

November 13, 2017

Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65102**Re: Request of approval for a *pro forma* reorganization**

Dear Sir or Madam:

Flowroute Inc. ("Flowroute") and Flowroute CLEC Inc. ("Flowroute CLEC") (collectively, the "Petitioners," or the "Company"), hereby request Commission approval for a *pro forma* reorganization, whereby Flowroute's Certificate of Service Authority to provide basic local telecommunications, non-switched local, and interexchange service in the State of Missouri will be assigned to its wholly-owned subsidiary, Flowroute CLEC ("Proposed Transaction").

I. DESCRIPTION OF PROPOSED TRANSACTION

Petitioners propose to undertake a *pro forma* reorganization whereby Flowroute's Certificate of Service Authority will be transferred to its wholly-owned subsidiary, Flowroute CLEC. The Proposed Transaction is entirely intra-corporate in nature and will not involve any change in: (a) the ultimate ownership or the corporate structure of the Company; (b) the current management or key personnel of the Company; and (c) the rates, terms or conditions of service currently being offered to customers. The proposed *pro forma* reorganization will not have an adverse effect on Missouri consumers as Flowroute currently does not provide competitive local exchange services to any customers in Missouri pursuant to its Certificate of Service Authority. Charts depicting the Petitioners' unchanged corporate structure before and after the Proposed Transaction are attached hereto as **Exhibit A**.

II. DESCRIPTION OF THE PARTIES

Flowroute Inc. - Flowroute is a Nevada corporation, and maintains its principal offices at 1218 Third Avenue, Suite 600, Seattle, Washington 98101. Flowroute is the parent corporation of Flowroute CLEC. Flowroute is currently authorized to provide competitive local exchange services in the District of Columbia, Kentucky, Missouri, Montana, Nevada, and New Hampshire.

Flowroute CLEC Inc. - Flowroute CLEC is a Nevada corporation, and maintains its principal offices at 1218 Third Avenue, Suite 600, Seattle, Washington 98101. Flowroute CLEC is a wholly-owned subsidiary of Flowroute. Flowroute CLEC has a pending registration to provide telecommunications services in the State of Washington, and, pursuant to this *pro forma* reorganization, has or soon will have pending applications to assume Flowroute's authority to provide competitive local exchange services in the District of Columbia, Kentucky, Missouri, Montana, Nevada, and New Hampshire. A copy of Flowroute CLEC's Articles of Incorporation and registration to do business as a foreign corporation in Missouri are attached hereto as **Exhibit B**. Both Flowroute and Flowroute CLEC are controlled by the same management team, and accordingly, Flowroute CLEC has the necessary managerial and technical expertise to provide telecommunications services in Missouri. Flowroute CLEC's operations in Missouri will be entirely financed by its parent corporation,



Flowroute. Accordingly, Flowroute's most recent financial statements are attached hereto as Exhibit C.

III. DESIGNATED CONTACTS

Questions, correspondence, or other communications concerning this Petition should be directed to the following:

Jennifer Frigaard
Flowroute CLEC Inc.
1218 Third Avenue, Suite 600
Seattle, WA 98101
Tel: (206) 641-8090
Email: regulatory@flowroute.com

Following the closing of the Proposed Transaction, inquiries and complaints concerning Flowroute CLEC may be directed to:

Jennifer Frigaard
Flowroute CLEC Inc.
1218 Third Avenue, Suite 600
Seattle, WA 98101
Tel: (206) 641-8090
Email: regulatory@flowroute.com

Customers may also contact Flowroute CLEC regarding the establishment of service, complaints, and queries about service, billing, and all other customer service matters by dialing the following toll-free telephone number: (855) 356-9768.

