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AZ CORP COMMISSION
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Arizona Corporation Commission
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OCT 18 2012

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October 17, 2012

VIA OVERNIGHT MAIL

Ernest G. Johnson
Executive Director
Arizona Corporation Commission
Utilities Division
1200 West Washington
Phoenix, Arizona 85007-2996

T-20527A-12-0444
T-03054A-12-0444
T-03406A-12-0444
T-03432A-12-0444

Re: Notification by Integra Telecom, Inc., Electric Lightwave, LLC, Eschelon Telecom of Arizona, Inc., Mountain Telecommunications of Arizona, Inc., and Searchlight Capital, L.P., Searchlight Capital PV, L.P., Searchlight Capital (FC) AIV, L.P., Searchlight Capital AIV (BLZ), L.P., and Searchlight/SIP Holdco SPV III (BLZ), L.P. of Sale of Stock

Dear Sir or Madam:

Integra Telecom, Inc. ("Integra"), Electric Lightwave, LLC dba Integra Telecom ("Electric Lightwave"), Eschelon Telecom of Arizona, Inc. dba Integra Telecom ("Eschelon"), Mountain Telecommunications of Arizona, Inc. dba Integra Telecom ("Mountain Telecommunications"), Searchlight Capital, L.P., Searchlight Capital PV, L.P., Searchlight Capital (FC) AIV, L.P., Searchlight Capital AIV (BLZ), L.P., and Searchlight/SIP Holdco SPV III (BLZ), L.P. (collectively, "Searchlight") hereby advise the Arizona Corporation Commission ("Commission") of the sale to Searchlight of 36.31 percent of the issued and outstanding common stock of Integra currently owned by Goldman, Sachs & Co. ("Goldman Sachs").

Based upon our review of the applicable statutes, regulations and decisions of the Commission, it is our understanding that this transaction does not require prior Commission approval because the sale of Integra stock will not result in a change in the ultimate ownership or control of Integra. Therefore, the parties anticipate consummating the transaction within approximately 30 to 60 days.

While Commission approval is not required for the transaction, Searchlight submits this letter to the Commission for informational purposes and to ensure the continuing accuracy of the Commission's records.



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Integra is the ultimate parent company of Electric Lightwave, Eschelon, and Mountain Telecommunications and is an Oregon corporation with headquarters at 1201 NE Lloyd Boulevard, Suite 500, Portland, OR 97232.

Electric Lightwave is a Delaware limited liability company with its current principal place of business at 1201 NE Lloyd Boulevard, Suite 500, Portland, OR 97232. In Arizona, Electric Lightwave is authorized to provide local and interexchange services pursuant to Decision No. 59982 issued by the Commission in Docket No. U-3054A-95-503, as amended by Decision 68798 issued by the Commission in Docket No. T-03054A-06-0154.

Eschelon is a corporation organized under the laws of Minnesota with its current principal place of business at 1201 NE Lloyd Boulevard, Suite 500, Portland, OR 97232. Eschelon is authorized to provide local and interexchange services pursuant to Decision No. 62751 issued by the Commission in Docket No. T-03406A-99-0742.

Mountain Telecommunications is a corporation organized under the laws of Arizona with its current principal place of business at 1201 NE Lloyd Boulevard, Suite 500, Portland, OR 97232. Mountain Telecommunications is authorized to provide local and interexchange services pursuant to Decision No. T-03432A-97-0487 issued by the Commission.

Searchlight Capital, L.P., Searchlight Capital PV, L.P., Searchlight Capital (FC) AIV, L.P., Searchlight Capital AIV (BLZ), L.P. (the "Searchlight AIV"), and Searchlight/SIP Holdco SPV III (BLZ), L.P. (each a "Searchlight Fund") are Delaware limited partnerships. The general partner of each Searchlight Fund is Searchlight Capital Partners GP, L.P., a Delaware limited partnership, and each Searchlight Fund is managed by Searchlight Capital Partners, L.P., a Delaware limited partnership ("Searchlight Capital"). Searchlight Capital is a private investment firm and maintains offices at 745 Fifth Avenue, 32nd Floor, New York, NY 10151, and its principals have significant expertise in a wide range of transaction types, including many forms of recapitalizations and investments throughout a company's capital structure, with particular emphasis in the communications and technology sectors.



