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April 18, 2007

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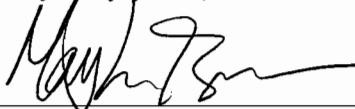
Ms. Lois Meerdink  
Public Utility Commission of Oregon  
550 Capitol Street N.E. Suite 215  
Salem, Oregon 97308-2148  
PUC.FilingCenter@state.or.us

Dear Ms. Meerdink:

Enclosed herein for filing on behalf of Trinsic Communications, Inc. ("Trinsic Communications"), Touch 1 Communications, Inc. ("Touch 1"), and any successor in interest of either, including a Chapter 7 bankruptcy trustee (collectively, "Trinsic"), and Matrix Telecom, Inc. ("Matrix") (and, together with Trinsic, the "Applicants"), please find the original and five (5) copies of a joint Application for waiver of the rules governing changes to customers telecommunications providers and a notification of a transfer of Trinsic's assets used to provide local and long distance telecommunications services to Matrix, as more fully set forth in the notice.

Please stamp and return to me in the enclosed envelope the copy provided for that purpose. Should you have any questions regarding this filing, please do not hesitate to contact me.

Very truly yours,



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Matthew A. Brill  
Richard R. Cameron  
Attorney for Matrix Telecom, Inc.

Enclosures

**Before the  
PUBLIC UTILITY COMMISSION OF OREGON**

**In the Matter of** )  
 )  
**Trinsic Communications, Inc.,** )  
**Touch 1 Communications, Inc., and** )  
**any Successor in Interest, Including a** )  
**Chapter 7 Bankruptcy Trustee** ) No. \_\_\_\_\_  
 )  
**AND** )  
 )  
**Matrix Telecom, Inc.** )  
 )  
**Notification of a Transfer of Assets** )  
 )  
**Joint Application for Waiver of Rules** )  
**Governing Changes to Customer** )  
**Telecommunications Providers** )

**NOTIFICATION OF A TRANSFER OF ASSETS**

**JOINT APPLICATION FOR WAIVER OF RULES GOVERNING CHANGES TO  
CUSTOMER TELECOMMUNICATIONS PROVIDERS**

Trinsic Communications, Inc. (“Trinsic Communications”), Touch 1 Communications, Inc. (“Touch 1”), and any successor in interest of either, including a Chapter 7 bankruptcy trustee (collectively, “Trinsic”), and Matrix Telecom, Inc. (“Matrix”) (and, together with Trinsic, the “Parties”), through their undersigned counsel, hereby notify the Public Utility Commission of Oregon (“Commission”) of a transaction whereby Matrix will acquire Trinsic’s assets (*e.g.*, customer accounts) used to provide local and long distance telecommunications services. Like Matrix, Trinsic holds authority from the Commission to provide telecommunications services in Oregon. Trinsic provides service pursuant to resale and similar wholesale arrangements and does not own or operate any network facilities in Oregon.

On March 21, 2007, Trinsic and Tide Acquisition Corporation (“Tide”) entered into an Asset Purchase Agreement,<sup>1</sup> (the “APA”) under which Tide would acquire the assets of Trinsic used to provide telecommunications services, as well as Trinsic’s customer accounts across the nation, including in Oregon. Tide subsequently assigned its rights under the APA to Matrix. The planned transaction will cause no interruption in service to customers. No existing service will be discontinued, reduced, or impaired as an immediate result of the sale of these assets. Furthermore, this transaction will have no immediate impact on the rates for any services Trinsic currently provides to any customer.

Based on a review of Oregon law, it is the Companies’ understanding that no state regulatory approval to complete the Transaction is required in Oregon. Accordingly, the Companies submit this notice in order to ensure the continuing accuracy of Oregon’s records.

Additionally, to accomplish this sale, pursuant to Oregon Administrative Rules (“OAR”) Section 860-032-0020(16), the Parties request that the Commission grant a waiver of the Commission’s rules governing the changes to a customer’s telecommunications provider, OAR § 860-032-0020, to the extent those requirements are inconsistent with Federal Communications Commission’s (“FCC’s”) rules governing the sale of a carrier’s customer base, 47 C.F.R. § 64.1120(e). The Parties will comply with the FCC’s notice and certification requirements applicable to transfers of carrier customer bases. This FCC rule ensures that all customers receive advance notice of the planned transfer and any potential impact (none in this case) on their telecommunications services. In addition, Matrix will comply with any notice requirements contained in Trinsic’s contracts with its customers. Thus, as discussed in greater detail below,

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<sup>1</sup> Asset Purchase Agreement by and among Tide Acquisition Corporation, as Purchaser, and Trinsic, Inc., Trinsic Communications, Inc., Touch 1 Communications, Inc., Z-Tel Network Services, Inc., and Z-Tel Consumer Services, LLC, as Sellers, dated as of March 21, 2007.

compliance with state rules is unnecessary in this case and would cause customers to receive additional, redundant notices that could cause customer confusion. Further, compliance with the state rules is impossible under the circumstances, and without such a waiver, individual customers could be at risk for interruption to their telecommunications services.

