

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of

**CornerStone Telephone Company,
LLC, Assignor**

and

**X5 OpCo LLC and X5 RTC LLC,
Assignees**

Application for Authority Pursuant to
Section 214 of the Communications Act
of 1934, as Amended, to Assign
Domestic Section 214 Authority

WC Docket No. _____

APPLICATION

CornerStone Telephone Company, LLC (“CornerStone Telephone”) and its wholly owned subsidiaries, Public Interest Network Services, Inc. (“Public Interest Network”) and Richmond Telephone Company (“Richmond Telephone”), together with Richmond Connections, Inc. d/b/a Richmond Network (“Richmond Network”), a wholly owned subsidiary of Richmond Telephone (collectively, “CornerStone” or “Assignors”), and X5 OpCo LLC (“X5 OpCo”) and X5 RTC LLC (“X5 RTC”, and together with X5 OpCo, or “Assignee,” and, together with CornerStone, “Applicants”), pursuant to Section 214 of the Communications Act, as amended,¹ and Sections 63.03 and 63.04 of the “Commission’s rules,”² hereby request approval of the assignment of domestic Section 214 authority from CornerStone Telephone, Public Interest

¹ 47 U.S.C. §214.

² 47 C.F.R. §§63.03 and 63.04.

Network, and Richmond Network to X5 OpCo and assignment of domestic 214 authority from Richmond Telephone to X5 RTC in connection with the acquisition of substantially all of CornerStone's assets by X5 OpCo and X5 RTC.

I. DESCRIPTION OF THE APPLICANTS

A. CornerStone

CornerStone Telephone is a New York limited liability company. CornerStone Telephone wholly owns Richmond Telephone, a Massachusetts corporation, and Public Interest Network, a New York corporation. Richmond Telephone wholly owns Richmond Network, a Massachusetts corporation.

CornerStone Telephone, Richmond Network, and Public Interest Network provide broadband services, traditional voice, as well as VOIP services, including SIP trunking and hosted PBX services on both a retail and wholesale basis. Where both voice and broadband services are available, they are typically bundled. CornerStone Telephone, Richmond Network, and Public Interest Network 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 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. Richmond Network provides competitive services exclusively in Massachusetts, and provides interstate and international long distance services to approximately 579 of the local exchange customers of Richmond Telephone.

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

Richmond Telephone is an incumbent local service provider in Richmond, Massachusetts. Richmond serves 813 voice customers, the majority of which (685) are residential subscribers via traditional POTs service. Richmond Telephone's broadband network is currently copper/xDSL-based and the company serves 154 broadband subscribers, of which the majority (139) are residential subscribers.

B. X5 OpCo and X5 RTC

X5 OpCo is a limited liability company formed under the laws of the State of Delaware in 2014. XT RTC is a limited liability company formed under the laws of the State of Delaware in 2015. X5 OpCo and X5 RTC both are wholly owned subsidiaries 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. The FCC recently granted authority to X5 OpCo to provide domestic telecommunications services to commercial subscribers, wholesale carrier customers, and interconnecting carriers as part of the sale of assets to X5 OpCo by X5 Solutions, Inc. and X5 PDX, LLC.⁴

⁴ See *Notice of Domestic Section 214 Authorizations Granted*, Public Notice, WC Docket No. 14-268, DA 15-334 (Mar. 16, 2015).

