

ORIGINAL

June 29, 2018

By Overnight Delivery

Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-8294

RECEIVED

JUL 02 2018

PUBLIC SERVICE
COMMISSION

Re: Notice of the Indirect Transfer of Control of Flowroute CLEC Inc. to West Corporation

Dear Ms. Pinson:

West Corporation (“West”) and Flowroute Inc. (“Flowroute”), through their undersigned counsel, hereby notify the Kentucky Public Service Commission (“Commission”) of a transaction (the “Transaction”) whereby West will acquire ultimate control of Flowroute and Flowroute’s wholly owned subsidiary, Flowroute CLEC Inc. (“Flowroute CLEC” and together with Flowroute and West, the “Parties”), which holds a certificate of public convenience and necessity in the State of Kentucky. It is the Parties’ understanding that Commission approval of the Transaction is not required. Accordingly, the Parties submit this letter for informational purposes only to ensure the continuing accuracy of the Commission’s records.

I. DESCRIPTION OF THE PARTIES

A. FLOWROUTE AND FLOWROUTE CLEC

Flowroute is a privately held Nevada corporation with its principal place of business at 1218 Third Avenue, Suite 600, Seattle, Washington 98101. Flowroute operates a software-centric cloud-based network. Flowroute offers an array of non-facilities-based Internet protocol communications products to enterprise-level customers and carriers, including Voice over Internet protocol (VoIP) service, fax service over IP-based networks, local and toll-free voice and message-enabled telephone numbers, long-code and toll-free short message service (SMS) texting service, and multi-media messaging service (MMS).

Flowroute CLEC, a wholly owned subsidiary of Flowroute, holds certificates of public convenience and necessity in Kentucky authorizing the provision of local exchange and intrastate long-distance service.¹ Flowroute CLEC is a Nevada corporation with its principal place of

¹ On June 5, 2014, Flowroute was authorized by the Commission to provide local exchange telecommunications and intrastate long-distance services in the State of Kentucky. *See* Competitive Local Exchange Carrier Certificate of Public Convenience and Necessity, Utility ID No. 5057130, Filing ID TFS2014-00334 (June 5, 2014) (granting authority to operate as a competitive local exchange carrier); Long Distance Carrier Certificate of Public Convenience and Necessity, Utility ID No. 5179710, Filing ID TFS2014-00335 (June 5, 2014) (granting authority to operate as an interexchange carrier) (collectively, the “Certificates”). The Certificates initially were issued to Flowroute LLC, but the Commission was notified on August 18, 2014, that the Company’s legal name was changed from

business at 1218 Third Avenue, Suite 600, Seattle, Washington 98101. It is operated by the same management team as its direct parent company Flowroute.

B. WEST

West is a privately held Delaware corporation headquartered at 11808 Miracle Hills Drive, Omaha, Nebraska 68154. Through its subsidiaries, including West Telecom Services, LLC (“West Telecom”) and West Safety Communications Inc. (“West Safety”), West is a global provider of communications and network infrastructure services primarily to business customers throughout the United States and internationally.

West is a wholly owned subsidiary of Olympus Holdings II, LLC (“Olympus”), a Delaware limited liability company with a principal place of business located at 9 West 57th Street, 43rd Floor, New York, New York 10019.² Olympus is a holding company indirectly controlled by a principal of Apollo Global Management, LLC (“Apollo”), Joshua J. Harris, a citizen of the United States.³ The equity of Olympus ultimately is held by certain investment funds managed by affiliates of Apollo. This ownership structure is set forth in Exhibit A.

West Telecom, a wholly owned indirect subsidiary of West, is a Delaware limited liability company with a principal place of business located at 3200 W. Pleasant Run Road, Suite 300, Lancaster, Texas 75146. West Telecom provides wholesale local and national tandem switching and transport services, termination services, toll-free origination services, and Direct Inbound Dial services to telecommunications and information service providers, including wireless carriers, wireline competitive local exchange carriers (“CLECs”) and interexchange carriers, cable telephony providers, and VoIP providers. West Telecom is registered as a provider of local exchange and interexchange services in Kentucky.⁴

West Safety, a wholly-owned indirect subsidiary of West, is a Delaware corporation with a principal place of business located at 1601 Dry Creek Drive, Longmont, Colorado 80503. West

Flowroute LLC to Flowroute Inc. The Commission acknowledged receipt of this notice by letter on September 26, 2014. By letter dated November 13, 2017, Flowroute requested Commission approval for a *pro forma* reorganization whereby Flowroute’s Certificates would be assigned to Flowroute CLEC. Flowroute and Flowroute CLEC were notified by the Commission via email on December 18, 2017, that “informational transfers that are transparent to customers such as this do not require KPSC approval.”