IV. PUBLIC INTEREST CONSIDERATIONS

Petitioners submit that the Proposed Transaction serves the public interest. The Proposed Transaction promotes competition among telecommunications carriers by providing the Company with the opportunity to strengthen its competitive position in order to accelerate the growth of its business, resulting in greater downward pressure on prices, increased consumer choice, improved quality of service and customer responsiveness, innovative services offerings, and access to increasingly advance telecommunications technologies. Petitioners anticipate that the Proposed Transaction will enable the Company to operate more efficiently and to deliver superior value and services to customers in Missouri.

Following the Proposed Transaction, Flowroute's current management team will continue to be responsible for the day-to-day operations of the business. The Proposed Transaction is transparent to consumers, and will not result in the discontinuance, reduction, loss, or impairment of service offerings to Missouri consumers. Rather, the Proposed Transaction will enable Flowroute to make available a greater variety of high-quality, innovative services to customers. The public interest will also be served by expeditious consideration and approval of this Company, and will ensure the public realizes these benefits as quickly as possible.



For foregoing reasons, Petitioners submit that the public interest, convenience, and necessity would be furthered by grant of this Petition for Commission approval to undertake the *pro forma* reorganization as described herein. Petitioners respectfully request expedited consideration and grant of the Petition.

Respectfully submitted,

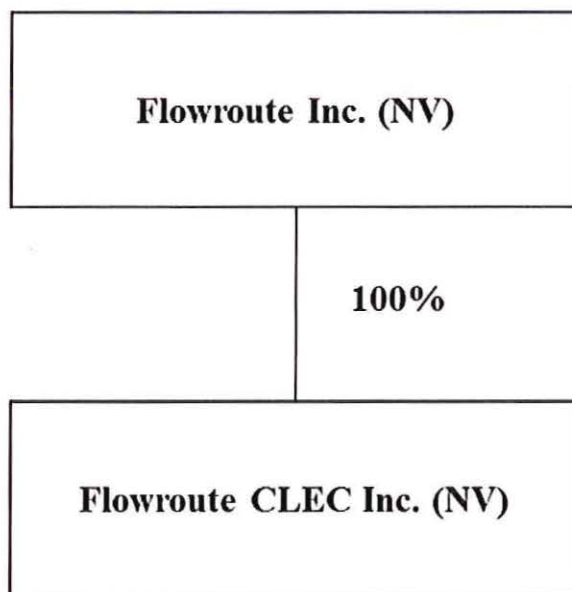
A handwritten signature in black ink that reads 'Danielle Porter'.

Danielle Porter
Chief Financial Officer



LIST OF EXHIBITS

<u>Exhibit A</u>	Corporate Structure
<u>Exhibit B</u>	Corporate Documents
<u>Exhibit C</u>	Financial Statements (CONFIDENTIAL)

EXHIBIT A**Corporate Structure**



BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov



040105

Articles of Incorporation

(PURSUANT TO NRS CHAPTER 78)

Filed in the office of <i>Barbara K. Cegavske</i> Barbara K. Cegavske Secretary of State State of Nevada	Document Number 20170403314-05
	Filing Date and Time 09/24/2017 9:27 AM
	Entity Number E0453852017-1

(This document was filed electronically.)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Corporation:	FLOWROUTE CLEC INC.		
2. Registered Agent for Service of Process: (check only one box)	<input checked="" type="checkbox"/> Commercial Registered Agent: MAIL LINK LLC Name <input type="checkbox"/> Noncommercial Registered Agent (name and address below) OR <input type="checkbox"/> Office or Position with Entity (name and address below) Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity Street Address City Nevada Zip Code Mailing Address (if different from street address) City Nevada Zip Code		
3. Authorized Stock: (number of shares corporation is authorized to issue)	Number of shares with par value: 100	Par value per share: \$ 0.001	Number of shares without par value: 0
4. Names and Addresses of the Board of Directors/Trustees: (each Director/Trustee must be a natural person at least 18 years of age; attach additional page if more than two directors/trustees)	1) BAYAN TOWFIQ Name 7135 S DECATUR BLVD. Street Address LAS VEGAS NV 89118 City State Zip Code 2) SEAN HSIEH Name 7135 S DECATUR BLVD. Street Address LAS VEGAS NV 89118 City State Zip Code		
5. Purpose: (optional; required only if Benefit Corporation status selected)	The purpose of the corporation shall be: ANY LEGAL PURPOSE		6. Benefit Corporation: (see instructions) <input type="checkbox"/> Yes
7. Name, Address and Signature of Incorporator: (attach additional page if more than one incorporator)	I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State. BAYAN TOWFIQ Name X BAYAN TOWFIQ Incorporator Signature 7135 S DECATUR BLVD. Address LAS VEGAS NV 89118 City State Zip Code		
8. Certificate of Acceptance of Appointment of Registered Agent:	I hereby accept appointment as Registered Agent for the above named Entity. X MAIL LINK LLC Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity 9/24/2017 Date		

