

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

February 12, 2008

IN RE:

**PETITION OF PRIMUS TELECOMMUNICATIONS, INC.
AND LEAST COST ROUTING, INC. FOR APPROVAL OF AN
INTERNAL REORGANIZATION**

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**DOCKET NO.
07-00262**

ORDER APPROVING INTERNAL REORGANIZATION

This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on January 14, 2008 for consideration of the "*Petition*" of Primus Telecommunications, Inc. ("PTI") and Least Cost Routing, Inc. ("LCR") (together, "Petitioners") requesting approval for an internal reorganization, filed on November 27, 2007.

PTI is a Delaware corporation, and a wholly-owned subsidiary of Primus Telecommunications Holdings, Inc. ("PTHI") which is in turn a wholly-owned subsidiary of Primus Telecommunications Group, Incorporated ("PTGI"). Neither PTHI nor PTGI holds authorizations from the Authority or any other regulatory commission. PTI is authorized to provide interexchange telecommunications services in fifty states and the District of Columbia. In Tennessee, PTI is authorized to provide resale interexchange telecommunications services pursuant to an Authority Order issued in Docket No. 95-03981 on February 29, 1996, and has approximately 252 customers.

LCR is a wholly-owned subsidiary of TresCom International, Inc. (“TresCom”) which is in turn wholly-owned by PTHI. LCR is authorized to provide interstate and international services as a non-dominant carrier by the Federal Communications Commission (“FCC”) and holds authorization to provide interexchange services in numerous states throughout the continental United States. In Tennessee, LCR is authorized to provide resale interexchange services pursuant to an Order in Docket No. 96-01603 issued November 27, 1996 and has approximately thirty-five customers.

The Petition

According to the *Petition*, LCR, an affiliate of PTI, will merge with and into PTI, with PTI emerging as the surviving entity. Following the reorganization, LCR will cease to exist and PTI will assume LCR’s operations. Upon consummation of the merger, LCR will surrender its Certificate of Convenience and Necessity (“CCN”), and PTI will maintain a tariff that duplicates the service offerings, rates, terms, and conditions filed in LCR’s current tariff. Thus, LCR’s customers will continue to receive the services they presently receive at the same rates. PTI’s operations will be conducted by the same technical, operational and managerial personnel currently in place, and there will be no change in the ultimate ownership of PTI or LCR.

The *Petition* also requests approval for PTI to use the fictitious name “Least Cost Routing,” but the request for a name change was later withdrawn.¹

The Petitioners assert that the transaction will serve the public interest by enabling PTI, LCR and their owners to improve the operational and cost efficiencies of PTI’s and LCR’s businesses, thus enhancing the overall operational flexibility, efficiency and financial viability of the companies, and facilitating the provision of cost-efficient, innovative, high quality telecommunications services, for the benefit of their Tennessee customers.

¹ See *Data Response*, p. 2 (December 4, 2007).

On January 2, 2008, the Petitioners filed a supplemental customer notification letter to ensure compliance with TRA Rule 1220-4-2-.56(2)(d). According to the Petitioners, their customers were sent a customer notification letter on November 21, 2007, thirty days prior to the proposed transaction date. The November 21, 2007 letter substantially complied with TRA rules but did not include language providing for a thirty day written notice of any rate increase that may affect customers' service up to ninety days from the date of the transfer as required by TRA Rule 1220-4-2-.56(2)(d)(4). In light of the foregoing, the Petitioners also requested a waiver of the thirty day notice requirement of TRA Rule 1220-4-2-.56(2)(d)(2).²

Findings and Conclusions

Tenn. Code Ann. § 65-4-112(a) (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 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 customer notification letter, TRA Rule 1220-4-2-.56(2)(d) provides:

- (d) In the case of a transfer of a customer base between two or more telecommunications service providers, the Authority, upon petition by the acquiring telecommunications service provider, may deem that sufficient notice has been given and approval received from the affected customers when the following criteria are met:
 - 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

² See Correspondence from Danielle Burt (January 2, 2008).

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.

3. The acquiring telecommunications service provider agrees to pay any fees charged to the customer associated with changing service to the acquiring telecommunications service provider. The notification letter required in 1220-4-2-.56(2)(d)(2) shall inform the customer of this provision.
4. The acquiring telecommunications service provider agrees to provide to the affected customers a thirty (30) day written notice of any rate increase that may affect their service up to ninety (90) days from the date of the transfer of customers. The notification letter mentioned in 1220-4-2-.56(2)(d)(2) shall inform the customer of this provision.


At the regularly scheduled Authority Conference held on January 14, 2008, the panel voted unanimously to approve the *Petition* pursuant to Tenn. Code Ann. § 65-4-112(a) (2004) and made the following findings:

1. In regard to the supplemental customer notification letter filed with the Authority on January 2, 2008, there is good cause to waive the requirement in TRA Rule 1220-4-2-.56(2)(d)(2) that the customer notice letter be mailed to customers thirty days prior to the customer transfer because an initial letter was sent to customers on November 21, 2007.
2. Other than for the provision waived in paragraph 1 above, the supplemental customer notification letter filed with the Authority on January 2, 2008 complies with TRA Rule 1220-4-2-.56(2)(d)(2).
3. Subsequent to the merger, LCR will surrender its CCN, and Primus will maintain a tariff that duplicates the service offerings, rates, terms and conditions filed in LCR's current

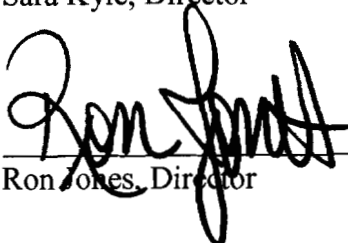
tariff with the Authority.

IT IS THEREFORE ORDERED THAT:

1. Primus Telecommunications, Inc. and Least Cost Routing, Inc. are authorized to consummate the internal reorganization as described in the *Petition* and discussed herein.
2. The requirement of TRA Rule 1220-4-2-.56(2)(d)(2) that the customer notification letter be mailed thirty days prior to the actual customer transfer is waived for good cause.
3. The supplemental customer notification filed with the Authority on January 2, 2008 is approved.
4. The Certificate of Convenience and Necessity of Least Cost Routing, Inc. is cancelled, effective upon notice to the Authority that the internal reorganization including transfer of Least Cost Routing, Inc.'s customers, has been completed.



Eddie Roberson, Chairman

Sara Kyle, Director

Ron Jones, Director