

PENDING PETITION MEMO

Date: 9/5/2007

TO : OT
OGC
A&F

FROM: CENTRAL OPERATIONS

UTILITY: ACCESSLINE COMMUNICATIONS CORPORATION

SUBJECT: 07-C-1045

Petition of AccessLine Holdings, Inc., AccessLine Communications Corporation, and Telanetix, Inc. for the Direct Transfer of Control of AccessLine Holdings, Inc. to Telanetix, Inc.



Pillsbury
Winthrop
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Pittman LLP

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September 4, 2007

Jaclyn A. Brilling, Secretary to the Commission
New York State Department of Public Service
Empire State Plaza, Agency Building 3
Albany, New York 12223-1350

Re: Application of AccessLine Holdings, Inc., AccessLine Communications Corporation, and Telanetix Inc. to Complete a Transfer of Control of AccessLine Communications Corporation

Dear Ms. Brilling:

On behalf of our client, Telanetix, Inc., we submit an original and four (4) copies of the enclosed application of the indirect transfer of control of AccessLine Communications Corporation to Telanetix, Inc.

Please date-stamp the "Receipt" copy of this filing and return it in the enclosed self-addressed, stamped envelope. Please contact the undersigned if you have any questions or concerns.

Sincerely,

Emily Jane Helser

**BEFORE THE
NEW YORK PUBLIC SERVICE COMMISSION**

In the Matter of the Application of)

AccessLine Holdings, Inc., Transferor,)
AccessLine Communications Corporation,)
Licensee)

Docket No. _____

and)

Telnetix, Inc., Transferee)

For the Direct Transfer of Control of AccessLine)
Holdings, Inc. to Telnetix, Inc.)

APPLICATION

I. INTRODUCTION

A. Summary of Transaction

AccessLine Holdings, Inc. ("AccessLine"), AccessLine Communications Corporation ("ACC"), and Telnetix, Inc. ("Telnetix") (collectively, the "Applicants") through their undersigned counsel and pursuant to Public Service Law Sections 99, 100, and 100, N.Y. Pub. Serv. Laws §§99-101, and the rules of the New York Public Service Commission (the "Commission"), respectfully request Commission approval or such authority as may be necessary or required to enable the parties to consummate a transaction whereby Telnetix will acquire indirect control of ACC, a non-dominant carrier holding authority from the Commission to provide long-distance telephone services. Although the proposed transaction will result in a change in the ultimate ownership of ACC, no transfer of certificates, assets, or customers will

occur as an immediate consequence of the proposed transaction. ACC will continue to provide service to its existing customers pursuant to its authorizations under the same rates, terms, and conditions. Accordingly, this transaction will be transparent to the customers of ACC.

B. Request for Expedited Consideration

The proposed transaction is scheduled to close on September 14, 2007, to ensure that existing customers of ACC will continue to enjoy uninterrupted service. Expedited approval of this transaction is required if AccessLine, and by extension ACC, is to avoid financial insolvency. AccessLine has an \$8 million dollar debt obligation which will begin amortizing September 1st. Each payment of approximately \$310,000 is due on the first of the month, and AccessLine is not currently able to make the second payment due October 1st unless this transaction closes prior to that date. Therefore, in light of the substantial benefits that the Applicants expect from the proposed transaction, as well as the financial hardship facing AccessLine, Applicants seek expedited approval to allow Applicants to complete the proposed transaction by September 14, 2007.

In support of this Application, Applicants provide the following information:

II. DESCRIPTION OF THE APPLICANTS

A. AccessLine Holdings, Inc.

AccessLine is a Delaware corporation with offices located at 11201 SE 8th Street, Bellevue, Washington 98004.

B. AccessLine Communications Corporation

ACC provides resold and facilities-based long distance services in approximately 50 states. ACC is an authorized provider of long distance telephone services in New York. *See* Case No. 04-C-1475.

C. Telanetix, Inc.

Telanetix is a Delaware corporation with offices located at 6197 Cornerstone Court E. Ste. 108, San Diego, California 92121. Telanetix is a leading developer of IP-based video and conferencing solutions which provides high-quality video conference services through its Digital Presence System. The corporation is publicly traded on the OTC Bulletin Board (symbol: TNXI).