² West and Olympus submitted a *Notice of Indirect Transfer of Control of West Safety Communications Inc. and West Telecom Services, LLC* to the Commission in a letter dated June 16, 2017 (received by the Commission on June 19, 2017) in connection with the acquisition of control of West last year by Mr. Harris.

³ AP VIII Olympus VoteCo, LLC (“VoteCo”) holds ultimate control (i.e., voting interests) of Olympus and West. VoteCo is owned and managed by three members who are Apollo investment professionals Joshua J. Harris owns 51 percent of the voting membership interests and 33.3 percent of the equity membership interests in VoteCo.; and Matthew Nord and Robert Kalsow-Ramos each own 24.5 percent of the voting membership interests and 33.3 percent of the equity membership interests in VoteCo.

⁴ West Telecom is registered as a provider of local exchange services in Kentucky under Utility ID 5053050 and interexchange services under Utility ID 22250530.

Safety provides emergency communications services and infrastructure systems to public safety organizations and service providers, including public safety answering points, wireless carriers, wireline CLECs, cable telephony providers, and VoIP providers. West Safety is registered as a provider of local exchange services in Kentucky.⁵

II. DESCRIPTION OF THE TRANSACTION

On June 28, 2018, Flowroute, Discrete Holdings LLC, Sean Hsieh, Jordan Levy, and Fidelity Investments Charitable Gift Fund (collectively, “Sellers”), Bayan Towfiq (as Sellers’ representative), and West (Buyer) entered into a Stock Purchase Agreement pursuant to which West will purchase all of the issued and outstanding shares of capital stock of Flowroute. The completion of the Transaction is conditioned on, among other things, obtaining required federal and state regulatory approvals, and the Parties intend to consummate the Transaction as promptly as practicable after such approvals have been received and other closing conditions are satisfied or waived. As a result of the Transaction, Flowroute will become a wholly owned, indirect subsidiary of West, and Flowroute CLEC will remain a wholly owned direct subsidiary of Flowroute.

For the Commission’s reference, pre- and post-Transaction organization diagrams illustrating the current and post-Transaction corporate structure of Flowroute and Flowroute CLEC are provided as Exhibit A hereto.

III. PUBLIC INTEREST CONSIDERATIONS

The Parties submit that the Transaction will serve the public interest by providing additional capital and managerial resources to Flowroute, which will, in turn, enhance Flowroute’s ability to maintain and improve its network and services and to better compete in the telecommunications marketplace. The Transaction will only result in a change in the ownership of Flowroute. No assignment of licenses, assets or customers will occur as a consequence of the proposed Transaction. Following consummation of the Transaction, the Parties anticipate that Flowroute and Flowroute CLEC will continue to provide service to their existing customers under the same rates, terms, and conditions that they currently offer.⁶ Accordingly, the Transaction will be, for all practical purposes, transparent to their customers.

As a result of the Transaction, Flowroute and Flowroute CLEC will be able to draw upon the decades of managerial and communications experience of West, which is substantially larger than Flowroute and serves a much broader customer base, and West’s management team. However, the Parties anticipate that the operational and customer-facing teams of Flowroute will remain in place following completion of the Transaction and continue to manage the day-to-day

⁵ West Safety is registered as a provider of local exchange services in Kentucky under Utility ID 5056310.

⁶ The Parties have no present intention to change the rates, terms, or conditions of services offered to customers. Any changes to the rates, terms, or conditions offered to customers that may occur in the ordinary course of business in the future will be implemented in conformance with applicable laws including obtaining any required regulatory approvals, tariffing, and other applicable legal requirements.

operations and business of the company. Thus, Flowroute will continue to be operated by highly experienced, well-qualified personnel but will have a deeper bench of West resources to draw on following the consummation. Lastly, the proposed Transaction will not adversely affect competition in the State of Kentucky. Kentucky businesses and carriers currently have a plethora of national, regional, and local communications service providers competing for their service, and they will continue to do so after the Transaction closes.