II. INFORMATION REQUIRED BY SECTION 63.04.

(1) The name, address and telephone number of each applicant - 47 C.F.R. § 63.04(a)(1)

Assignors:

CornerStone Telephone Company, LLC	FRN: 0009815234
Richmond Telephone Company	FRN: 0004330916
Richmond Connections, Inc.	FRN: 0006066039
Public Interest Network Services, Inc.	FRN: 0003741196

2 Third Street
Suite 303
Troy, NY 12180
Telephone: 518.272.1018
Email: rdrake@cstel.com

Assignees:

X5 OpCo LLC	FRN: 0024178360
X5 RTC LLC	FRN: 0025093154

1008 Western Ave.
Suite 400
Seattle, WA 98104
Tel: 206.973.5865
E-mail: regulatory@x5solutions.com

(2) The government, state, or territory under the laws of which each corporate or partnership applicant is organized - 47 C.F.R. § 63.04(a)(2)

CornerStone Telephone is a New York limited liability company. CornerStone Telephone wholly owns Richmond Telephone, a Massachusetts corporation, and Public Interest, a New York corporation. Richmond Network, a Massachusetts corporation, is a wholly-owned subsidiary of Richmond Telephone.

X5 OpCo and X5 RTC are limited liability companies organized under the laws of the State of Delaware.

- (3) **The name, title, post office address, and telephone number of the officer or contact point, such as legal counsel, to whom correspondence concerning the Application is to be addressed - 47 C.F.R. § 63.04(a)(3)**

Correspondence regarding this Application should be addressed to:

For CornerStone:

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:

Sylvia Lesse
Communications Advisory Counsel, LLC
5151 Wisconsin Avenue, NW
Suite 311
Washington, DC 20016
Telephone: 202.333.5273
Email: sylvia@independent-tel.com

For X5 OpCo and X5 RTC:

Company Contact

Barbara Meyer
Controller
X5 OpCo LLC
1008 Western Ave.
Suite 400
Seattle, WA 98104
Tel: 206.973.5865
E-mail: regulatory@x5solutions.com

Legal Counsel
Colleen King
Wiley Rein LLP
1776 K Street, NW
Washington, D.C. 20006
Tel: 202.719.7307
Fax: 202.719.7049
Email: cking@wileyrein.com

- (4) **The name, address, citizenship and principal business of any person or entity that directly or indirectly owns at least ten (10) percent of the equity of the applicant, and the percentage of equity owned by each of those entities (to the nearest one (1) percent) - 47 C.F.R. § 63.04(a)(4)**

Assignor Ownership (CornerStone)

Daniel Yamin 2 Third Street Suite 303 Troy NY 12180	16.40%	US citizen
Donald Walsh 2 Third Street Suite 303 Troy NY 12180	16.40%	US citizen
Stanley D. Russell 2 Third Street Suite 303 Troy NY 12180	16.40%	US citizen
Jack A. Overton, Jr. 2 Third Street Suite 303 Troy NY 12180	12.50%	US citizen
Wendy Doerr 2 Third Street Suite 303 Troy NY 12180	12.50%	US citizen

CornerStone Telephone owns 100% of Richmond Telephone and Public Interest Network. Richmond Network is a wholly-owned subsidiary of Richmond Telephone.

Assignee Ownership (X5 OpCo and X5 RTC)⁵

The following entities will hold a direct or indirect ten percent or greater equity ownership interest in X5 OpCo and X5 RTC:⁶

Equity Ownership of X5 OpCo and X5 RTC:

X5 Holdings LLC
c/o NewSpring Holdings LLC
555 E. Lancaster Ave, Suite 444
Radnor, PA 19087
Delaware Limited Liability Company
Equity Interest: 100% direct interest in X5 OpCo and X5 RTC

Equity Ownership of X5 Holdings LLC:

X5 Partners LLC
c/o NewSpring Holdings LLC
555 E. Lancaster Ave, Suite 444
Radnor, PA 19087
Delaware Limited Liability Company
Equity Interest: 70.2% direct interest in X5 Holdings LLC; 70.2% indirect interest in X5 OpCo and X5 RTC

Equity Ownership of X5 Partners LLC

NewSpring Holdings LLC
555 E. Lancaster Ave, Suite 444
Radnor, PA 19087
Delaware Limited Liability Company
Equity Interest: 68.0% direct interest in X5 Partners LLC; 47.7% indirect interest in X5 OpCo and X5 RTC

NewSpring Holdings Parallel LLC
555 E. Lancaster Ave, Suite 444
Radnor, PA 19087
Delaware Limited Liability Company
Equity Interest: 32.0% direct interest in X5 Partners LLC; 22.4% indirect interest in X5 OpCo and X5 RTC

⁵ A chart of the entities that hold a ten percent or greater interest in X5 OpCo and X5 RTC is attached.