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS 78 Articles
Revised: 1-5-15

Articles of Incorporation

CONTINUED

Includes data that is too long to fit in the fields on the NRS 78 Form and all additional director/trustees and incorporators

ENTITY NAME	FLOWROUTE CLEC INC.
FOREIGN NAME TRANSLATION	NOT APPLICABLE
PURPOSE	ANY LEGAL PURPOSE

REGISTERED AGENT NAME	MAIL LINK LLC
STREET ADDRESS	NOT APPLICABLE
MAILING ADDRESS	NOT APPLICABLE

ADDITIONAL DIRECTORS/TRUSTEES
ERIC HARBER 7135 S DECATUR BLVD. LAS VEGAS, NV 89118

ADDITIONAL INCORPORATORS
SEAN HSIEH 7135 S DECATUR BLVD. LAS VEGAS, NV 89118
ERIC HARBER 7135 S DECATUR BLVD. LAS VEGAS, NV 89118

STATE OF MISSOURI



John R. Ashcroft
Secretary of State

CERTIFICATE OF AUTHORITY

WHEREAS,

FLOWROUTE CLEC INC.
F001328369

has complied with the Missouri General and Business Corporation Law which governs Foreign Corporations; by filing in the office of the Secretary of the State of Missouri authenticated evidence of its incorporation and good standing under the Laws of the State of Nevada.

NOW, THEREFORE, I, JOHN R. ASHCROFT, Secretary of State of the State of Missouri, do hereby certify that said corporation is from this date duly authorized to transact business in this State, and is entitled to all rights and privileges granted to Foreign Corporations under the General and Business Corporation Law.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the GREAT SEAL of the State of Missouri. Done at the City of Jefferson, this 31st day of October, 2017.


Secretary of State





State of Missouri
John R. Ashcroft, Secretary of State

Corporations Division
PO Box 778 / 600 W. Main St., Rm. 322
Jefferson City, MO 65102

F001328369
Date Filed: 10/31/2017
John R. Ashcroft
Missouri Secretary of State

**Application for Certificate of Authority
For a Foreign For-Profit Corporation**

(Submit with filing fee of \$155.00)

1. The corporation's name is FLOWROUTE CLEC INC.
and it is organized and existing under the laws of NEVADA
2. The name it will use in Missouri is FLOWROUTE CLEC INC.
3. The date of its incorporation was 09/24/2017, and the period of its duration is INDEFINITE
month/day/year
4. The address of its principal place of business is 1218 THIRD AVE, SUITE 600 SEATTLE, WA 98101
Address City/State/Zip
5. The name and physical address of its registered agent and office in the State of Missouri is
REGISTERED AGENT SOLUTIONS, INC. 3225-A EMERALD LANE JEFFERSON CITY, MO 65109
Name Address City/State/Zip
6. The specific purpose(s) of its business in Missouri are:
TELECOMMUNICATIONS
7. The name of its officers and directors and their business addresses are as follows:

