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January 2, 2015

Thomas J. Navin  
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[tnavin@wileyrein.com](mailto:tnavin@wileyrein.com)

**VIA ELECTRONIC DELIVERY**

Steven King  
Executive Director/Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
1300 S. Evergreen Park Dr., S.W.  
Olympia, WA 98504-7250

Re: **X5 Solutions, Inc. and X5 OpCo LLC – Notification of Transfer of Customers and Assets**

Dear Mr. King:

X5 Solutions, Inc., together with its affiliate X5 PDX, LLC, (“X5,” or “Transferors”) and X5 OpCo LLC (“X5 OpCo” or “Transferee,” jointly, “Applicants”) hereby respectfully notify the Washington Utilities and Transportation Commission (“Commission”) of a pending transaction between Transferors and Transferee pursuant to which Transferors will transfer substantially all of their telecommunications assets and Washington customer base to Transferee (the “Transaction”).

It is the Parties’ understanding that no prior Commission approval is needed to consummate the Transaction described herein. The Parties therefore submit this notice for the Commission’s information.

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**I. PARTIES**

**A. X5 Solutions, Inc. (Transferor)**

X5 is a Seattle, Washington-based privately-held corporation organized under the laws of the State of Washington on June 25, 2004. X5 and its affiliate, X5 PDX, LLC, provide local exchange and domestic interexchange telecommunications services primarily to commercial and governmental institution subscribers, wholesale telecommunications network facilities and services to carriers, and switched exchange access services to interconnecting carriers in the States of Washington, Oregon, and Utah. X5 PDX, LLC provides services primarily in the State of Oregon. X5 is authorized to provide telecommunications in Washington under Docket UT-031673.

**B. X5 OpCo LLC (Transferee)**

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, in turn, is owned 97.6% by NewSpring Holdings LLC (“NewSpring”). X5 OpCo has been formed specifically to effect the proposed Transfer. NewSpring is a limited liability company organized under the laws of the State of Delaware. NewSpring is a private equity fund that seeks to partner with successful business owners and management teams to grow profitable businesses. Neither X5 OpCo, X5 Holdings, or NewSpring currently provide telecommunications services. After consummation of the Transfer, X5 OpCo will manage Transferors’ operations and business under its current organization. X5 OpCo concurrently with this Transaction is seeking registration as a telecommunications company and classification as a competitive telecommunications provider.

**II. DESIGNATED CONTACTS**

Correspondence concerning this matter should be directed to:

For Transferors:

Barbara Meyer  
Controller  
X5 Solutions, Inc.  
1301 Fifth Ave.



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Suite #2301  
Seattle, WA 98101  
Telephone: 206.973.5800  
Email: bmeyer@x5solutions.com

With a copy to:

Andrew O. Isar  
Regulatory Consultant  
Miller Isar, Inc.  
4423 Point Fosdick Drive, NW  
Suite 306E  
Gig Harbor, WA 98335  
Telephone: 253.851.6700  
Email: aisar@millerisar.com

For Transferee:

Walter P. Maner  
Chairman  
X5 OpCo LLC  
c/o NewSpring Holdings LLC  
555 E. Lancaster Ave, Suite 444  
Radnor, PA 19087  
Telephone: 610.567.2380  
Email: smaner@newspringcapital.com

With a copy to:

Thomas J. Navin, Esq.  
Wiley Rein LLP  
1776 K Street, NW  
Washington, DC 20006  
Telephone: 202.719.7487  
Email: tnavin@wileyrein.com

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### **III. DESCRIPTION OF THE TRANSACTION AND PUBLIC INTEREST STATEMENT**

Transferors seek to sell, and Transferee seeks to acquire, substantially all of the assets and business of Transferors as an ongoing operation. Under the terms of the proposed acquisition, Transferors will sell the entirety of their interest in operational assets, customer and supplier contracts, and all of Transferors' personnel will be transferred to Transferee. Following the approval of the proposed Transfer, Transferee will operate the assets and business of Transferors and will continue to provide Transferors' domestic telecommunications services to commercial subscribers, wholesale carrier customers, and interconnecting carriers, and otherwise operate under Transferors' current name, organization, and service rates, terms, conditions and authority. The Transaction will provide Transferors' business with additional capitalization needed to innovate, expand operations and generally increase competitiveness. The Transaction will be entirely transparent to Transferors' subscribers and wholesale customers.

The transfer is scheduled to take place on or around March 16, 2015, assuming receipt of all necessary regulatory approvals. The Transferors' customer base will receive notice of the Transaction in accordance with Washington state requirements and the rules and regulations of the Federal Communications Commission. A form of customer notification letter is attached as **Exhibit A**.

The Applicants intend to file or have filed applications seeking authorization for the Transaction with the Federal Communications Commission, the Public Utility Commission of Oregon, and the Utah Public Service Commission. The Applicants expect the Transaction will receive streamlined treatment from the FCC. To date, no regulatory approvals have been issued.