⁶ As X5 OpCo and X5 RTC continue to finalize financing, the percentage ownership by these entities is subject to fluctuations. X5 OpCo and X5 RTC will provide updates if there are any material changes to the ownership of X5 OpCo and X5 RTC.

Equity Ownership of NewSpring Holdings LLC:

Ohana Holdings, LLC
720 University Avenue, Suite 200
Los Gatos, CA 95032
Delaware Limited Liability Company
Equity Interest: 40.3% direct interest in NewSpring Holdings LLC; 19.3% indirect interest in X5 OpCo and X5 RTC

The Pierre M. Omidyar Trust
Pierre M. Omidyar, Trustee and Beneficiary (US Citizen)
Michael G. Mohr, Trustee (US Citizen)
720 University Avenue, Suite 200
Los Gatos, CA 95032
Equity Interest: 100% direct interest in Ohana Holdings, LLC; 19.3% indirect interest in X5 OpCo and X5 RTC

Equity Ownership of NewSpring Holdings Parallel LLC:

Carbon Investments LLC
P.O. Box 5004
Wichita, KS 67201
Delaware Limited Liability Company
Equity Interest: 98.0% direct interest in NewSpring Holdings Parallel LLC; 22.0% indirect interest in X5 OpCo and X5 RTC

Charles G. Koch 1997 Trust
Charles G. Koch, Trustee and Beneficiary (U.S. Citizen)
P.O. Box 5004
Wichita, KS 67201
Equity Interest: 75.0% direct interest in Carbon Investments LLC; 16.5% indirect interest in X5 OpCo and X5 RTC

Based on the foregoing, no other individual or entity has a direct or indirect 10% or greater equity interest in X5 OpCo or X5 RTC.

X5 OpCo and X5 RTC are ultimately controlled by NewSpring Holdings Management Company LLC (“NSHMC”). NSHMC is a Non-Member Manager of X5 Partners LLC and a Member Manager of NewSpring Holdings LLC and NewSpring Holdings Parallel LLC. NSHMC is a Delaware limited liability company with its address at 555 E. Lancaster Avenue, Suite 444, Radnor, PA 19087. NSHMC is managed by Walter P. Maner and James Ashton. Both of these individuals are U.S. citizens. Messrs. Maner and Ashton have an address at 555 E. Lancaster Avenue, Suite 444, Radnor, PA 19087.

- (5) **Certification pursuant to §§1.2001 through 1.2003 of this chapter that no party to the application is subject to a denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988. See 21 U.S.C. 853 - 47 C.F.R. § 63.04(a)(5).**

By their signatures below, Applicants certify that no party to the instant Application is subject to a denial of Federal benefits that includes Commission benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988. Applicants certify that this certification is true, complete, and correct to the best of their knowledge and belief, and are made in good faith.

- (6) **A description of the transaction - 47 C.F.R. § 63.04(a)(6)**

CornerStone seeks to sell, and X5 OpCo and X5 RTC, together, seek to acquire, substantially all of the assets and business of CornerStone as an ongoing operation. Under the terms of the proposed acquisition, except with respect to Richmond Telephone, CornerStone will sell the entirety of its interest in operational assets, customer and supplier contracts, and all of CornerStone's personnel will be transferred to X5 OpCo. The operational assets, customer and supplier contracts, owned real property of Richmond Telephone will be sold to X5 RTC, and all of Richmond Telephone's personnel will be transferred to X5 RTC. Following the grant of the proposed transaction, X5 OpCo will operate the assets and business of CornerStone (except Richmond Telephone) and will continue to provide domestic telecommunications services to the customers of CornerStone (except Richmond Telephone). Following the grant of the proposed transaction, X5 RTC will operate the assets and business of Richmond Telephone and will continue to provide domestic telecommunications services to the customers of Richmond Telephone. There will be no changes in rates, terms or conditions as a result of this transaction. The transaction will be entirely transparent to all customers of CornerStone. Applicants will notify all customers consistent with 47 C.F.R. § 64.1120(e)(3). Such notice will be provided to the Commission.

