

**Before the
MISSOURI PUBLIC SERVICE COMMISSION**

In the Matter of the Joint Application of)
Trinsic Communications, Inc.,) **No. _____**
Touch 1 Communications, Inc.,)
)
AND)
)
Matrix Telecom, Inc.)
)
for Approval of a Transfer of Assets)
)
)
)
)

JOINT APPLICATION FOR APPROVAL OF A TRANSFER OF ASSETS

Trinsic Communications, Inc. (“Trinsic Communications”), Touch 1 Communications, Inc. (“Touch 1”), (collectively, “Trinsic”), and Matrix Telecom, Inc. (“Matrix”) (and, together with Trinsic, the “Applicants”), by their undersigned counsel and pursuant to Missouri Revised Statutes § 392.300 and Code of State Regulations, 4 CSR 240-3.520, 4 CSR 240-2.060(1) hereby request approval from the Missouri Public Service Commission (“Commission”) to transfer control of Trinsic’s assets used to provide local and long distance telecommunications services to Matrix.

SHORT SUMMARY

On March 21, 2007, Trinsic and Tide Acquisition Corporation (“Tide”) entered into an Asset Purchase Agreement,¹ (the “APA”) under which Tide would acquire the assets of Trinsic used to provide telecommunications services, as well as Trinsic’s customer accounts

¹ 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. A copy of the APA is attached as Exhibit A.

across the nation, including in Missouri. Tide subsequently assigned its rights under the APA to Matrix. The proposed 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.

Trinsic and Matrix urgently request that the Commission approve the proposed sale before June 4, 2007. On February 7, 2007, Trinsic and its affiliates filed a petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Alabama (the “Bankruptcy Court”). Trinsic ultimately determined that a successful business reorganization would not be possible and, following a Court-supervised auction, entered into the APA, which, prior to the assignment to Matrix, provided for the sale of its assets to Tide. The APA requires the sale to be complete on or before June 4, 2007, and this deadline has been approved by the Bankruptcy Court. Accordingly, the Applicants, respectfully request that the Commission approve this application as expeditiously as possible in advance of that date in order to allow them to meet their contractual obligations.

SUPPORTING INFORMATION

In support of this Application, Applicants provide the following information:

I. Description of the Applicants²

A. Trinsic

1. 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

² Certificates of good standing issued by the Missouri Secretary of State’s office for each of the applicants are attached collectively as Exhibit D.

and long-distance telephony services in 49 states and the District of Columbia. In Missouri, Trinsic holds Commission-issued authority to provide resold local exchange and interexchange services.³

2. 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.

3. 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.

4. 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

³ The Commission granted Trinsic Communications authority to provide local exchange service in Case Number TT-2000-645, Tariff No. 200000943 (March 15, 2001) and to provide interexchange service in Case Number TA-99-15 (November 14, 1998). The Commission granted Touch 1 authority to provide interexchange service in Docket Number TA-95-76 on November 8, 1994.

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

5. 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.

6. 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 Missouri.⁴ 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.

7. 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

⁴ The Commission granted Matrix authority to provide basic local exchange service in Case Numbers CA-2005-0393(C), YC-2005-0947(T) (October 31, 2005) and to provide interexchange service in Case Number XA-2004-0238 (January 18, 2004). Additionally, the certificate of authority to do business in Missouri is attached as Exhibit B.

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.

C. Contact Information for the Applicants:

8. Questions or any correspondence, orders, or other materials pertaining to this

Application should be directed to the following.

For Trinsic:

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

Tel: (813) 233-4628
Fax: (813) 233-4620

With a copy to:

Christopher S. Strickland, Esq.
Levine, Block & Strickland LLP
945 E. Paces Road
2270 Resurgens Plaza
Atlanta, Georgia 30326

Tel: (404) 231-4567
Fax: (404) 231-4618

For Matrix:

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

Tel: (214) 432-1447
Fax: (214) 432-1576

Mark W. Comley
Newman, Comley & Ruth P.C.
P.O. Box 537
Jefferson City, Missouri 65102

Tel: (573) 634-2266
Fax: (573) 636-3306

With copies to:

Eva Kalawski
Executive Vice President, General Counsel
and Secretary
Platinum Equity, LLC
360 North Crescent Drive, South Building
Beverly Hills, California 90210
Tel: (310) 712-1850
Fax: (310) 712-1863

Matthew A. Brill
Richard R. Cameron
Latham & Watkins LLP
555 Eleventh Street, N.W., Suite 1000
Washington, D.C. 20004-1304
Tel: (202) 637-2225
Fax: (202) 637-2201

II. Description of Transaction

9. 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.