Applicants submit that the Transaction is consistent with the public interest. The Transaction will provide additional capitalization needed to expand services and operations, and enhance the ability to provide competitive telecommunications services to the public. Further, broad management experience will enable Transferee to explore new innovative service opportunities and provide added value to Transferors' subscribers and customers. The proposed transfer does not raise any competitive concerns. The only impact of the proposed transaction is that Transferors' business will obtain access to increased resources that will result in a stronger, more capable and robust company, capable of pursuing additional opportunities.



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The Transaction will be entirely transparent to subscribers and customers. 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 or customers.

If you have any questions concerning this matter, please contact the undersigned.

Respectfully Submitted,

*/s/ Thomas J. Navin*

Thomas J. Navin  
*Counsel for X5 OpCo LLC*

# **EXHIBIT A**

[DATE]

[ADDRESS]

Dear Valued Customer:

X5 OpCo LLC recently announced an agreement with X5 Solutions, Inc. and X5 PDX, LLC to acquire certain assets of X5 Solutions, Inc. and X5 PDX, LLC's business, subject to regulatory approval, including your account. Once that happens, your service will be provided by X5 OpCo LLC but under your current contract with X5 Solutions, Inc. or X5 PDX, LLC.

Please rest assured that the transaction will not affect the service you currently receive. You will continue to receive services with the same rates, features, terms and conditions as you currently enjoy. Any changes to your service following the transaction will be made in compliance with your contract, service terms and applicable federal and state regulatory requirements. X5 OpCo LLC will automatically become your telecommunications provider upon final close on or after March 16, 2015.

This change will be completely seamless for you and you do not need to do anything in order for it to occur. X5 OpCo LLC will take care of all of 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 are transferred to X5 OpCo LLC, your account will automatically be transferred and your service 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. X5 OpCo LLC will reinstate any preferred carrier freeze you may have with X5 Solutions, Inc. or X5 PDX, LLC if you currently receive local telephone service from X5 Solutions, Inc. or X5 PDX, LLC. In the event that you currently receive local service from a provider other than X5 Solutions, Inc. or X5 PDX, LLC, you will need to contact your existing or new local service provider to reinstate your preferred carrier freeze. In addition, any deposit or prepayment you have paid, if any, will be transferred with your account to X5 OpCo LLC.

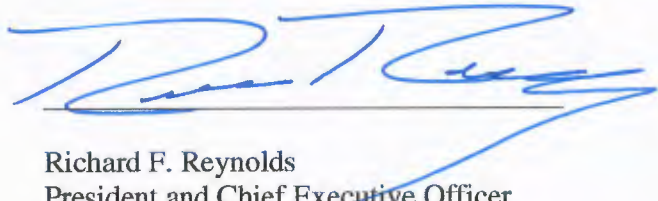
Subject to the terms of your current contract, you have the option to select another provider. We value your business and we hope that X5 OpCo LLC may continue to serve you. If you should choose another provider you will need to contact that carrier directly to arrange for the change prior to the transfer of your services to X5 OpCo LLC. We note that 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, installation and other similar charges associated with establishing a new service account.

Our mission is to provide superior products and services to our customers. We want to thank you for your continued support. If you have any questions regarding your current services or about the transaction, please call the customer service department at 888-588-1501.

X5 OpCo LLC looks forward to serving you.

**VERIFICATION**

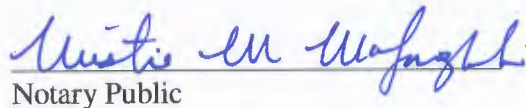
I, Richard F. Reynolds, am the President and Chief Executive Officer of X5 Solutions, Inc. and X5 PDX, LLC. The factual statements and representations made in the foregoing by and concerning X5 Solutions, Inc. and X5 PDX, LLC and the transactions described therein are true and correct to the best of my knowledge and belief.



Richard F. Reynolds  
President and Chief Executive Officer  
X5 Solutions, Inc.  
X5 PDX, LLC

County of Chelan )  
State of Washington )

Subscribed and sworn to before me by Richard F Reynolds this 24<sup>th</sup> day of December, 2014.



Notary Public


My Commission Expires: Dec 20, 2015





VERIFICATION

I, Walter P. Maner, am the Chairman of X5 OpCo LLC. The factual statements and representations made in the foregoing by and concerning X5 OpCo LLC and the transactions described therein are true and correct to the best of my knowledge and belief.

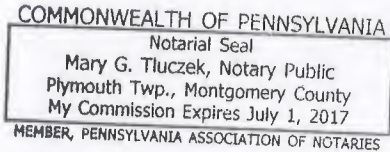


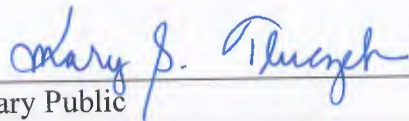
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Walter P. Maner  
Chairman  
X5 OpCo LLC

County of Montgomery  
State of PA

Subscribed and sworn to before me by Walter P. Maner this 23<sup>rd</sup> day of December, 2014.



  
Notary Public

My Commission Expires: 7-1-17