(7) A description of the geographic areas in which the Transferors and Transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area - 47 C.F.R. § 63.04(a)(7)

X5 OpCo provides 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 Washington, Oregon and Utah. X5 OpCo does not have any affiliates that provide domestic telecommunications services.

In addition, X5 OpCo has an application pending to acquire the assets of Novatel Ltd., Inc. (“Novatel”). Novatel provides intrastate, interstate, and international non-facilities-based switched and dedicated interexchange telecommunications services. Novatel maintains intrastate operating authority in 28 States: Alabama, Arizona, California, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Massachusetts, Maine, Michigan, Minnesota, Missouri, North Carolina, North Dakota, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. Novatel does not have any affiliates.

X5 RTC does not currently provide any telecommunications services.

CornerStone Telephone, Richmond Network, and Public Interest Network provide broadband services, traditional voice, as well as VOIP services, including SIP trunking and hosted PBX services on both a retail and wholesale basis. CornerStone Telephone, Richmond Network, and Public Interest Network provide services primarily to non-residential customers. CornerStone Telephone, Richmond Network and Public Interest Network operate primarily in New York, Massachusetts, and also have operating authority in Connecticut, Pennsylvania and West Virginia. Richmond Network also provides interstate and international long distance service to approximately 579 customers within the telephone service area of Richmond

Telephone in Massachusetts. CornerStone Telephone and Public Interest Network also provide VoIP services to fewer than 50 total customers in 22 states.

Richmond Telephone is an incumbent local service provider in Richmond, Massachusetts. Richmond serves 813 voice customers, the majority of which (685) are residential subscribers via traditional POTs service. Richmond Telephone's broadband network is currently copper/xDSL-based and the company serves 154 broadband subscribers, of which the majority (139) are residential subscribers.

CornerStone has no other affiliates that provide domestic telecommunications services.

(8) A statement as to how the Application fits into one or more of the presumptive streamlined categories in this section or why it is otherwise appropriate for streamlined treatment - 47 C.F.R. § 63.04(a)(8)

This application presumptively qualifies for streamlined processing pursuant to Section 63.03(b)(2)(i) because, immediately following the transaction: (1) Applicants and their affiliates (as defined in 47 U.S.C. § 153(1) – “Affiliates”) combined will hold less than a ten percent share of the interstate, interexchange market; (2) except for Richmond Telephone, to the extent that Applicants or their Affiliates provide U.S. local exchange services or exchange access services, those services are provided only in geographic areas served by a dominant local exchange carrier that is not a party to this transaction; and (3) except for Richmond Telephone, none of the Applicants or their Affiliates is dominant with respect to any U.S. domestic service. 47 C.F.R. § 63.03(b)(2)(i).

This Application for assignment of domestic Section 214 authority also presumptively qualifies for streamlined processing pursuant to 47 C.F.R. § 63.03(b)(1)(iii). The proposed transaction is an asset sale that involves the transfer of the assets of CornerStone (except Richmond Telephone) to X5 OpCo, and, with respect to Richmond Telephone, to X5 RTC. The

Commission has determined that transactions such as this that involve an asset acquisition, and not an acquisition of corporate control, do not raise the potential of competitive harm.⁷

(9) Identification of all other Commission applications related to the same transaction - 47 C.F.R. § 63.04(a)(9)

In connection with this transaction, Applicants will file applications for authority assign the international Section 214 authorization held CornerStone Telephone, File No. ITC-214-20110131-00021 and Richmond Connections, Inc. d/b/a Richmond Networx, File No. ITC-214-19991019-00660.

