

August 14, 2007

214 Application pending before the Federal Communications Commission (“FCC”) for approval of the transfer of control.

Trinsic Communications and Touch 1 are both wholly-owned subsidiaries of Trinsic, Inc. In Tennessee, Trinsic Communications has approximately 164 residential customers and approximately eighty-three business customers.¹ The company is authorized to provide competing telecommunications services pursuant to Authority Order in Docket No. 00-00861. Touch 1 has approximately 402 stand-alone long distance customers, approximately nineteen toll-free customers and approximately 293 travel card customers in Tennessee.² Touch 1 was granted authorization to provide telecommunications services by the Tennessee Public Service Commission in Case No. 95-02456.

Since 1999, Matrix has been an indirect wholly-owned subsidiary of Platinum Equity, LLC (“Platinum Equity”). In Tennessee, Matrix has approximately 299 business customers and approximately forty-one residential customers.³ Matrix is authorized to provide competing local telecommunications services in Tennessee by Authority Order in Docket No. 07-00003. Additionally, the company is authorized to provide resold local exchange and resold interexchange services pursuant to Authority Order in Docket 05-00083 and by the former Tennessee Public Service Commission in Case No. 95-03215, respectively.

On February 7, 2007, Trinsic and its affiliates sought relief from creditors under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Alabama (the “Bankruptcy Court”). On March 21, 2007, following a Court-supervised auction, Trinsic entered into an Asset Purchase Agreement (the “APA”) with Tide Acquisition Corporation (“Tide”) in which Tide would acquire the assets of Trinsic used to provide telecommunications

¹ *Data Response*, filed May 1, 2007, p.2.

² *Id.*

³ *Id.*

services and Trinsic's customer accounts. Tide subsequently assigned its rights and obligations under the APA to Matrix. The impact of the assignment is that Matrix would become the telecommunications service provider for Trinsic's customers.

The *Joint Petition* states that the proposed transfer of control will be seamless and transparent to Trinsic's customers. The transaction will not cause an interruption in service to customers, and no existing service will be discontinued, reduced or impaired as a result of the sale of these assets. In addition, the transaction will not affect the rates, terms or conditions of any service being provided by Trinsic to customers in Tennessee. Matrix will continue to provide service to these customers using the Trinsic name, possibly on a co-branded basis.

Petitioners indicate they will comply with the FCC's notice and certification requirements applicable to transfers of carrier customer bases, and the *Joint Petition* requests a waiver of TRA Rule 1220-4-2-.56(d)(2) to the extent it is inconsistent with FCC rules governing the sale of a carrier's customer base. Specifically, the Petitioners request waiver of subsection (d)(2) of the rule regarding pre-approval of the required customer notification letter, the requirement that the letter be sent via first class mail and the requirement that the logo of the current provider appear on the letterhead and the exterior envelope.⁴ Petitioners indicate that compliance with these provisions of the rule would cause customers to receive additional, redundant notices that would cause customer confusion. Further, if Petitioners are unable to achieve compliance with the TRA notice requirements prior to closing, some Tennessee customers could be placed at risk for service interruption.

FINDINGS AND CONCLUSIONS

The Petitioners request approval to consummate a proposed transfer of control pursuant to Tenn. Code Ann. § 65-4-113 (2004). However, the Authority finds that Tenn. Code Ann. § 65-4-112 (2004) applies to the transaction described in the *Joint Petition* and herein because it

⁴ See e-mail correspondence from Richard R. Cameron, filed May 7, 2007.

results in the transfer of assets from one Tennessee certificated carrier to another. TRA Rule 1220-4-2-.56(2)(d) is applicable to this transfer since it results in a transfer of a customer base.

Regarding the transfer of authority, Tenn. Code Ann. § 65-4-112 (2004) states:

No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the authority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

Regarding the transfer of a customer base, TRA Rule 1220-4-2-.56(2)(d) states in relevant part:


1. The acquiring telecommunications service provider shall provide the Authority a copy of the self-certification letter it shall file with the Federal Communications Commission ("FCC"), as required in CC Docket No. 00-257, certifying that the customer transfer is in compliance with all FCC regulations governing such transactions.
2. A notification letter, pre-approved by the Authority, shall be mailed by the current provider of telecommunications service to its customers describing the customer transfer and explaining that unless the customer selects another telecommunications service provider, the customers' local or long distance service will be transferred to the acquiring telecommunications service provider by a date specified in the notification letter. The notification letter shall be mailed by U.S. First Class Postage, with the logo or name of the current provider displayed on both the letterhead and the exterior envelope, no less than thirty (30) days prior to the actual customer transfer. For good cause shown, the Authority may waive any requirement of this part or order any requirement thereof to be fulfilled by the acquiring provider. Good cause includes, but is not limited to, evidence that the current provider is no longer providing service in Tennessee.

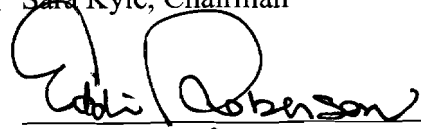
At the regularly scheduled Authority Conference held on May 15, 2007, the voting panel assigned to this docket considered the transfer of control requested in the *Joint Petition*. Thereafter, based upon the evidentiary and administrative record as a whole and relying on the legal standard set forth in Tenn. Code Ann. § 65-4-112 (2004), the panel voted unanimously to approve the transfer contingent upon FCC approval and contingent upon provision of the self-certification letter filed with the FCC as required by TRA Rule 1220-4-2-.56(d)(1). Regarding the customer notification letter, the panel approved the letter and waived the pre-approval provision, the requirement that the letter be sent via first class mail and the requirement that the

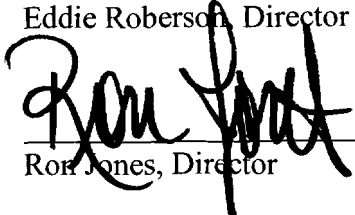
logo of the current provider appear on the letterhead and the exterior of the envelope pursuant to TRA Rule 1220-4-2.-56(2)(d)(2), as requested.

IT IS THEREFORE ORDERED THAT:

1. The transfer of control of Trinsic Communications, Inc. and Touch 1 Communications, Inc. and any Successor in Interest, including a Chapter 7 Bankruptcy Trustee, to Matrix Telecom, Inc. as described in the *Joint Petition* and discussed herein is approved contingent upon the Federal Communications Commission's approval of the Domestic Section 214 Application⁵ and contingent upon provision of the self-certification letter filed with the FCC as required by TRA Rule 1220-4-2.-56(2)(d)(1). The Petitioner shall file with the Authority any documents from the FCC regarding subsequent action on the transfer.
2. Pre-approval of the customer notification letter, the requirement that the letter be sent via first class mail and the requirement that the logo of the current provider appear on the letterhead and the exterior envelope as required by TRA Rule 1220-4-2.56(2)(d)(2) is waived.
3. The customer notification letter is approved.


Sara Kyle, Chairman


Eddie Roberson, Director


Ron Jones, Director

⁵ The FCC issued a Public Notice on May 29, 2007 granting the Domestic Section 214 Application effective on May 7, 2007 in WC Docket No. 07-87, DA 07-2227. The Public Notice was filed in TRA Docket No. 07-00092 on May 30, 2007.