

**BEFORE THE STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

Joint Petition of)
)
X5 OpCo LLC, Assignee)
and)
CornerStone Telephone Company, LLC)
and) Case No. 15-_____
Public Interest Network Services, Inc.)
Assignors)
)
)
For Approval for Assignee to Acquire)
All Regulated Telecommunications Assets)
Including Assignor Subscribers in New York)

JOINT PETITION

X5 OpCo LLC (“X5 OpCo”) assignee, and CornerStone Telephone Company, LLC and its wholly-owned subsidiary, Public Interest Network Services, Inc. (collectively “CornerStone”), assignors (jointly “Petitioners”), by their undersigned representatives and pursuant to N.Y. Pub. Serv. L. §§92-e, 99 and 100, and the rules of the New York Public Service Commission (“Commission”), respectfully request Commission approval, to the extent required, for X5 OpCo to acquire all regulated telecommunications New York assets, including customer accounts, of CornerStone through a mutually negotiated Asset Purchase Agreement (“Transaction”). As a result of the Transaction, CornerStone assets, including customer accounts, will be transferred to X5 OpCo, which will become the presubscribed local exchange and interexchange service provider for former CornerStone customers following necessary regulatory approvals and subject to regulatory requirements. As described below, the Transaction will be virtually transparent to CornerStone customers in terms of the services that those customers receive and the rates and terms of those services currently provided by CornerStone. In support of this filing, Petitioners provide the following information:

I. INTRODUCTION AND REQUEST FOR EXPEDITED TREATMENT

On November 30, 2015, CornerStone and X5 OpCo entered into an Asset Purchase Agreement (“Agreement”) whereby CornerStone agreed to sell, and X5 OpCo agreed to acquire, substantially all CornerStone assets including all regulated telecommunications assets and local exchange and interexchange customer accounts located in New York and other jurisdictions served by CornerStone. The transfers are scheduled to take effect by January 29, 2016, subject to regulatory approvals as required. Petitioners submit that the public interest would be served by the prompt transition of the business to X5 OpCo as quickly as possible, and therefore urge that Commission promptly approve the requested transfer to permit the transfer of the New York customers at the earliest possible time.

II. DESCRIPTION OF THE PETITIONERS

A. X5 OpCo LLC

X5 OpCo is a limited liability company formed under the laws of the State of Delaware in 2014. X5 OpCo is a wholly owned subsidiary of X5 Holdings LLC (“X5 Holdings”) which is controlled by NewSpring Holdings Management Company LLC (“NewSpring”). NewSpring is a limited liability company organized under the laws of the State of Delaware. NewSpring is affiliated with NewSpring Holdings LLC, a private equity fund that seeks to partner with successful business owners and management teams to grow profitable businesses. X5 OpCo maintains authority to provide domestic interstate interexchange and international telecommunications services as well as authority to provide intrastate interexchange services in Washington, Oregon, and Utah. X5 OpCo was granted facilities-based local exchange and

interexchange operating authority in New York by the Commission on November 25, 2015 in Matter No. 15-02220.¹

B. CornerStone Telephone Company LLC and Public Interest Network Services, Inc.

CornerStone Telephone Company, LLC is a New York limited liability company. CornerStone wholly owns Richmond Telephone Company, LLC, a Massachusetts corporation, and Public Interest Network Services, Inc., a New York corporation.² Richmond Telephone Company, LLC wholly owns Richmond Connections, Inc. dba Richmond Networx, a Massachusetts corporation. Neither Richmond Telephone Company, LLC nor Richmond Connections, Inc. dba Richmond Networx operate in New York and are not parties to the instant Petition.

CornerStone and Public Interest Network Services, Inc. provide broadband services, traditional time division multiplex voice, as well as interconnected Voice over Internet Protocol services, including session initiated protocol (“SIP”) trunking and hosted private branch exchange services on both a retail and wholesale basis. Where both voice and broadband services are available, these services are typically bundled. CornerStone - including Public Interest Network Services, Inc. - provide services primarily to non-residential customers.³

Approximately 92% of CornerStone’s voice and broadband services are provided in New York. CornerStone’s second largest market is Massachusetts. CornerStone provides services via

¹ *Re: Matter No.: 15-02220 – Petition of X5 OpCo LLC on October 26, 2015, for an Original Certificate of Public Convenience and Necessity to resell all forms of telephone service in the State of New York*, New York Department of Public Service, Letter from Peter McGowan, Acting Director Office of Telecommunications to Andrew Isar, Regulatory Consultant to X5 OpCo LLC (November 25, 2015).