(10) A statement of whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure - 47 C.F.R. § 63.04(a)(10)

Applicants are not facing imminent business failure.

(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction - 47 C.F.R. § 63.04(a)(11)

There are no separately filed waiver requests being sought in conjunction with this transaction.

(12) A statement showing how grant of the Application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets - 47 C.F.R. § 63.04(a)(12)

The proposed assignment of CornerStone's assets to X5 OpCo and X5 RTC serves the public interest and will cause no offsetting public interest harms. Therefore, the Commission should expeditiously approve the proposed assignment. 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

⁷ See *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, Report and Order, 17 FCC Rcd 5517 ¶ 33 (2002).

experience will enable X5 OpCo and X5 RTC to explore new innovative service opportunities and provide added value to customers.

The proposed assignment does not raise any competitive concerns. X5 OpCo, even with the acquisition of Novatel, does not provide any of the same services as CornerStone and X5 RTC does not currently provide telecommunications services. As a result, the only impact of the proposed transaction is that CornerStone's business 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 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.

For the foregoing reasons, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of the instant Application. Applicants respectfully request streamlined and expedited treatment to permit Applicants to consummate the proposed transaction as soon as possible.

Respectfully submitted,

Richard W. Drake, Jr.

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

and

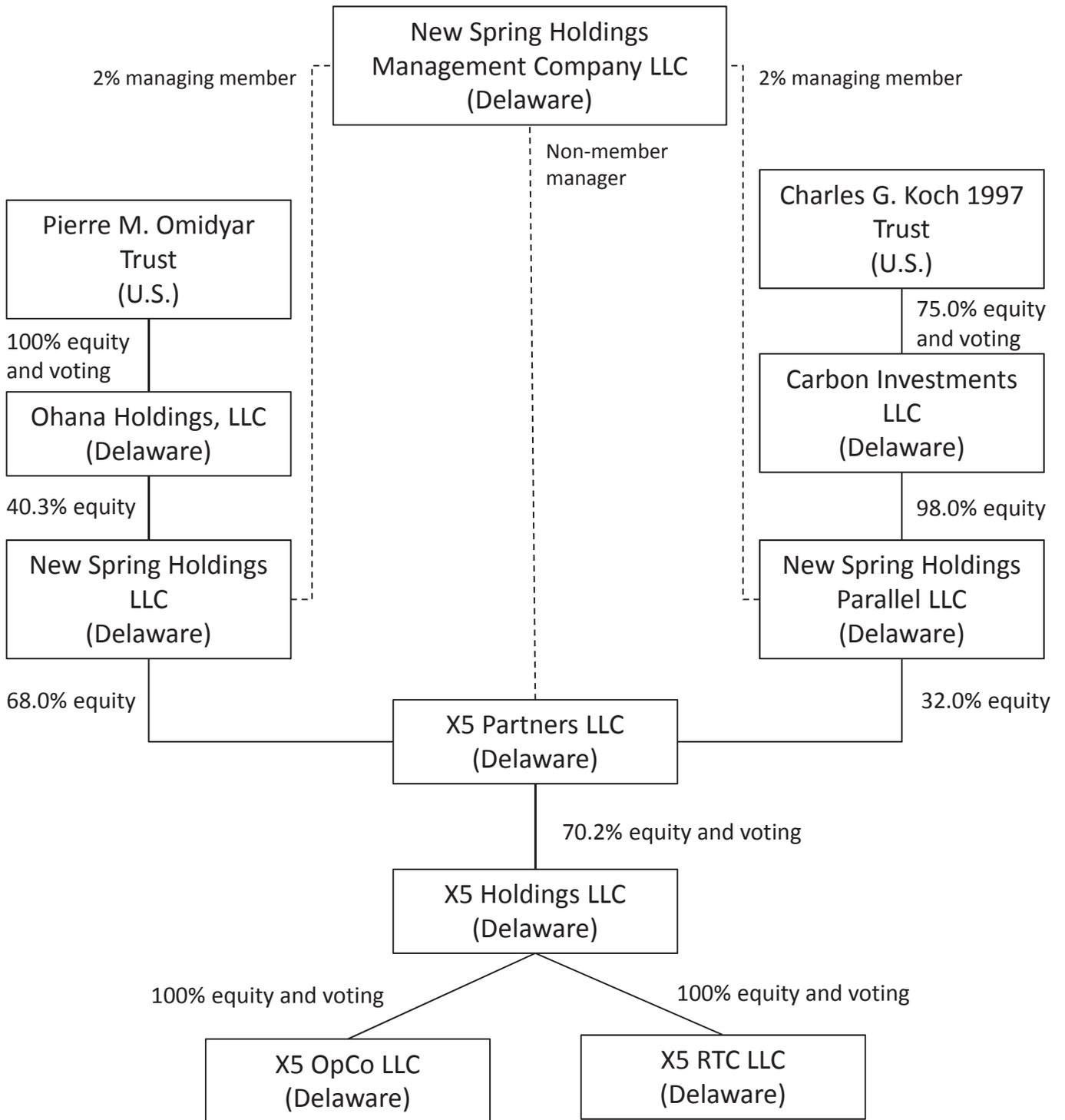
Greg Forrest

Greg Forrest
Chief Executive Officer

X5 OpCo LLC and X5 RTC LLC
c/o NewSpring Holdings LLC
555 E. Lancaster Ave, Suite 444
Radnor, PA 19087

