

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 31st day of May, 2007.

In the Matter of the Joint Application of Trinsic Communications, Inc., Touch 1 Communications, Inc., and Matrix Telecom, Inc., for Approval of a Transfer of Assets.)	<u>Case No. TO-2007-0392</u>
)	Tariff Nos. JX-2007-0849,
)	YC-2007-0850, YC-2007-0851,
)	and YC-2007-0852

**ORDER APPROVING TRANSFER OF ASSETS
AND ORDER APPROVING TARIFFS**

Issue Date: May 31, 2007

Effective Date: June 4, 2007

On April 13, 2007, Trinsic Communications, Inc., and Touch 1 Communications, Inc. (collectively referred to as Trinsic), with Matrix Telecom, Inc., filed a joint application for the transfer of control of Trinsic's assets used to provide local and long distance telecommunications services to Matrix.

Also simultaneously with the application, the applicants filed a Motion for Expedited Treatment, stating that Trinsic and its affiliates have 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. Pursuant to a court-approved auction, Trinsic has entered into an agreement for sale of its assets to Matrix. The agreement requires that the transactions be complete on or before June 4, 2007. Therefore, the applicants requested that the Commission's decision be effective no later than that date.

The Commission issued notice of the application on April 17, 2007, and on May 22, 2007, the Staff of the Commission filed its Recommendation.

On May 22, 2007, Matrix filed revised tariffs, Tariff File Nos. JX-2007-0849, YC-2007-0850, YC-2007-0851, and YC-2007-0852. Matrix filed substitute sheets for YC-2007-0850, YC-2007-0851, and YC-2007-0852 on May 24, 2007.

The Parties

Trinsic Communications, Inc. a Delaware corporation, and Touch 1 Communications, Inc., 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. In Missouri, Trinsic Communications has authority to provide basic local exchange service pursuant to the Commission's order in Case No. TA-98-572, issued on November 17, 1998, and interexchange services pursuant to the Commission's order in Case No. TA-99-15, issued on November 9, 1998.¹ Touch 1 Communications has authority to provide interexchange service in Missouri pursuant to the Commission's order in Case No. TA-95-76, issued on November 8, 1994.

Matrix, a Texas corporation, has been an indirect wholly owned subsidiary of Platinum Equity, LLC, a Delaware limited liability company, since 1999. Matrix also is affiliated with Americatel Corporation and will soon be affiliated with Startec Global Operating Company, both Delaware corporations. In Missouri, Matrix is authorized to provide interexchange service pursuant to the Commission's order in Case No. XA-2004-0238, issued on January 6, 2004, and basic local exchange service pursuant to the Commission's order in Case No. CA-2005-0393, issued on October 31, 2005.

¹ Both certificates were issued to Z-Tel Communications, Inc., Trinsic Communications' predecessor. On December 29, 2004, in Case No. LN-2005-0165, the Commission recognized Z-Tel Communications, Inc.'s corporate name change to Trinsic Communications, Inc.

The Transaction

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. On March 21, 2007, Trinsic entered into an Asset Purchase Agreement with Tide Acquisition Corporation under which Tide would acquire the assets of Trinsic used to provide telecommunications services, as well as Trinsic's customer accounts. The Bankruptcy Court approved the Agreement, which includes a requirement that the sale be complete on or before June 4, 2007. Tide subsequently assigned its rights under the Agreement to Matrix.

The joint applicants anticipate that this sale will be seamless and transparent to Trinsic's customers. Under the terms of the Agreement, Matrix will acquire Trinsic's entire local and long distance customer base, together with most of Trinsic's assets. Thus, the sale of assets will cause no interruption in service to customers. The applicants state that no existing service will be discontinued, reduced, or impaired as a result of the sale, and further, that the transaction will not affect rates for, or terms or conditions of, any service being provided by Trinsic to customers in Missouri. Matrix will continue to provide service to these customers using the Trinsic names, possibly on a co-branded basis.

The joint applicants state that no annual report or assessment fees are overdue, and that neither applicant has any pending action, unsatisfied judgments, or final decisions against it from a state or federal agency involving customer service within three years from the date of the application.

Staff's Recommendation

Staff noted that a transfer of assets for a telecommunications company is governed by Section 392.300, RSMo. Applicable case law provides that the Commission may “not withhold its approval of the disposition of assets unless it can be shown that such disposition is detrimental to the public interest.”² In Staff’s opinion, the proposed transaction will not be detrimental to the public interest. Staff stated that the requirement of 4 CSR 240-33.150(4), providing for notification to subscribers at least 30 days prior to the effective date of a transfer of assets which results in a change of carrier, has been met. Staff stated that the applicants mailed the required notice to subscribers on May 1, 2007.