The Companies further state as follows:

## **I. DESCRIPTION OF THE PARTIES**

### **A. Trinsic**

Trinsic Communications, a Delaware corporation, and Touch 1, an Alabama corporation, are both wholly owned subsidiaries of Trinsic, Inc., a Delaware corporation, which was founded in January 1998 as Z-Tel Technologies, Inc. Trinsic provides circuit-switched local and long-distance telephony services in 49 states and the District of Columbia. In Oregon, Trinsic holds Commission-issued authority to provide resold local exchange and interexchange services.<sup>2</sup>

Trinsic provides residential and business local and long distance telecommunications services in combination with enhanced communications features accessible through the telephone, the Internet, and certain personal digital assistants. These Trinsic services include a suite of proprietary Internet-based and voice-activated functions called "Trinsic Center," which feature voicemail, "Find Me," "Notify Me," caller identification, call forwarding, three-way calling, call waiting, and speed dialing services, as well as a "Personal Voice Assistant," which utilizes voice-recognition technology so that users can access secure, online personal address

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<sup>2</sup> In Oregon, Trinsic Communications is authorized to operate as a reseller of local exchange and interexchange services, pursuant to authority granted in Order Number 98-475, CP 486 on November 20, 1998 and as a reseller of interexchange services, pursuant to authority granted in Order Number 98-229, CP 468 on June 4, 1998. Touch 1 is authorized to operate as a non-facilities-based reseller of interexchange services, pursuant to authority granted in Order Number 94-1504 on October 5, 1994.

books from any phone using simple voice commands in order to send voice e-mails, find contact information and dial numbers, among other things.

At the end of 2006, Trinsic served approximately 150,000 residential and business customers, in addition to approximately 23,000 stand-alone presubscribed long distance customers, primarily by reselling wholesale long distance services and “local wholesale” services purchased from the Bell Operating Companies and other large incumbent local exchange carriers (“ILECs”). In addition, in 2004, Trinsic began offering “voice over Internet protocol,” or “VoIP” services as an alternative to its other traditional circuit-switched service offerings.

As a result of changes to its cost structure resulting from, among other factors, the elimination of ILEC unbundled network element platform (“UNE-P”) offerings, Trinsic was forced to seek relief from the Bankruptcy Court on February 7, 2007. The proposed sale of its assets to Matrix provides an opportunity to ensure continuity of service to Trinsic’s customers.

## **B. Matrix**

Since 1999, Matrix, a Texas corporation, has been an indirect wholly owned subsidiary of Platinum Equity, LLC (“Platinum Equity”), a Delaware limited liability company headquartered in Beverly Hills, California. Platinum Equity is a global firm specializing in the merger, acquisition, and operation of companies that provide services and solutions to customers in a broad range of business markets, including telecommunications, information technology, logistics, manufacturing, and entertainment distribution. Since its founding in 1995, Platinum Equity has acquired more than 60 businesses with more than \$12 billion in aggregate revenue at the time of acquisition.

Matrix provides competitive integrated communications services, including local, long distance, and toll-free voice services plus a wide range of data services, such as dedicated

Internet access, frame relay, and point-to-point transmission services, chiefly to enterprise customers throughout the United States. Matrix holds Commission-issued authority to provide local exchange and interexchange services in Oregon.<sup>3</sup> In 2005, Matrix completed the acquisition of certain assets from Global Crossing Telecommunications, Inc. (“GC”) primarily consisting of the customer base of GC’s Small Business Group.

Matrix also is affiliated with Americatel Corporation (“Americatel”) and soon will be affiliated with Startec Global Operating Company (“Startec”), both Delaware corporations. Platinum Equity has indirectly controlled Americatel since it acquired indirect ownership of 95 percent of its equity in July 2006. Americatel provides international and domestic facilities-based and resold long distance services, including “dial around” casual calling (*i.e.*, 1010XXX) service and presubscribed 1+ calling services, in each of the 48 contiguous states, with a particular emphasis on serving the needs of United States customers with connections to Latin America and the Caribbean. In addition, Platinum Equity will soon obtain indirect control of Startec, which provides long distance, Internet, and other communications services in over 45 states and internationally. The parties expect the Startec merger to close later this year, following receipt of necessary regulatory approvals. Platinum Equity, through its ownership of these companies, and Matrix, based on its history of successful operation, have amply demonstrated their qualifications to purchase and operate Trinsic’s assets.