Dated: November 30, 2015

Ownership of X5 OpCo LLC and X5 RTC LLC

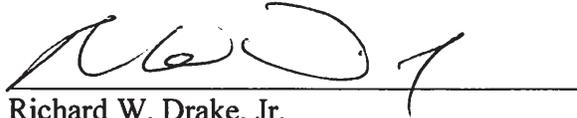


CERTIFICATION

I, Richard W. Drake, Jr., Vice President of Finance of Cornerstone Telephone Company, LLC, and the Vice President of Finance of each of Public Interest Network Services, Inc., Richmond Telephone Company, and Richmond Connections, Inc. (collectively, the "Cornerstone Affiliates"), hereby certify under penalty of perjury that I am authorized to make this Certification on behalf of Cornerstone Telephone Company, LLC, the Assignor in the foregoing Application, and each of the Cornerstone Affiliates. I further certify that the information in the foregoing Application as it pertains to the Assignor and the Cornerstone Affiliates is true and accurate to the best of my knowledge, and that neither the Assignor nor any the Cornerstone Affiliates is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. §853(a), as amended.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 30th day of November, 2015.



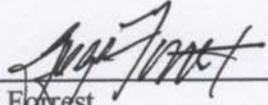
Richard W. Drake, Jr.
Vice President of Finance
Cornerstone Telephone Company, LLC
Public Interest Network Services, Inc.
Richmond Telephone Company
Richmond Connections, Inc.
2 Third Street
Suite 303
Troy, NY 12180

CERTIFICATION

I, Greg Forrest, Chief Executive Officer of X5 OpCo LLC and X5 RTC LLC, hereby certify under penalty of perjury that I am authorized to make this Certification on behalf of X5 OpCo LLC and X5 RTC LLC, the Assignees in the foregoing Application. I further certify that the information in the foregoing Application as it pertains to Assignees is true and accurate to the best of my knowledge, and that the Assignees are not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. §853(a), as amended.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 29 day of November, 2015.



Greg Forrest
Chief Executive Officer
X5 OpCo LLC
X5 RTC LLC
c/o NewSpring Holdings LLC
555 E. Lancaster Ave, Suite 444
Radnor, PA 19087