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The transaction involves the sale of all of the stock of Integra currently owned by Goldman Sachs, which represents a 36.31 percent voting stock interest in Integra.¹ Goldman Sachs is a registered broker-dealer with offices at 200 West Street, New York, NY 10282. The Goldman Sachs Group, Inc. ("GSG") is the sole limited partner of Goldman Sachs. The general partner of Goldman Sachs is The Goldman, Sachs & Co., LLC, of which GSG is the sole member. GSG is a widely held Delaware corporation that is publicly-traded on the New York Stock Exchange. GSG provides investment banking, securities, and investment management services primarily to corporations, financial institutions, governments, and high-net-worth individuals worldwide.

On October 9, 2012, Goldman Sachs entered into a Securities Purchase Agreement (the "Agreement") with Searchlight Capital, L.P., Searchlight Capital PV, L.P., Searchlight Capital (FC) AIV, L.P. and Searchlight/SIP Holdco SPV III (BLZ), L.P., pursuant to which each of the foregoing Searchlight Funds agreed to acquire upon the consummation of the proposed transaction the 36.31 percent of the issued and outstanding Integra common stock currently owned by Goldman Sachs.

On October 16, 2012, Searchlight Capital, L.P. and Searchlight Capital PV, L.P. entered into an Assignment and Assumption Agreement, pursuant to which they assigned all of their right, title and interest under the Agreement to the Searchlight AIV.

After the consummation of the transaction, the Searchlight AIV may be dissolved and liquidated due to fund-level structuring needs as determined by the General Partner of the Searchlight AIV in its sole discretion. Upon any such liquidation, the Searchlight AIV will be terminated and wound-up, and the common stock of Integra that it holds reallocated among Searchlight Capital, L.P. and Searchlight Capital PV, L.P. In addition, the Searchlight Funds may pursue other transactions as a result of which the Searchlight Funds would own additional equity interests in Integra, not to exceed 50 percent of the issued and outstanding shares of Integra common stock. Following any such distribution or transaction, it is expected that one or more of Searchlight Capital, L.P., Searchlight Capital PV, L.P. and

¹ The proposed transaction also involves the sale of Series A Warrants of Integra to the Searchlight Funds (as defined herein), which, if exercised, would equal 4.06 percent of the issued and outstanding common stock of Integra (assuming the full exercise and conversion of all Series A Warrants of Integra).

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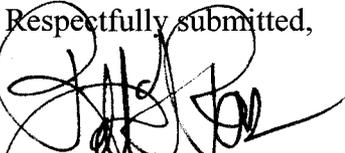
Searchlight Capital (FC) AIV, L.P. will hold 10 percent or more of the issued and outstanding Integra common stock.

The transaction will serve the public interest by allowing Integra to advance its strategic business plan by giving the company and its operating subsidiaries the benefit of the broad experience of Searchlight Capital, which has significant expertise working with communications companies. The principals of Searchlight Capital are seasoned investment professionals who have initiated and led investments in a range of communications and technology companies, and their broad background in the industry renders them highly qualified to advise Integra's management on important operational matters as well as financial decisions.

The proposed transaction will be conducted in a manner that will be transparent to customers of the certificated carriers. It will not result in a change of carrier for end user customers in Arizona or in an assignment of authorizations. Following consummation of the proposed transaction, Electric Lightwave, Eschelon and Mountain Telecommunications will continue to provide high-quality communications services to their customers without interruption and without immediate change in rates, terms or conditions.

Enclosed are the original and fourteen (14) copies of this letter. Please return one (1) of the copies file-stamped in the envelope provided. Please do not hesitate to contact me if you have any questions or need additional information regarding this transaction. Thank you for your assistance in this matter.

Respectfully submitted,



Bennett L. Ross

*Counsel for Searchlight Capital, L.P.,
Searchlight Capital PV, L.P.,
Searchlight/SIP Holdco SPV III (BLZ), L.P.,
Searchlight Capital (FC) AIV, L.P., and
Searchlight Capital AIV (BLZ), L.P.*