

May 7, 2015

Via Overnight Courier

Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-8294

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MAY 8 2015

PUBLIC SERVICE
COMMISSION

Re: Notice of Transfer of Control of Fiber Technologies Networks, L.L.C. to Sidera Networks, Inc.

Dear Mr. Derouen:

Fibertech Holdings Corp. ("Fibertech Holdings" or "Transferor") and Sidera Networks, Inc. ("Sidera" or "Transferee") hereby notify the Kentucky Public Service Commission ("Commission") of 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 Kentucky (the "Transaction"). Sidera, Fibertech Holdings, and Fibertech are herein collectively referred to as the "Parties."

Pursuant to the Orders issued in Admin. Case No. 359 on June 21, 1996 and No. 370 on January 8, 1998 and 807 KAR 5:011, Section 11, prior action by the Commission is not required for the Transaction. Accordingly, the Parties submit this letter for informational purposes.

I. Description of the Parties

A. Fibertech Holdings and Fibertech

Fibertech, a New York limited liability company, is a wholly-owned subsidiary of Fibertech Networks, LLC, 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 Kentucky pursuant to a registration accepted April 2, 2012, as supplemented May 7, 2012 (Utility ID Nos. 5056890 and 519570). 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 Parties request that it be incorporated by reference herein.

B. Sidera

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 Lighttower Fiber Networks I, LLC and Lighttower Fiber Networks II, LLC (the “LT Operating Companies”), provides Ethernet, SONET, wavelengths, private network services, Internet access, dark fiber and collocation services to carrier, government and enterprise customers. Together, the LT Operating Companies are authorized to provide intrastate telecommunications services in Connecticut, Delaware, the District of Columbia, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, and Virginia. The LT Operating Companies are also authorized by the FCC to provide interstate telecommunications services. The principal office of LTS Holdings, Sidera and the LT Operating Companies is located at 80 Central Street, Boxborough, MA 01719. 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 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).¹ Harbourvest is a

¹ The remainder of HarbourVest’s interests are held through other investment funds, none of which hold 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,

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 (collectively, "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.

II. Contact Information

For the purposes of this filing, contacts for the Parties are as follows:

For Fibertech Holdings and Fibertech:

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With a copy to:

Charles Stockdale
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Tel: (585) 697-5113
Fax: (585) 442-8845

With a copy to:

David L. Mayer
General Counsel & Executive Vice President
Lightower Fiber Networks
80 Central Street
Boxborough, MA 01719
Tel: (978) 264-6080

but the Parties 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.

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Email: cstockdale@fibertech.com

Email: dmayer@lighttower.com

III. Description of the Transaction

Fibertech Holdings and Sidera have entered into an Agreement and Plan of Merger (“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 these operating subsidiaries. The Parties anticipate customers will benefit from the enhanced access of Fibertech Holdings to 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 the State of Kentucky. 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), or adversely affect the market for telecommunications services in the State of Kentucky. The Transaction also will not adversely affect competition for the provision of telecommunications in the State of Kentucky because the customers served by Fibertech have, and following consummation of the Transaction will continue to have, access to multiple competitive alternatives.

IV. Public Interest Considerations

The Parties submit that the Transaction will enhance the ability of Fibertech to compete in the telecommunications marketplace in Kentucky. 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.

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V. Conclusion

For the reasons stated above, the Parties respectfully submit that the public interest, convenience, and necessity would be furthered by the transfer of control of Fiber Technologies Networks, L.L.C as set forth above.

An original and four (4) copies of this letter are enclosed for filing. Please date-stamp the enclosed extra copy of this letter and return it in the attached self-addressed, stamped envelope. Should you have any questions regarding this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,



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Counsel for Fiber Technologies Networks,
L.L.C.

