570	600	30	Private Line	DS3
Zayo Enterprise Networks - ZEN	1,750	1,800	50	Private Line	OC12
Zayo Enterprise Networks - ZEN	1,750	1,800	50	Dedicated Ethernet	100Mb
Zayo Enterprise Networks - ZEN	40,000	45,000	5,000	Dark Fiber	NA
Totals	454,316	484,850	30,534		

366,408 Annualized