III. DESCRIPTION OF THE TRANSACTION

Telanetix and AccessLine entered into an Agreement and Plan of Merger dated September 1, 2007 (the "Agreement") whereby a newly created subsidiary of Telanetix will merge with AccessLine, with AccessLine surviving. As a result, Telanetix will acquire direct control of AccessLine and indirect control of ACC. Applicants therefore request authority for the transfer of control of ACC to Telanetix. Immediately following the consummation of the proposed transaction, ACC will continue to offer service with no change in the rates or terms and conditions of service. Further, ACC will continue to provide service to its customers under the same name. Therefore, the transfer of control of ACC will be seamless and transparent to customers.

IV. PUBLIC INTEREST STATEMENT

Applicants submit that the transaction described herein will serve the public interest. The Parties believe the transaction will enhance the ability of the entities to expand their respective operations both in terms of service area coverage and through the ability of each entity to offer customers an expanded line of products and services. In addition, the Applicants expect that the transaction will yield substantial operational and financial benefits to the combined companies.

Further, the transaction will be conducted in a manner that will be transparent to customers of ACC. The indirect transfer of control of ACC will not result in a change of carrier for customers

or any assignment of authorizations. Following consummation of the proposed transaction, ACC will continue to provide high-quality communications services to their customers without interruption and without immediate change in rates, terms, or conditions.

V. CONTACT INFORMATION

(a) Name, address and telephone number of each Applicant:

Transferor:

AccessLine Holdings, Inc.
11201 SE 8th Street
Bellevue, Washington 98004
(206) 621-3500

Licensee:

AccessLine Communications Corporation
11201 SE 8th Street
Bellevue, Washington 98004
(206) 621-3500

Transferee:

Telanetix, Inc.
6197 Cornerstone Court E. Ste. 108
San Diego, California 92121
(858) 362-2250

(b) Correspondence concerning this Application should be sent to:

For AccessLine:

Glenn S. Richards
Pillsbury Winthrop Shaw Pittman LLP
2300 N Street, N.W.
Washington, D.C. 20037
(202) 663-8215 (phone)
(202) 513-8006 (fax)
glenn.richards@pillsburylaw.com (email)

Mark Klebanoff
Chief Financial Officer,
AccessLine Communications Corporation
11201 SE 8th Street
Bellevue, Washington 98004
(206) 621-3500 (phone)
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mklebanoff@accessline.com (email)

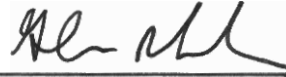
For Telanetix, Inc.:

Rick Ono
Chief Operating Officer
Telanetix, Inc.
6197 Cornerstone Court
Suite 108
San Diego, CA 92121
(858) 362-2250 (phone)
(858) 362-2251 (fax)
rick@telanetix.com (email)

VI. CONCLUSION

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Application for transfer of control of AccessLine Communications Corporation. Applicants respectfully request expedited treatment to permit Applicants to complete the transaction no later than September 14, 2007 to ensure uninterrupted service to the customers of ACC.

Respectfully submitted,



Glenn S. Richards
Pillsbury Winthrop Shaw Pittman LLP
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Washington, D.C. 20037
(202) 663-8215 (Tel)
(202) 513-8006 (Fax)
glenn.richards@pillsburylaw.com (Email)

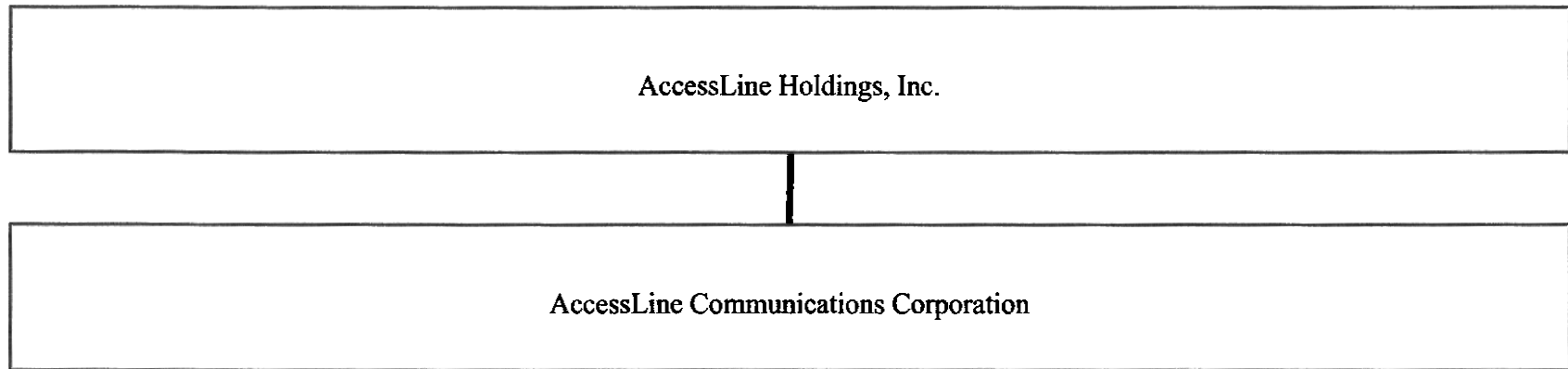
Counsel for AccessLine Holdings, Inc.,
AccessLine Communications
Corporation, and Telanetix, Inc.