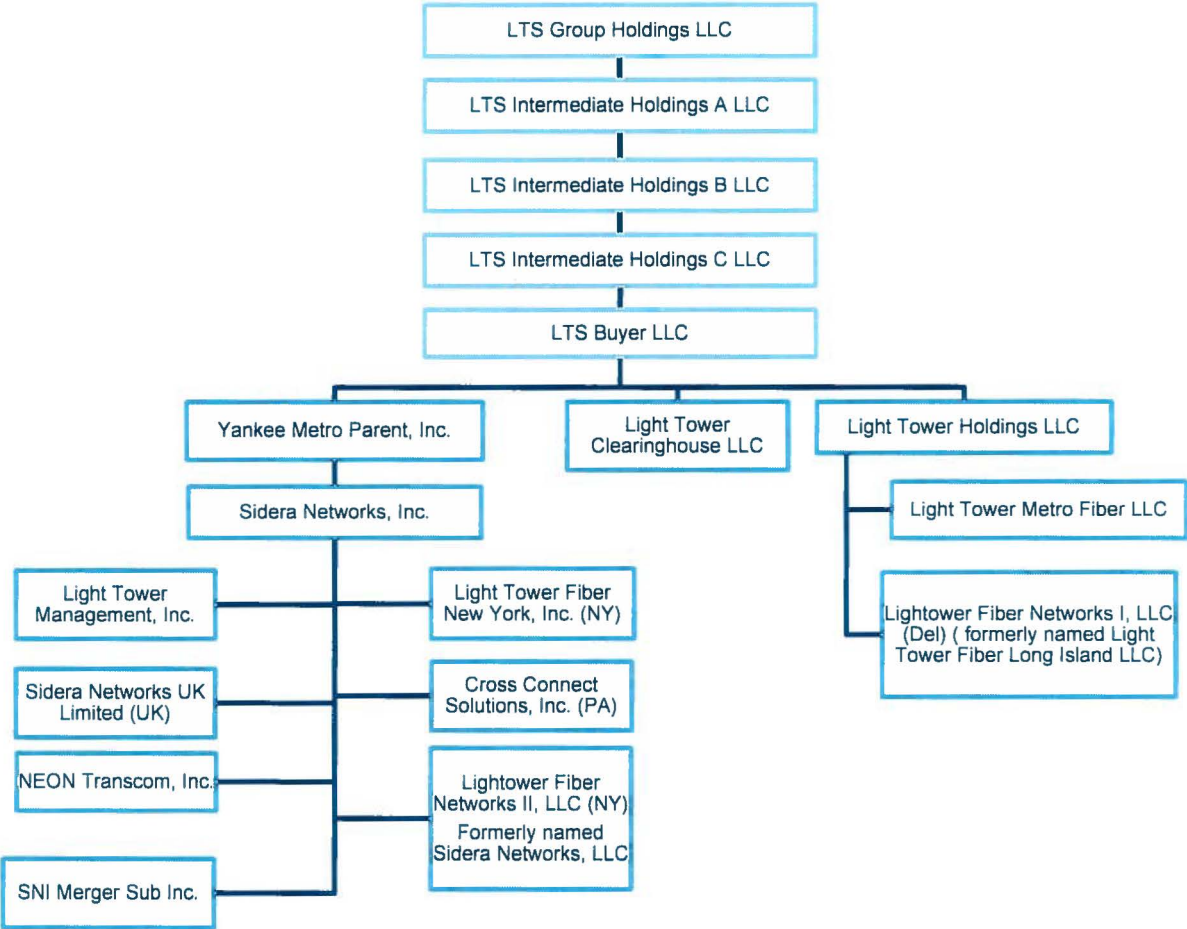
Counsel for Sidera Networks, Inc.