10. The Applicants 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 Missouri. Further, Matrix will continue to provide service to these customers using the Trinsic names, possibly on a co-branded basis.

III. Public Interest Statement

11. The proposed transaction will serve the public interest in Missouri. *First*, the sale of Trinsic's assets to Matrix will ensure that Trinsic's customers continue to receive high-quality telecommunications services without interruption or disruption that would otherwise be caused by their originally chosen carrier's bankruptcy. Trinsic is in liquidation, and can no longer continue to provide service to its customers. In the absence of a sale of its assets and customer base to another carrier, such as Matrix, each Trinsic customer would lose service and be forced to seek out a carrier independently that can replicate its existing services.

12. *Second*, the transaction will strengthen competition in Missouri by helping Matrix's business to grow. As Matrix's presence in Missouri expands, Matrix will be better able to achieve economies of scale and scope, which will permit it to offer lower prices, maintain and improve service quality, and launch new services. As a result, Matrix will become a stronger competitor, bringing more of the well-recognized benefits of vigorous competition to telecommunications customers throughout Missouri.

13. *Third*, the transaction will benefit customers by permitting Matrix to integrate Trinsic's proprietary technologies, described above, into its own services to create new, "best-of-class" offerings. In this way, the sale will ensure that the benefits Trinsic's customers currently

enjoy remain available to them, and also may become available to Matrix's existing customers, benefiting the entire merged customer base.

14. *Fourth*, the Applicants will comply with the FCC's notice and certification requirements applicable to transfers of carrier customer bases, 47 C.F.R. § 64.1120(e)(1-3). 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. As required by the Commission's rules, a copy of the customer notification letter informing them of the transaction is attached as Exhibit C.

15. Applicants anticipate that this sale will have no impact on the tax revenues of the political subdivisions in which any structures, facilities or equipment of the Applicants are located.

16. No annual report or assessment fees are overdue by the Applicants. Additionally, neither Applicant has any pending actions, unsatisfied judgments or final decisions against it from a state or federal agency involving customer service or rates within three years from the date of this application.

IV. Conclusion

For the foregoing reasons, the Applicants respectfully request that the Commission approve the proposed sale of assets from Trinsic to Matrix. Finally, the Applicants respectfully request that the Commission grant this relief before June 4, 2007, to permit them to meet their contractual obligations under the APA, as approved by the Bankruptcy Court.

Respectfully submitted,

MATRIX TELECOM, INC.
TRINSIC COMMUNICATIONS, INC.
TOUCH 1 COMMUNICATIONS, INC.

By: /s/ Mark W. Comley
Mark W. Comley #28847
Newman, Comley & Ruth P.C.
P.O. Box 537
Jefferson City, Missouri 65102
Tel: (573) 634-2266
Fax: (573) 636-3306

Peggy Rubino
Senior Vice President, Regulatory and
Legal Affairs
Trinsic, Inc.
601 S. Harbour Island Blvd., Suite 220
Tampa, Florida 33602
Tel: (813) 233-4628
Fax: (813) 233-4620

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

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

Their Attorneys

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent via e-mail on this 13th day of April, 2007, to General Counsel's Office at gencounsel@psc.mo.gov; and Office of Public Counsel at opcservice@ded.mo.gov.

/s/ Mark W. Comley

ATTORNEY VERIFICATION

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

I, Mark W. Comley, being first duly sworn, do hereby certify, depose and state that I am the attorney for the Joint Applicants in this proceeding; that I have read the above and foregoing Joint Application for Approval of a Transfer Assets and the allegations therein contained are true and correct to the best of my knowledge, information and belief; and I further state that I am authorized to verify the foregoing application by the above said applicants.

/s/ Mark W. Comley
Mark W. Comley

Subscribed and sworn to before me, a Notary Public, this 13th day of April, 2007.

/s/ Annette M. Borghardt
Notary Public for Cole County, MO
Commission # 06436657