Staff recommended that the Commission approve the joint application and direct the applicants to file a pleading notifying the Commission when the sale has been completed so that the Commission may then cancel Trinsic’s certificates and tariffs. In its recommendation, Staff indicated that it would subsequently file a supplemental recommendation with regard to approval of Matrix’s tariff revisions filed on May 22, 2007, as amended by substitute pages filed on May 24, 2007.

On May 30, 2007, Staff filed a supplemental recommendation regarding the tariff sheets. Staff recommended that the tariff sheets become effective on the effective date of the order approving the transfer of assets. Staff stated that each of the tariffs as submitted is the adoption by Matrix of the rate plans of Trinsic.

² *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo. App. E.D. 1980), citing to *State ex rel. City of St. Louis v. Public Serv. Comm’n of Mo.*, 73 S.W.2d 393, 400 (Mo. banc 1934).

Discussion

The Commission has reviewed the joint application and Staff's recommendations, which are hereby admitted into evidence. Based upon its review, the Commission concludes that the proposed transaction does not pose a detriment to the public interest. Therefore, the Commission shall approve the transaction with the condition recommended by Staff, that the joint applicants notify the Commission when the transaction has been completed so the Commission may cancel Trinsic's certificates and tariffs.

The Commission also finds that good cause exists to approve the tariffs with less than a 30-day effective date because the tariffs are identical to those currently in place with the exception of the name of the entity. By allowing the tariffs to become effective on the same date as the order approving the transfer of assets, the Commission can be assured that no matter what action is taken by the Bankruptcy Court, the companies can complete a seamless transition and ensure continuing service for the customers.

IT IS ORDERED THAT:

1. The joint application, filed on April 13, 2007, by Trinsic Communications, Inc., Touch 1 Communications, Inc., and Matrix Telecom, Inc., is approved.
2. Trinsic Communications, Inc., Touch 1 Communications, Inc., and Matrix Telecom, Inc., are authorized to enter into and perform in accordance with the Asset Purchase Agreement referred to above.
3. The tariff revisions filed by Matrix Telecom, Inc., on May 22, 2007, under Tariff No. YC-2007-0849, are approved to become effective for service rendered on and after June 4, 2007. The tariff sheets approved are:

Missouri P.S.C. Tariff No. 6

Original Sheet 1 through Original Sheet 72

4. The tariff revisions filed by Matrix Telecom, Inc., on May 22, 2007, under Tariff No. YC-2007-0850, are approved as amended to become effective for service rendered on and after June 4, 2007. The tariff sheets approved are:

MO PSC Tariff No. 1

First Revised Title Page, Replaces Original Title Page
First Revised Page No. 6, Replaces Original Page No. 6
Original Pages No. 76.1 through 76.62
First Revised Pages No. 77 through 81, Replaces Original Pages No. 77 through 81

5. The tariff revisions filed by Matrix Telecom, Inc., on May 22, 2007, under Tariff No. YC-2007-0851, are approved as amended to become effective for service rendered on and after June 4, 2007. The tariff sheets approved are:

MO PSC Tariff No. 3

Original Adoption Sheet
First Revised Title Page, Replaces Original Title Page

6. The tariff revisions filed by Matrix Telecom, Inc., on May 22, 2007, under Tariff No. YC-2007-0852, are approved as amended to become effective for service rendered on and after June 4, 2007. The tariff sheets approved are:

MO PSC Tariff No. 4

Original Adoption Sheet
First Revised Title Page, Replaces Original Title Page

7. Trinsic Communications, Inc., Touch 1 Communications, Inc., and Matrix Telecom, Inc., shall inform the Commission when the authorized transactions are complete so that the Commission may cancel the current certificates and tariffs of Trinsic Communications, Inc., and Touch 1 Communications, Inc. The joint applicants shall file this notification within ten days of completion of the transaction.

8. If the transaction has not been completed by August 28, 2007, Trinsic Communications, Inc., Touch 1 Communications, Inc., and Matrix Telecom, Inc., shall file a status report.

9. This order shall become effective on June 4, 2007.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton,
and Appling, CC., concur.

Dippell, Deputy Chief Regulatory Law Judge