Dated: September 4, 2007

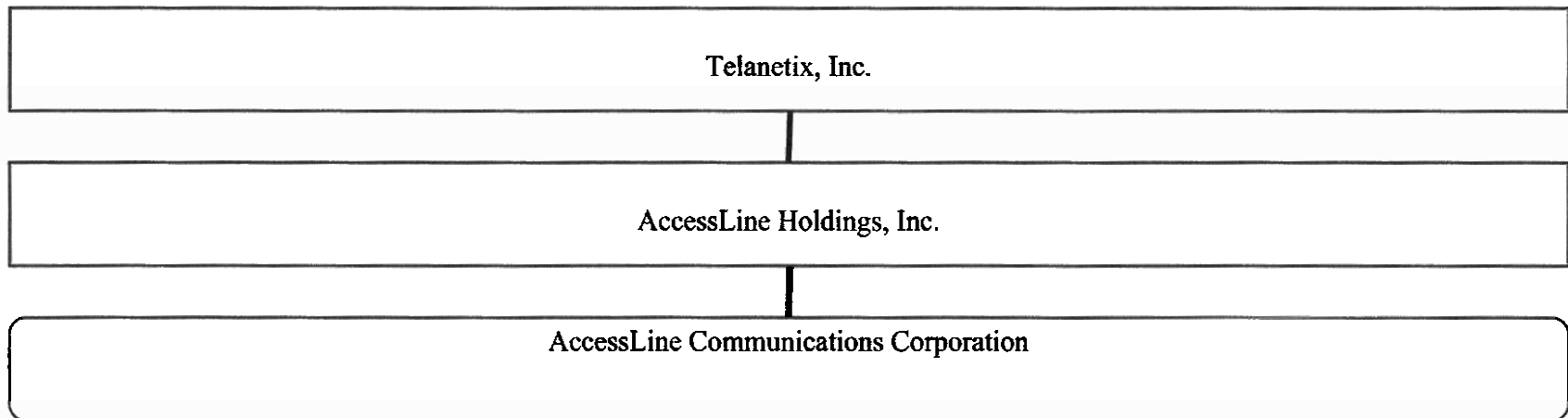
EXHIBIT A

Pre- and Post-Transaction Illustrative Chart

Pre-Merger Organizational Structure



Post-Merger Organizational Structure



Verifications

STATE OF WASHINGTON

COUNTY OF KING

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§
§

VERIFICATION

I, Doug Johnson, state that I am the CEO of AccessLine Holdings, Inc.; that I am authorized to make this Verification on behalf of AccessLine Holdings, Inc. and AccessLine Communications Corporation (together, "Applicants"); that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to Applicants are true and correct to the best of my knowledge, information, and belief.

Doug Johnson

Name

CEO

Title

AccessLine Holdings, Inc.

Sworn and subscribed before me this 27 day of August, 2007.

Cheryl L. Clift

Notary Public

My commission expires 3-12-08

NY

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

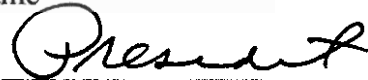
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VERIFICATION

I, Rick Ono, state that I am the President of Telanetix, Inc.; that I am authorized to make this Verification on behalf of Telanetix, Inc. ("Applicant"); that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to Applicant are true and correct to the best of my knowledge, information, and belief.



Name



Title

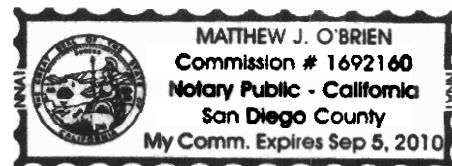
Telanetix, Inc.

Sworn and subscribed before me this 28 day of August, 2007.



Notary Public

My commission expires Sep 5, 2010



NY