EXHIBIT A

Pre- and Post-Transaction Corporate Ownership Charts

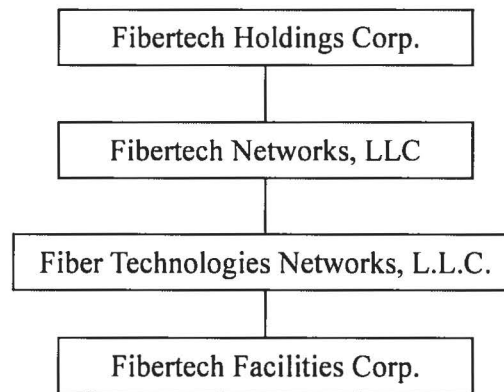
LTS Group Holdings

Pre-Transaction Structure



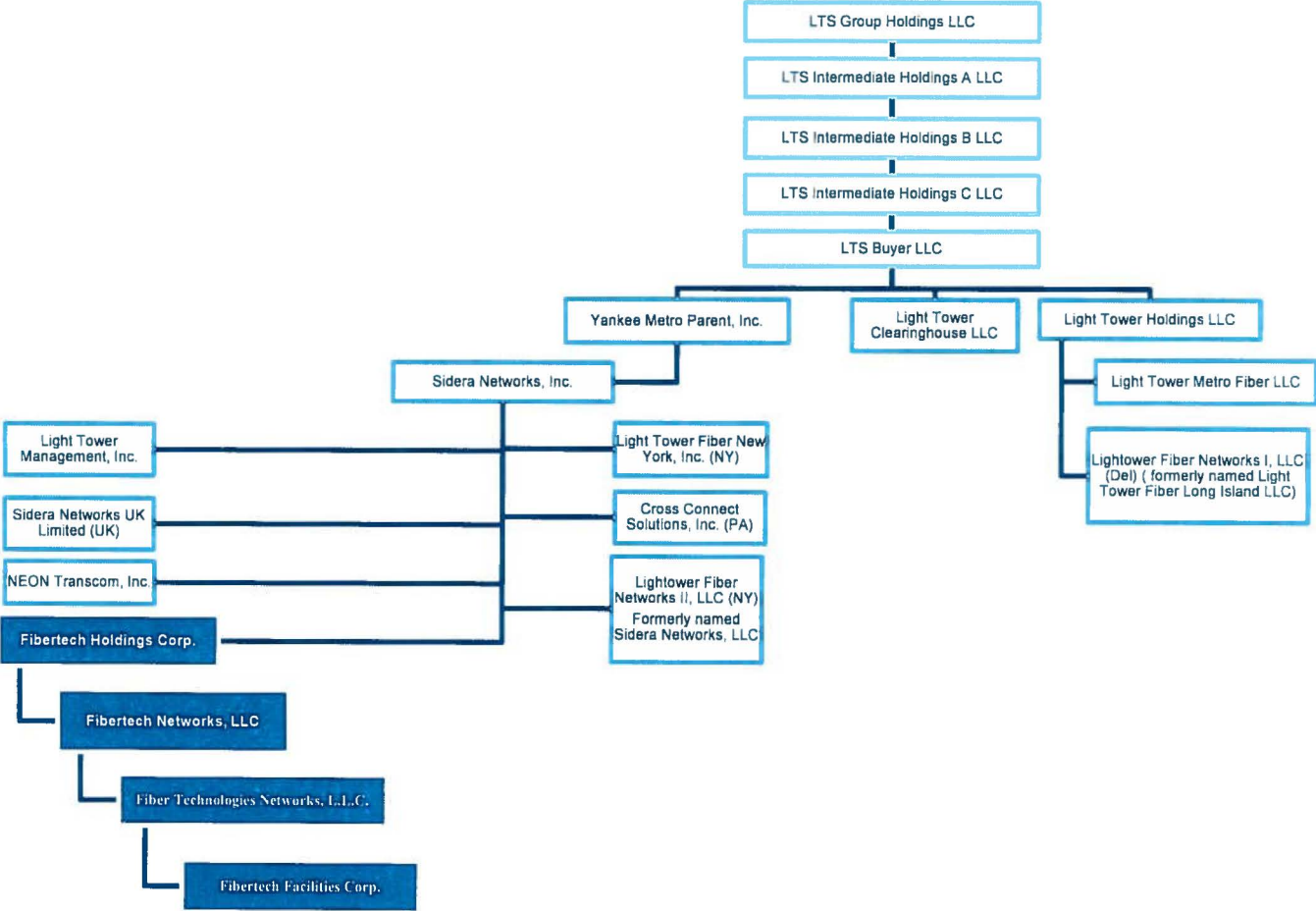
Fibertech

Pre-Transaction Structure



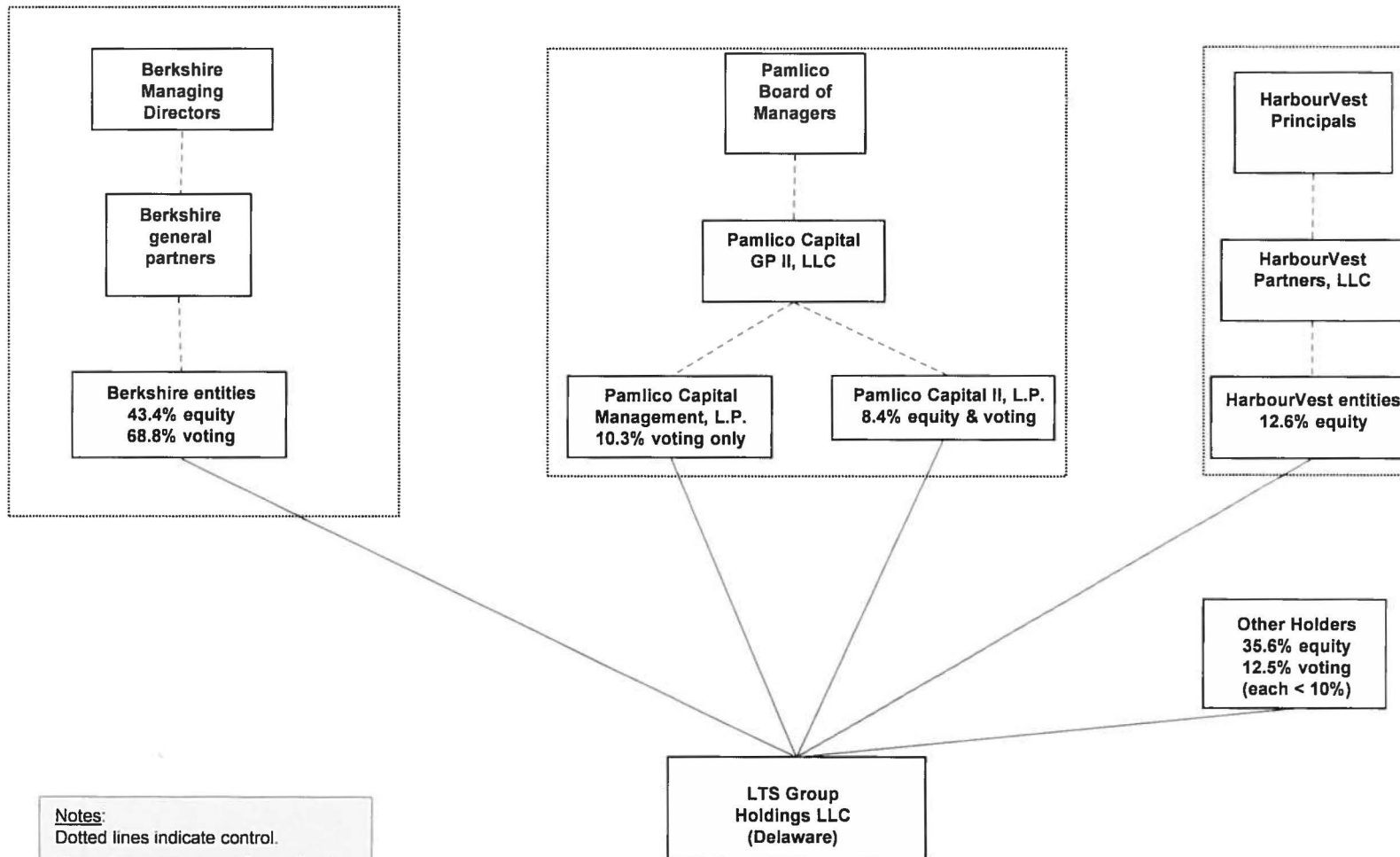
LTS Group Holdings

Post-Transaction Structure



LTS Group Holdings

Post-Transaction Ownership Overview



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

STATE OF NEW YORK

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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.

I declare under penalty of perjury that the forgoing is true and correct. Executed this 7 day of May, 2015.



Name: Charles Stockdale

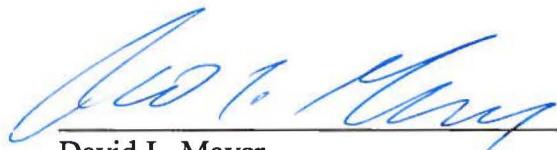
Title: Senior Vice President and General Counsel

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., Lighttower Fiber Networks I, LLC and Lighttower 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.

I declare under penalty of perjury that the forgoing is true and correct. Executed this 7 day of May, 2015.



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