## **II. DESCRIPTION OF TRANSACTION**

On February 7, 2007, as described above, Trinsic and its affiliates sought relief from creditors before the Bankruptcy Court. During the Bankruptcy Court proceedings, Trinsic

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<sup>3</sup> In Oregon, Matrix is authorized to operate as a reseller of local exchange and interexchange services, pursuant to authority granted in Order Number CP 1281/UM 376 on May 16, 2005 and as a reseller of interexchange services, pursuant to authority granted in Order Number 91-409 on March 19, 1991.

ultimately determined that a successful business reorganization would not be possible. Tide, a newly formed subsidiary of Platinum Equity, was the winning bidder in an auction conducted under the supervision of the Bankruptcy Court, and entered into the APA with Trinsic on March 21, 2007. Tide subsequently assigned its rights and obligations under the APA to Matrix. The APA requires the sale to be completed within 75 days, or on or before June 4, 2007, and has been approved by the Bankruptcy Court.

The Parties anticipate that this sale will be seamless and transparent to Trinsic's customers. Under the terms of the APA, Matrix will acquire Trinsic's entire local and long distance customer base, together with its rights and responsibilities under contracts necessary to operate Trinsic's business, Trinsic's real and personal property, equipment, fixtures, intellectual property, trademarks, and most other Trinsic assets. Thus, the proposed sale of Trinsic's assets to Matrix will cause no interruption in service to customers. No existing service will be discontinued, reduced, or impaired as a result of the sale of these assets. Furthermore, this transaction will not affect rates for, or terms or conditions of, any service being provided by Trinsic to customers in Oregon.

### **III. REQUEST FOR WAIVER OF RULES GOVERNING CHANGES TO CUSTOMER TELECOMMUNICATIONS PROVIDERS**

Pursuant to OAR § 860-032-0020(16), which states that “[f]or good and sufficient reason, the Commission may grant a petition to waive any time period or requirement in this rule,” Trinsic and Matrix urgently request that the Commission grant a waiver of the Commission's rule governing changes to a customer's telecommunications carrier, OAR § 860-032-0020, to the extent that rule is inconsistent with the FCC's rules governing the sale of a carrier's customer base. In particular, Trinsic and Matrix request that the Commission waive its requirement that customers receive this notice 90 days in advance of the transfer, OAR § 860-032-0020(11)(a),

because the parties cannot comply with this requirement under the terms of the APA, which has already been approved by the Bankruptcy Court. As explained above, the APA requires the sale to be completed on or before June 4, 2007. Accordingly, compliance with the Commission's requirement to notify customers 90 days in advance is impossible under the circumstances. The Parties instead propose to provide customers with the required notice at least 30 days in advance, as required by FCC rules, and the notification that the Parties will send to customers has already been submitted to numerous other state public utility commissions. A copy of the proposed customer notice is provided as Exhibit A.

Specifically, the Parties will comply with FCC rules requiring Matrix to certify to the FCC that it has provided at least 30 days' written notice to each customer affected by this transaction, 47 C.F.R. § 64.1120(e)(1-3), including notice of:

- (i) the date on which the acquiring carrier will become the subscriber's new provider of telecommunications service;
- (ii) the rates, terms, and conditions of the service(s) to be provided by the acquiring carrier upon the subscriber's transfer to the acquiring carrier, and the means by which the acquiring carrier will notify the subscriber of any change(s) to these rates, terms, and conditions;
- (iii) the fact that the acquiring carrier will be responsible for any carrier change charges associated with the transfer;
- (iv) the subscriber's right to select a different preferred carrier for the telecommunications service(s) at issue, if an alternative carrier is available;
- (v) the fact that all subscribers receiving the notice, even those who have arranged preferred carrier freezes through their local service providers on the service(s) involved in the transfer, will be transferred to the acquiring carrier, unless they have selected a different carrier before the transfer date; existing preferred carrier freezes on the service(s) involved in the transfer will be lifted; and the subscribers must contact their local service providers to arrange a new freeze;
- (vi) the identity of the carrier that carrier will be responsible for handling any complaints filed, or otherwise raised, prior to or during the transfer against the selling or transferring carrier; and



(vii) The toll-free customer service telephone number of the acquiring carrier.

In addition, all of Trinsic's customers will receive notice of the transaction required under their service contract with Trinsic, if they have one, and additional communications welcoming them as customers of Matrix.

A waiver of inconsistent or additional Commission rules governing customer notices in this context will serve the public interest for several reasons. First, without such a waiver, the Parties will be unable to achieve compliance with the state notice requirements prior to closing and Oregon customers could be at risk for interruption to their telecommunications services. This result would be particularly unfortunate given that, following the transition, Matrix intends to provide Trinsic's former customers with quality telecommunications services, without interruption or any immediate change to the rates, terms, and conditions applicable to the services they receive.

