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SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

April 20, 2007

**VIA FEDERAL EXPRESS**

Patricia Van Gerpen  
South Dakota Public Utilities Commission  
500 E. Capitol Avenue  
Capitol Building  
1st Floor  
Pierre, South Dakota 57501-5070

**RE: Notification of the Transfer of the Assets of Trinsic Communications, Inc.  
and Touch 1 Communications, Inc. to Matrix Telecom, Inc.**

Dear Ms. Van Gerpen:

Please find enclosed a letter notifying the South Dakota Public Utilities Commission of a transaction whereby Matrix Telecom, Inc. will acquire the assets of Trinsic Communications, Inc. and Touch 1 Communications, Inc. used to provide local and long distance telecommunications services in South Dakota.

An original and one copy of this letter, along with one further copy for date-stamp and return are enclosed. Please date-stamp the extra copy of this letter and return it in the self-addressed, stamped envelope provided for that purpose. Questions regarding this letter may be directed to the undersigned.

Very truly yours,



Matthew A. Brill  
Richard R. Cameron  
Latham & Watkins LLP  
555 Eleventh Street, N.W., Suite 1000  
Washington, D.C. 20004-1304

Attorneys for Matrix Telecom, Inc.

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Pierre, South Dakota 57501-5070

**RE: Notification of the Transfer of the Assets of Trinsic Communications, Inc.  
and Touch 1 Communications, Inc. to Matrix Telecom, Inc.**

Dear Ms. Van Gerpen:

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") hereby notify the South Dakota Public Utilities Commission ("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 South Dakota. Trinsic provides service pursuant to resale and similar wholesale arrangements and does not own or operate any network facilities in South Dakota.

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 South Dakota. 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 South Dakota law, it is the Parties' understanding that no state regulatory approval to complete the Transaction is required in South Dakota. Accordingly, the Parties submit this letter in order to ensure the continuing accuracy of South Dakota's records.

The Parties further state as follows:

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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.

## **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 South Dakota, 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 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

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<sup>2</sup> In South Dakota, Trinsic Communications is authorized to operate as a reseller of local exchange services, pursuant to authority granted in Docket No. TC00-196 on March 9, 2001 and as a reseller of interexchange services, pursuant to authority granted in Docket No. TC98-139 on September 21, 1998. Touch 1 is authorized to operate as a non-facilities-based reseller of interexchange services, pursuant to authority granted in Docket No. TC94-091 on November 8, 1994.

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 South Dakota.<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 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

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<sup>3</sup> In South Dakota, Matrix is authorized to operate as a facilities-based provider of local exchange and interexchange services, pursuant to authority granted in Docket No. TC-07-006 on April 10, 2007 and as a reseller of interexchange services, pursuant to authority granted in Docket No. TC91-017 on July 3, 1991.

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 South Dakota.

The Petitioners 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). A copy of the notification letter Matrix will send to customers is provided as Exhibit A.

Questions regarding this letter may be directed to the undersigned.

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

  
\_\_\_\_\_  
Peggy Rubino  
Senior Vice President, Regulatory and  
Legal Affairs  
Trinsic, Inc.  
601 S. Harbour Island Blvd., Suite 220  
Tampa, Florida 33602

Respectfully Submitted,  
MATRIX TELECOM, INC.  
By:

  
\_\_\_\_\_  
Scott Klopach  
Vice-President of Regulatory Affairs  
and General Counsel  
Matrix Telecom, Inc.  
7171 Forest Lane, Suite 700  
Dallas, Texas 75230

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

**\*\*This Notice Requires No Action on the Part of the Consumer\*\***

Dear Valued Customer:

Trinsic Communications, Inc. and Touch 1 Communications, Inc. (collectively, "Trinsic") are pleased to announce that Matrix Telecom, Inc. ("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, you will continue to receive the same Trinsic features, services, rates, terms and conditions of service that you enjoy today. There will not be a service interruption and your telephone number(s) will NOT change as a result of the transfer.

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.

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. 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.

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.

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.