



December 16, 2013

Via UPS

Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

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COMMISSION

Re: Informational Filing Regarding the Transfer of Control of IntelPeer, Inc. to Peerless Network, Inc.

Dear Mr. Derouen:

Peerless Network, Inc. ("Peerless") and IntelPeer, Inc. ("IntelPeer," and with Peerless, collectively the "Parties") hereby respectfully notify the Kentucky Public Service Commission ("Commission") of a transfer of control of IntelPeer to Peerless on November 29, 2013.

As described in more detail below, Peerless and IntelPeer entered into an agreement pursuant to which Peerless acquired ownership of IntelPeer, including the majority of IntelPeer's assets. There has been no impact on any Kentucky end user customers of intrastate telecommunications services, because IntelPeer currently does not have end user telecommunications customers in Kentucky. With the exception of certain non-regulated operations provided pre-transfer, IntelPeer continues to provide services in the same manner as it did pre-close. The Parties understand that prior Commission approval of the transfer of control described herein is not required. Accordingly, the Parties submit this letter for the Commission's information.

Description of the Parties

Peerless. Peerless, through its operating subsidiaries, is a competitive local exchange carrier that provides interconnection services through the United States. Peerless Network of Kentucky, LLC is certificated to provide local exchange telecommunications services and intrastate interexchange services in Kentucky.¹ Based in Chicago, Illinois, the Peerless companies rely on IP technology to provide signaling and call setup support for calls originating, terminating or traversing its network, and operate as CLECs, competitive tandem providers and long distance companies throughout the United States. In 2012, Peerless Network's revenues were approximately \$63 million.

¹ Filing No: TFS2012-00222, dated April 2, 2012.



Founded in 2008, Peerless has invested nearly \$30 million in over 40 major markets across the country since inception. Peerless has achieved a number of significant operational and financial milestones, including: building a combined TDM and IP network connected to nearly every major domestic carrier offering call origination and termination services in over 100 LATAs (Local Access Transport Areas) and 30 MTAs (Major Trading Areas); and obtaining certificates to provide services in 39 states and Washington, D.C. (with applications pending for 5 more states). Peerless currently provides its full range of services in 27 states and in the District of Columbia.

Peerless' success is built on its unique network design. Peerless employs centralized, redundant call routing databases to route calls on a national level versus the industry norm of localized switching and signaling control. Peerless also uses regional media gateways to direct calls from multiple LATAs through its national IP network for transport and termination to one of the hundreds of carriers with whom it has direct interconnection arrangements. Peerless' regional media gateway centers are termination points for customer and network switch interconnections via locally-accessed points of presence.

IntelePeer IntelePeer, previously a wholly-owned subsidiary of IntelePeer Holdings, Inc.², was organized under the laws of Delaware on October 31, 2008. IntelePeer's principal offices are now located at 177 Bovet Rd Ste 400 San Mateo, CA 94402. IntelePeer offers communications services using fully managed, hosted, on-demand peering infrastructure to directly exchange voice traffic over traditional TDM networks, as well as over IP, between any application and any telephony device. In Kentucky, IntelePeer is authorized to provide local exchange telecommunications services and intrastate interexchange services pursuant to authority granted by the Commission in Filing No. 5056510 (CLEC), 5179170 (IXC) on January 7, 2010. Additionally, IntelePeer holds similar authorities to provide intrastate interexchange and local exchange services in forty-six (46) other states, and the District of Columbia.³

Designated Contacts

The designated contacts for questions concerning this notice are:

² IntelePeer Holdings is a Delaware holding company with principal offices located at 177 Bovet Rd Ste 400 San Mateo, CA 94402.

³ In Virginia, Intelepeer provides service through a wholly-owned subsidiary, Intelepeer Virginia, Inc.



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Description of the Transaction

On November 29, 2013, Peerless entered into an Agreement with IntelePeer and its owners whereby Peerless agreed to purchase all of the membership interests in IntelePeer, including transfer of IntelePeer customer accounts, employees and network equipment. Pursuant to prior filings with the Commission, and with the agreement of Peerless, IntelePeer transferred certain non-regulated assets into an affiliated IntelePeer entity prior to closing the Transaction.⁴ The Transaction was then consummated and Peerless took control of IntelePeer on the Closing Date.

Because the transaction is a stock transaction, the transfer of control did not result in the assignment away from IntelePeer of any certificates or intrastate telecommunications assets in Kentucky and will have no adverse impact on the provision of service. IntelePeer retains its certificates following the change in its ownership and each of the IntelePeer tariffs remain in full force and effect. Of particular significance, IntelePeer currently does not have end user communications customers in Kentucky to be affected by the Transaction. Following completion of the transaction, IntelePeer provides the same wholesale telecommunications services to service provider customers that it did prior to the Transaction.⁵

Public Interest Considerations

The transfer of control of IntelePeer to Peerless serves the public interest. In particular, the Parties submit that: (1) the financial, technical, and managerial resources that Peerless brings to IntelePeer further enhance IntelePeer's ability to compete in the telecommunications

⁴ The affiliated entity was not transferred to Peerless as part of the Transaction. The assets transferred to the affiliated entity did not include IntelePeer's authority to provide local exchange and intrastate interexchange services in Kentucky, which remains with IntelePeer. Further, these assets were not used to provide any service pursuant to IntelePeer's telecommunications authority in Kentucky.

⁵ Peerless notes that at a future date it plans to formally change the name of IntelePeer, Inc. to Airus, Inc. consistent with Commission rules and procedures necessary to effectuate that change.



and information services marketplace; (2) the Transaction in no way impairs or jeopardizes the provision of adequate service to the public at just and reasonable rates; and (3) the Transaction strengthens competition and consumer choice in the Kentucky communications market by improving the positions of Peerless and IntelPeer as effective and multifaceted telecommunications carriers. By combining Peerless' network with IntelPeer's cloud-based communications services, the Parties will accelerate and expand the national availability of customer services and interconnection options. In addition, Peerless benefits from increased economies of scale, permitting it to operate more efficiently through enhanced routing capabilities, realize financial synergies and develop new products and services. Peerless has established a reputation as a successful telecommunications provider in Kentucky since 2012. Peerless has grown rapidly, to expand its operations nationwide. Peerless has, and will continue to have, strong financial, managerial and technical abilities, and thus is well-qualified and equipped to direct the future activities of IntelPeer, ensuring that both companies continue to provide comprehensive, reliable and cost-effective service. As noted previously, there will be no impairment or interruption of service to subscribers as a result of this transaction. The only significant change following the closing of the transaction from the customers' perspective is that IntelPeer has a new owner, Peerless.

Conclusion

As noted above, the Parties do not believe that Commission approval is required for the proposed transaction as described. Should the Commission determine otherwise, the Parties respectfully request that the Commission notify them as soon as possible and accept this filing as a request for such approval. Enclosed please find three (3) copies of this filing, a duplicate and a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should the Commission have any questions, please contact Julie Oost, Vice President of Regulatory Affairs and Contract Management at Peerless Network, Inc. at (312) 878-4137.

Respectfully submitted,

PEERLESS NETWORK, INC.

A handwritten signature in cursive script, appearing to read "John Barnicle", written over a horizontal line.

By: John Barnicle, President and CEO
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