



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT.
Governor
SPENCER J. COX
Lieutenant Governor

MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: April 21, 2015

Re: In the Matter of the Joint Application of X5 Solutions, Inc. and X5 OpCo LLC for Approval of Asset and Customer Transfer Transaction, Docket No. 15-2580-02.

RECOMMENDATION (Approve):

The Division of Public Utilities (“Division”) has reviewed the joint application between X5 Solutions, Inc. and X5 OpCo LLC. and believes that it is in accordance with the rules set under R746-349-7. The Division also believes that the public interest will be promoted by recommending that the Public Service Commission (“Commission”) allow the this Transfer of Assets and Customers, contingent on the approval of X5 OpCo, LLC’s. application for a Certificate of Public Convenience and Necessity (“CPCN”) under the docket number 15-2580-01 that is currently under review by the Commission.

The Division expects that based on history that a filing of this type and with the information submitted by the company there will be no objections or opposition to this recommendation. Therefore, the Division request that this docket be adjudicated informally in accordance with R746-110-1.

EXPLANATION:

On or about March 23, 2015, X5 Solutions, Inc. (“X5 Solutions”) and X5 OpCo, LLC. (“X5 OpCo”) notified the Commission of a transaction, which will result in a transfer of control of X5 Solutions to X5 OpCo. The Division has reviewed the application and found the following:

X5 Solutions is incorporated under the laws of the State of Washington, headquartered at 1301 5th Avenue, Suite 2301, Seattle, WA, 98101. X5 Solutions is authorized to provide public telecommunications services in the State of Utah by the Commission on July 12, 2004, Docket No. 04-2426-01.

X5 OpCo is a Delaware limited liability corporation headquartered at 555 East Lancaster Avenue, Suite 444, Radnor, PA, 19087. They are currently seeking a CPCN authorization from the Commission under Docket Number 15-2580-01.

X5 Solutions and X5 OpCo have entered into an agreement whereby X5 OpCo will purchase substantially all of the assets and business of X5 Solutions. X5 OpCo will continue to provide domestic telecommunications services to commercial subscribers, wholesale carrier customers, and interconnecting carriers, and otherwise operate under X5 Solutions' current organization, and service rates, terms, conditions and authority.

X5 Solutions and X5 OpCo have filed their application with the Federal Communications Commission ("FCC") listed under Docket Number(s) 15-27 and 14-268. The FCC granted the companies application on March 15, 2015.

After the transfer has been completed, X5 Solutions will no longer provide regulated telecommunications services or IP-enabled services in the State of Utah and as a result, request that the Commission cancel their CPCN.

The Applicants submit that the transaction described herein will serve the public interest and that 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 X5 OpCo, LLC. to explore new innovative service opportunities and provide benefit to X5 Solutions, Inc.' subscribers and customers.

The Applicants further submit that the transaction will be conducted in a manner that will be largely transparent their customers and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers.

cc. Barbara Meyer, Controller, X5 Solutions, Inc.
Bruce Benson, Counsel for X5 Solutions, Inc.
Walter P. Maner, Chairman, X5 OpCo, LLC.
Thomas J. Navin, Esq., Counsel for X5 OpCo, LLC.
Justin Jetter, Assistant Attorney General, State of Utah
Cheryl Murray, Utility Analyst, Office of Consumer Services, State of Utah