² *See, Petition of CornerStone Telephone Company, LLC and Shareholders of Public Interest Networks, Inc. for Approval of a Transfer of Control of Public Interest Network Services, Inc. to CornerStone Telephone Company, LLC*, State of New York Department of Public Service, Matter 11-00439, Letter from Chad G. Hume, Director Office of Telecommunications to Daniel Yamin, President CornerStone Telephone Company, LLC (April 1, 2011).

³ CornerStone provides residential services to its employees, and to several multi-dwelling units that bundle CornerStone’s service into their residential rental packages.

its own switch using either leased cable modem infrastructure, fiber, Verizon unbundled loops accessed via CornerStone's collocation cages or other carrier provided access. Public Interest Network Services, Inc., acquired in 2011, primarily serves non-profit and wholesale service providers in the greater New York City area.

III. CONTACTS

Questions or any correspondence, orders, or other materials pertaining to this filing should be directed to the following:

For X5 OpCo LLC:

Company Contact:

Barbara Meyer
Controller
X5 OpCo LLC
1008 Western Ave.
Suite 400
Seattle, WA 98104
Telephone: 206.973.5865
E-mail: regulatory@X5solutions.com

Regulatory Contact:

Andrew O. Isar
Miller Isar Inc.
4304 92nd Avenue NW
Gig Harbor, WA 98335
Telephone: 253.851.6700
Email: aisar@millerisar.com

For CornerStone Ltd., Inc. and Public Interest Network Services, Inc.:

Company Contact:

Richard W. Drake, Jr.
CornerStone Telephone Company, LLC
2 Third Street
Suite 303
Troy, NY 12180
Telephone: 518.272.1018
Email: rdrake@cstel.com

Legal Counsel:

Keith Roland
Herzog, Engstrom & Koplovitz, PC
7 Southwoods Boulevard
Albany, NY 12211
Telephone: 518.465.7581 x185
Email: kroland@herzoglaw.com

IV. DESCRIPTION OF THE TRANSACTION

On November 30, 2015, CornerStone and X5 OpCo entered into an Asset Purchase Agreement ("Agreement") whereby CornerStone agreed to sell, and X5 OpCo agreed to acquire, substantially all CornerStone assets including New York telecommunications assets and local

exchange and interexchange subscribers located in New York and other jurisdictions served by CornerStone. Under the terms of the Agreement, X5 OpCo is to provide transferred CornerStone subscribers the same services at the same rates, terms and conditions provided by CornerStone. The Transaction becomes effective on or about January 29, 2016, or following regulatory approvals where required.

CornerStone has made an affirmative business decision to cease the provision of telecommunications services following the consummation of the Agreement and requisite regulatory approvals. CornerStone requests that its current New York Certificate in Case No. 01-C-1036⁴ and tariffs and Public Interest Network Services, Inc. New York Certificate in Case No. 94-C-1000 be cancelled following the close of the transaction and transfer of subscribers to X5 OpCo on or about January 29, 2016.

X5 OpCo will provide service to former CornerStone subscribers under separate service agreements currently in effect or alternatively under its Service Guide amended to incorporate CornerStone service rates, terms, and conditions, or under the Companies' current tariffs following submission of an adoption supplement.

V. CUSTOMER NOTICE

In accordance with the terms of their service contracts and the Federal Communications Commission's ("FCC") rules, subscribers will be properly notified of the Transaction and the change in their telecommunications provider from CornerStone to X5 OpCo. CornerStone and X5 OpCo will provide customers with more than 30 days advanced notice of the transfer pursuant to Section 64.1120(e) of the FCC's rules, 47 C.F.R. §64.1120(e). Notification of the

⁴ Originally granted to "CSTC, LLC" prior to the Company's name change to "CornerStone Telephone Company, LLC." See CornerStone Telephone Company, LLC Letter to Jaelyn A. Brillling, Commission Secretary from Eileen M. Bodamer, CornerStone consultant RE: Adoption of CSTS, LLC Tariffs by CornerStone Telephone Company, LLC (March 14, 2008).

transaction will also be provided to the FCC pursuant to 47 C.F.R. §64.1120(e). A copy of the draft notice, which complies with FCC rule 47 C.F.R. §64.1120(e) is attached at Exhibit A. Petitioners maintain that this notice satisfies the requirements of N.Y. Pub. Serv. L. [§92-e\(2\)](#) governing unauthorized account transfer of subscribers.

VI. PUBLIC INTEREST CONSIDERATIONS

The proposed assignment of CornerStone's assets to X5 OpCo serves the public interest and will cause no offsetting public interest harms. The Transaction will provide additional capitalization needed to expand services and operations, and enhance the company's ability to provide competitive telecommunications services to the public. Further, broad management experience will enable X5 OpCo to explore new innovative service opportunities and provide added value to subscribers. The proposed assignment does not raise any competitive concerns. The only impact of the proposed transaction is that X5 OpCo will obtain access to increased resources that will result in a stronger, more capable and robust company, capable of pursuing additional opportunities.