IV. CONTACT INFORMATION

For the purposes of this filing, contacts for the Parties are as follows:

For Flowroute and Flowroute CLEC:

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V. CONCLUSION

For the reasons stated herein, the Transaction serves the public interest. The Parties submit this courtesy letter for informational purposes and to ensure the continuing accuracy of the Commission's records. Enclosed with the original of this letter, please find four (4) copies of this notice and a duplicate copy. Please date-stamp the duplicate upon receipt and return it in the envelope provided.

If you have any questions regarding this notification, please contact the undersigned.

Respectfully submitted,

/s/ Cheng-yi Liu

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Counsel for West Corporation

Exhibit A: Pre-Closing Flowroute Inc.

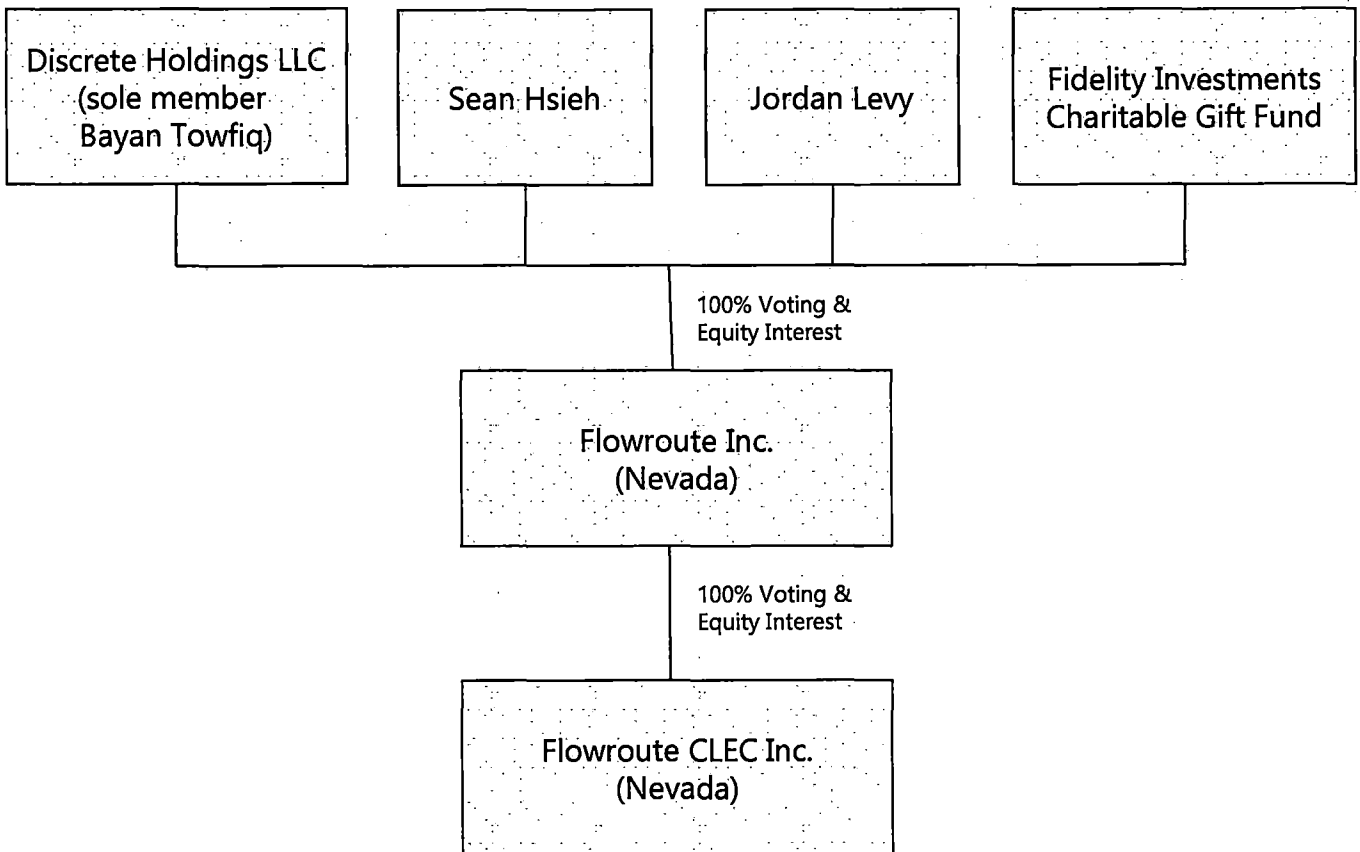


Exhibit A: Post-Closing Flowroute Inc.