Officers	Name	Address	City/State/Zip
President	<u>ERIC HARBER 1218 THIRD AVE, SUITE 600 SEATTLE, WA 98101</u>		
Vice President	<u></u>		
Secretary	<u>DANIELLE PORTER 1218 THIRD AVE, SUITE 600 SEATTLE, WA 98101</u>		
Treasurer	<u>DANIELLE PORTER 1218 THIRD AVE, SUITE 600 SEATTLE, WA 98101</u>		

Board of Directors

Director	<u>BAYAN TOWFIQ 1218 THIRD AVE, SUITE 600 SEATTLE, WA 98101</u>
Director	<u>ERIC HARBER 1218 THIRD AVE, SUITE 600 SEATTLE, WA 98101</u>
Director	<u>DANIELLE PORTER 1218 THIRD AVE, SUITE 600 SEATTLE, WA 98101</u>
Director	<u></u>
Director	<u></u>

(Please see next page)

Name and address to return filed document:

Name: JENNIFER FRIGAARD

Address: 1218 THIRD AVE, SUITE 600

City, State, and Zip Code: SEATTLE, WA 98101

ORI-10312017-2484 State of Missouri
No of Pages 3 Pages



Creation - For Profit (F)

P-ORI-10232017-0206

9. The effective date of this document is the date it is filed by the Secretary of State of Missouri unless a future date is otherwise indicated: _____

(Date may not be more than 90 days after the filing date in this office)

In Affirmation thereof, the facts stated above are true and correct:

(The undersigned understands that false statements made in this filing are subject to the penalties provided under Section 575.040, RSMo.)

Danielle Porter
Must be an Officer or Chairman listed in #7

DANIELLE PORTER
Printed Name

TREASURER
Title

10/16/17
Date

Note: A current (not more than 60 days old) original certificate of good standing or certificate of existence must be submitted with this application. This may be obtained from the Secretary of State or other authority that issues corporate charters in the state of domicile.



Balance Sheet

September 30, 2017

Cash and cash equivalents	\$ 1,472,083
Accounts receivable	736
Prepaid expenses	50,073
Total current assets	<u>1,522,892</u>

Furniture and equipment	843,602
Leasehold improvements	233,572
Accumulated depreciation	(416,448)
Total fixed assets	<u>660,726</u>

Other assets	<u>312,743</u>
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Total assets	\$ 2,496,361
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Accounts payable	\$ 664,651
Accrued 401(K) liability	159,533
Unused customer credits	977,271
Accrued federal tax liability	36,571
Accrued payroll liabilities	116,789
Total current liabilities	<u>1,954,815</u>

Deferred furniture lease liability	88,045
Deferred office lease liability	309,578
Deferred income tax liability	47,000
Total liabilities	<u>2,399,438</u>

Capital stock	107,485
Retained earnings	<u>(10,562)</u>

Total liabilities and equity	\$ 2,496,361
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Income Statement

YTD through September 30, 2017

Inbound voice	4,207,086
Outbound voice	4,009,082
MRC	1,708,426
Other customer revenue	760,355
Carrier comp and chargebacks, net	52,146
Total Revenue	\$10,737,096

Carrier costs and regulatory fees	3,397,762
Customer support costs	909,140
Total COGS	4,306,903
Gross Profit	\$6,430,193

Staffing costs	
Wages	4,147,498
Benefits (incl payroll taxes)	805,672
Total staffing costs	4,953,169
Less: Customer support	(800,354)
Operating staffing costs	4,152,816

Sales & marketing	733,923
Professional services	986,303
Payment processing fees	254,582
Internet expenses	372,566
Software expense	189,901
Travel expense	162,240
Occupancy costs	331,013
All other op ex	141,866
Total operating costs	7,325,209

EBITDA	(\$895,015)
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Depreciation expense	62,000
Interest expense	2,306
Tax expense	-
Other gain/(loss)	404,786

Net Income (Loss)	(\$554,536)
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