The Transaction will be entirely transparent to subscribers. The Transaction will not result in any immediate change in service rates, terms, and conditions, and will not result in the discontinuance, reduction, loss, or impairment of service to subscribers.

V. CONCLUSION

WHEREFORE, for the reasons set forth above, Petitioners request the Commission grant all authority necessary for X5 OpCo LLC to acquire all regulated telecommunications assets and subscriber accounts of CornerStone Telephone Company, LLC's and its wholly owned subsidiary, Public Interest Network Services, Inc.'s assets in New York. Further, Petitioners request that the Commission expeditiously act on the Petition so that CornerStone, Inc. and

Public Interest Network Services, Inc. New York customers may be assigned to X5 OpCo LLC at the earliest possible closing.

Respectfully submitted this 7th day of December, 2015.

For X5 OpCo LLC and
CornerStone Telephone Company, Inc. and
Public Interest Network Services, Inc.



By:

Andrew O. Isar
Miller Isar, Inc.
4304 92nd Avenue NW
Gig Harbor, WA 98335
Telephone: 253.851.6700

Regulatory Consultants to
X5 OpCo LLC

EXHIBIT A

Customer Notice
(Attached)

X5 OpCo LLC
1008 Western Avenue, Suite 400
Seattle, WA 98104

CornerStone Telephone Company, LLC
2 Third Street, Suite 303
Troy, NY 12180

Notice of Carrier Change

December [date], 2015

Dear Valued CornerStone Telephone Company, LLC Customer:

X5 OpCo LLC recently announced an agreement with CornerStone Telephone Company, LLC to acquire certain assets of CornerStone Telephone Company, LLC, subject to regulatory approval, including your account and services. Once the regulatory approvals are granted, your services will be provided by X5 OpCo LLC but under your current contract terms with CornerStone Telephone Company, LLC.

Please rest assured that the transaction will not affect the services you currently receive from CornerStone Telephone Company, LLC. You will continue to receive your services with the same rates, features, terms, and conditions as you currently enjoy, while also gaining access to a full range of additional X5 OpCo LLC telecommunications services.

X5 OpCo LLC will automatically become your telecommunications provider upon final close and regulatory approval on or after January 29, 2016 unless you have made other arrangements. This change will be completely seamless for you and you do not need to do anything in order for this to occur. X5 OpCo LLC will take care of all the details and will be responsible for any change fees associated with transferring your account. However, it is important that you be aware of the following information. You are responsible for continued payment of your monthly recurring and usage charges throughout this period. Unless you have made arrangements on your own to switch your provider prior to the date that your services transfer to X5 OpCo LLC, your account will be automatically transferred and your services contract assigned to X5 OpCo LLC.

All preferred carrier freezes will be lifted for purposes of completing the transfer of your services to X5 OpCo LLC. At your request, X5 OpCo LLC will reinstate any preferred carrier freezes you may have had with CornerStone Telephone Company, LLC if you currently receive these telephone services from CornerStone Telephone Company, LLC. In the event you currently receive local services from an alternative provider than CornerStone Telephone Company, LLC, you will need to contact your existing or new local service provider to reinstate your preferred carrier freeze. In addition, any deposits or prepayments you may have paid with CornerStone Telephone Company, LLC will be transferred with your account to X5 OpCo LLC. Subject to the terms of your current contract, you have the option to select another provider. We value your business and we hope that X5 OpCo LLC may continue to serve you. If you should choose another provider you will need to contact that carrier directly to arrange for that change prior to the transfer of your service X5 OpCo LLC. Please note it can take several weeks for a new carrier to make the switch and you may also incur service initiation fees from that provider such as service order, installations, and other similar charges associated with establishing a new service account.

In the event there are any changes to your services following the transaction they will be made in compliance with your contract, service terms and applicable federal and state regulatory requirements.

X5 OpCo,LLC will become responsible for all service and repair issues as of the date that our transaction closes, and CornerStone will continue to respond to any issues or concerns related to the service provided prior to that date.

Our mission is to continue to provide superior products and services to our customers. We want to thank you for your continued support. Welcome to X5! We look forward to meeting all your long distance communication needs. If you have any questions or concerns regarding your service or this transaction you can contact X5 OpCo LLC customer service at 888-588-1501.

