



December 16, 2013

Via UPS

Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
Capitol Building, First Floor
500 E. Capitol Avenue
Pierre, South Dakota 57501-5070

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

Dear Ms. Van Gerpen:

Peerless Network, Inc. ("Peerless") and IntelPeer, Inc. ("IntelPeer," and with Peerless, collectively the "Parties") hereby respectfully notify the South Dakota Public Utilities 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 South Dakota end user customers of intrastate telecommunications services, because IntelPeer currently does not have end user telecommunications customers in South Dakota. 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. 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.

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.¹, 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 South Dakota, IntelePeer is authorized to provide local exchange telecommunications services and intrastate interexchange services pursuant to authority granted by the Commission in Docket No. TC10-001 on February 12, 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.²

Designated Contacts

The designated contacts for questions concerning this notice are:

Julie M. Oost
VP, Regulatory Affairs and Contract
Management
Joost@peerlessnetwork.com
Tel: 312.878.4137
Peerless Network Inc.
222 S. Riverside, Suite 2730
Chicago, IL 60606

With copy to:
Winafred Brantl, Esq.
Kelley Drye & Warren LLP
3050 K. Street, N.W.
Washington, D.C. 20007
Tel: 202.342.8819
wbrantl@kelleydrye.com

¹ IntelePeer Holdings is a Delaware holding company with principal offices located at 177 Bovet Rd Ste 400 San Mateo, CA 94402.

² In Virginia, Intelepeer provides service through a wholly-owned subsidiary, Intelepeer Virginia, Inc.



Description of the Transaction

On November 29, 2013, Peerless entered into an Agreement with IntelPeer and its owners whereby Peerless agreed to purchase all of the membership interests in IntelPeer, including transfer of IntelPeer customer accounts, employees and network equipment. Pursuant to prior filings with the Commission, and with the agreement of Peerless, IntelPeer transferred certain non-regulated assets into an affiliated IntelPeer entity prior to closing the Transaction.³ The Transaction was then consummated and Peerless took control of IntelPeer on the Closing Date. For the Commission's convenience, organizational charts illustrating the pre-close and post-close corporate structures for Peerless and IntelPeer are provided in Attachment A.

Because the transaction is a stock transaction, the transfer of control did not result in the assignment away from IntelPeer of any certificates or intrastate telecommunications assets in South Dakota and will have no adverse impact on the provision of service. IntelPeer retains its certificates following the change in its ownership and each of the IntelPeer tariffs remain in full force and effect. Of particular significance, IntelPeer currently does not have end user communications customers in South Dakota to be affected by the Transaction. Following completion of the transaction, IntelPeer provides the same wholesale telecommunications services to service provider customers that it did prior to the Transaction.⁴

Public Interest Considerations

The transfer of control of IntelPeer to Peerless serves the public interest. In particular, the Parties submit that: (1) the financial, technical, and managerial resources that Peerless brings to IntelPeer further enhance IntelPeer's ability to compete in the telecommunications 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 South Dakota communications market by improving the position of IntelPeer as an 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,

³ The affiliated entity was not transferred to Peerless as part of the Transaction. The assets transferred to the affiliated entity did not include IntelPeer's authority to provide local exchange and intrastate interexchange services in South Dakota, which remains with IntelPeer. Further, these assets were not used to provide any service pursuant to IntelPeer's telecommunications authority in South Dakota.

⁴ Peerless notes that at a future date it plans to formally change the name of IntelPeer, Inc. to Airus, Inc. consistent with Commission rules and procedures necessary to effectuate that change.



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. 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 Intelepeer, 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 IntelePeer 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, reading "John Barnicle", written over a horizontal line.

By: John Barnicle, President and CEO

Peerless Network Inc.

222 S. Riverside, Suite 2730

Chicago, IL 60606

IntelePeer Holdings, Inc. Pre-close

**IntelePeer Holdings,
Inc.**

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graph TD; A[IntelePeer Holdings, Inc.] --- B[IntelePeer, Inc.]; A --- C[IntelePeer Virginia, Inc.]
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IntelePeer, Inc.

IntelePeer Virginia, Inc.

**Peerless Network, Inc. & Intelepeer, Inc. Ownership
Post-Close**