Second, Oregon's rule requiring that customers receive notice 90 days in advance is in irreconcilable conflict with the terms of the APA approved by the Bankruptcy Court, which requires the sale to close in 75 days.

Third, and finally, compliance with Oregon's rule governing changes to a customer's telecommunications carrier in the context of this transaction is not necessary to ensure that all customers receive ample actual notice of the transaction. Rather, each and every Trinsic customer will receive the notice prescribed under the FCC's rules, sufficiently in advance of the closing to permit these customers to make considered judgments regarding the transition to Matrix. In addition, all Trinsic customers will receive additional communications welcoming them as customers of Matrix. Given the public nature of the Trinsic bankruptcy proceedings and the parties intent to deliver at least two actual notices to Trinsic customers, the Parties expect

every Trinsic customer will be well aware of the upcoming transition.

\* \* \* \* \*

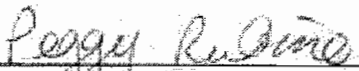
For the foregoing reasons, the Parties hereby request that the Commission grant a waiver of the Commission's rules governing changes to a customer's telecommunications carrier to the extent those rules are inconsistent with the FCC's rules governing the sale of a carrier's customer base.

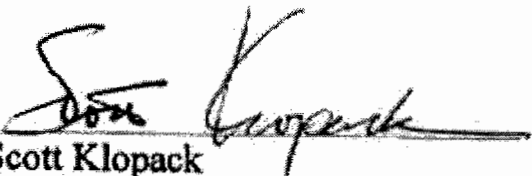
Questions regarding this filing may be directed to the undersigned.

Respectfully Submitted,

TRINSIC COMMUNICATIONS, INC.,  
TOUCH 1 COMMUNICATIONS, INC.,  
By:

MATRIX TELECOM, INC.  
By:

  
\_\_\_\_\_  
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Washington, D.C. 20004-1304

**EXHIBIT A**

**CUSTOMER NOTIFICATION LETTER**

## **An Important Notice from Trinsic Communications, Touch 1 Communications, and Matrix Business Technologies About Your Local and Long Distance Telephone Service**

Dear Valued Customer:

Trinsic Communications, Inc. and Touch 1 Communications, Inc. (collectively, "Trinsic") are pleased to announce that Matrix Telecom, Inc. d/b/a Matrix Business Technologies ("Matrix") is purchasing their local, long distance, international, and data communications service business. The anticipated date for the transfer of these services to Matrix is June 4, 2007, or as soon thereafter as Trinsic and Matrix obtain the necessary regulatory approvals. Upon completion of the transfer, while Matrix will become your new service provider, you will continue to receive the same Trinsic service you enjoy today. Matrix is working closely with Trinsic to ensure that the transfer of control goes smoothly and without service interruption to any customers. Your local telephone number(s) will NOT change as a result of the transfer.

Matrix is a leading provider of competitive telecommunications services including voice, data, and Internet services. Over the past 15 years, Matrix has built a solid reputation as a trusted communications partner dedicated to providing the latest technology solutions. As a Matrix customer, you will continue to receive all of the same features, services, rates, terms and conditions of service that you enjoy today. Notice of any future changes in rates, terms and conditions of service will be provided to you by mail or in your bill, or otherwise as provided in your service contract, if you have one. In addition to complying with any requirements of your service contract, Matrix will provide you with at least 30 days' written notice of any rate increase implemented within 90 days of completion of the sale from Trinsic to Matrix. Matrix looks forward to serving all of your communications needs.

As always, you may choose another carrier for your telephone service at any time provided another service provider is available, and subject to the terms of your service contract, if you have one. Unless you choose another carrier before the transfer date, you will automatically become a Matrix customer for any services you currently receive from Trinsic upon completion of the transfer. You do not need to take any action to be transferred to Matrix. Matrix will pay any carrier change charges associated with the transfer of your account to it. If you have placed a "freeze" on Trinsic's local or long distance services to prevent their unauthorized transfer to another carrier, it will be lifted when your Trinsic services are transferred to Matrix. At your request, Matrix can re-establish freeze protection for you after the transfer. There will be no change to the provider of any service you receive from a carrier other than Trinsic as a result of the transfer.

It has been Trinsic's pleasure to provide you with quality local, long distance, international and data communications services and we emphasize that you will also be treated as a valued customer of Matrix. The changes described above are subject to federal and state approval of the sale. Until the actual transfer date, Trinsic will continue to be responsible for all customer service and billing issues. You should contact Trinsic with any complaints or other customer services inquiries you may have prior to the transfer. After the transfer date, you should refer your questions and complaints to Matrix.

We appreciate your understanding and support during this transition period. Should you have any questions regarding your service, you can always contact your Trinsic service representative at 877-987-4674. For questions regarding Matrix or the services it offers, please call 888-411-0111.