Sincerely,

The Management Team
X5 OpCo LLC

X5 OpCo LLC
1008 Western Avenue, Suite 400
Seattle, WA 98104

Public Interest Network Services, Inc.
2 Third Street, Suite 303
Troy, NY 12180

Notice of Carrier Change

December [date], 2015

Dear Valued Public Interest Network Services, Inc. Customer:

X5 OpCo LLC recently announced an agreement with Public Interest Network Services, Inc. to acquire certain assets of Public Interest Network Services, Inc., subject to regulatory approval, including your account and services. Once the regulatory approvals are granted, your services will be provided by X5 OpCo LLC but under your current contract terms with Public Interest Network Services, Inc.

Please rest assured that the transaction will not affect the services you currently receive from Public Interest Network Services, Inc. You will continue to receive your services with the same rates, features, terms, and conditions as you currently enjoy, while also gaining access to a full range of additional X5 OpCo LLC telecommunications services.

X5 OpCo LLC will automatically become your telecommunications provider upon final close and regulatory approval on or after January 29, 2016 unless you have made other arrangements. This change will be completely seamless for you and you do not need to do anything in order for this to occur. X5 OpCo LLC will take care of all the details and will be responsible for any change fees associated with transferring your account. However, it is important that you be aware of the following information. You are responsible for continued payment of your monthly recurring and usage charges throughout this period. Unless you have made arrangements on your own to switch your provider prior to the date that your services transfer to X5 OpCo LLC, your account will be automatically transferred and your services contract assigned to X5 OpCo LLC.

All preferred carrier freezes will be lifted for purposes of completing the transfer of your services to X5 OpCo LLC. At your request, X5 OpCo LLC will reinstate any preferred carrier freezes you may have had with Public Interest Network Services, Inc. if you currently receive these telephone services from Public Interest Network Services, Inc. In the event you currently receive local services from an alternative provider than Public Interest Network Services, Inc., you will need to contact your existing or new local service provider to reinstate your preferred carrier freeze. In addition, any deposits or prepayments you may have paid with Public Interest Network Services, Inc. will be transferred with your account to X5 OpCo LLC. Subject to the terms of your current contract, you have the option to select another provider. We value your business and we hope that X5 OpCo LLC may continue to serve you. If you should choose another provider you will need to contact that carrier directly to arrange for that change prior to the transfer of your service X5 OpCo LLC. Please note it can take several weeks for a new carrier to make the switch and you may also incur service initiation fees from that provider such as service order, installations, and other similar charges associated with establishing a new service account.

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Our mission is to continue to provide superior products and services to our customers. We want to thank you for your continued support. Welcome to X5! We look forward to meeting all your long distance communication needs. If you have any questions or concerns regarding your service or this transaction you can contact X5 OpCo LLC customer service at 888-588-1501.

Sincerely,

The Management Team
X5 OpCo LLC

VERIFICATION

State of TEXAS)
)
County of DALLAS)

Personally appeared before the undersigned, an officer duly authorized to administer oaths, Gregory Forrest, who first being duly sworn, deposes and states that he is President and Chief Executive Officer of Petitioner, X5 OpCo LLC; that he has read the same and knows the contents thereof; and that the statements made therein are true to the best of his knowledge and belief.

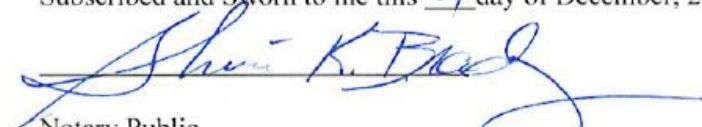
Dated this 3 day of December, 2015.

X5 OpCo LLC

By: 

Gregory Forrest
President and Chief Executive Officer
2828 N. Harwood Street
Suite 1700
Dallas, TX 75201

Subscribed and Sworn to me this 4 day of December, 2015.



Notary Public

My Commission Expires

SEAL



VERIFICATION

State of NEW YORK)
County of RENSSELAER)

Personally appeared before the undersigned, an officer duly authorized to administer oaths, Richard W. Drake, Jr., who first being duly sworn, deposes and states that he is Vice President of Finance of Petitioner, Cornerstone Telephone Company, LLC; that he has read the same and knows the contents thereof; and that the statements made therein are true to the best of his knowledge and belief.

Dated this 7th day of December, 2015.

Cornerstone Telephone Company, LLC

By: [Handwritten Signature]

Richard W. Drake, Jr.
Vice President of Finance
2 Third Street
Suite 303
Troy, NY 12180

Subscribed and Sworn to me this 7th day of December, 2015.

[Handwritten Signature]

Notary Public

My Commission Expires 10/15/2017

SEAL

ANDREW O'KEEFE
Notary Public, State of New York
No. 01OK6290803
Qualified in Albany County
Commission Expires October 15, 2017