



Agenda Date: 5/23/07  
Agenda Item: IVB

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

**TELECOMMUNICATIONS**

IN THE MATTER OF THE APPLICATION )  
OF TRINSIC COMMUNICATIONS, INC. )  
TOUCH 1 COMMUNICATIONS, INC., AND )  
ANY SUCCESSOR IN INTEREST, )  
INCLUDING A CHAPTER 7 BANKRUPTCY )  
TRUSTEE, AND MATRIX TELECOM, INC. )  
JOINT PETITION FOR APPROVAL OF A )  
TRANSFER OF ASSETS )

**ORDER OF APPROVAL**

DOCKET NO. TM07040260

(SERVICE LIST ATTACHED)

BY THE BOARD<sup>1</sup>:

On April 13, 2007, Trinsic Communications, Inc. (Trinsic Communications), Touch 1 Communications, Inc. (Touch 1), along with any successors in interest, including a Chapter 7 bankruptcy trustee (collectively, Trinsic), and Matrix Telecom, Inc. (Matrix) (and, together with Trinsic, collectively, Petitioners), filed an application with the Board of Public Utilities (Board) pursuant to N.J.S.A. 48:3-7 requesting approval of a proposed transfer of assets. This transfer arises out of an Asset Purchase Agreement (APA) that was approved by the United States Bankruptcy Court for the Southern District of Alabama (Bankruptcy Court). Upon consummation of the transfer, Matrix will offer services to current customers of Trinsic at existing terms, rates and conditions. Touch 1 and Trinsic Communications will cease operations in New Jersey, and Trinsic Communications will surrender its authority to provide local exchange services within the State.

**BACKGROUND**

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 New Jersey, Trinsic Communications received its authority to provide local exchange services on May 6, 1998. See I/M/O the Petition for an Order Authorizing Z-Tel Telecommunications, Inc. to Provide Local Exchange and Exchange Access Service, Docket No. TE00030189., Trinsic Communications

<sup>1</sup> Commissioner Frederick F. Butler did not participate in the deliberation or vote on this matter.

provides local and long distance services to approximately 4,100 residential and business customers in New Jersey. Touch 1 operates solely as a reseller in New Jersey.

Matrix, a Texas corporation, is an indirect wholly owned subsidiary of Platinum Equity, LLC (Platinum Equity), with principal offices located in Beverly Hills, California. According to the petition, some of the services that Matrix provides include local and long distance, frame relay and point-to-point transmission services primarily to enterprise customers throughout the United States. Matrix received its authority to provide local exchange services in New Jersey on April 12, 2007. See I/M/O The Petition Of Matrix Telecom, Inc. D/B/A Matrix Business Technologies for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services Within the State Of New Jersey, Docket No. TE06120898.

## DISCUSSION

According to the petition, on February 7, 2007, Trinsic and its affiliates sought relief from its creditors before the Bankruptcy Court. During the Bankruptcy Court proceedings, Trinsic determined that a successful business reorganization would not be possible. Tide Acquisition Corporation (Tide) 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, which has been approved by the Bankruptcy Court, requires the sale to be completed within 75 days, or on or before June 4, 2007. Petitioners have therefore requested an expedited review of the petition.

Through 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. Following the proposed transaction, Matrix will provide services to Trinsic's customers at the current rates, terms and conditions, and will do so using the Trinsic names on a co-branded basis. **The petition states that Matrix plans to maintain Trinsic Communication's existing tariff which is on file with the Board.**

Petitioners assert that the sale of Trinsic's assets to Matrix will ensure that Trinsic Communication's customers will continue to receive service without interruption or disruption that could otherwise be caused by the bankruptcy. Trinsic is in liquidation and will no longer be able to provide service to its customers. Matrix commits to providing the notice required under FCC regulations to all affected customers at least 30 days prior to the transfer informing them of the transaction. Additionally, the notice will indicate that there will be no change in rates, terms and conditions of service and that they have the right to change carriers if they chose to do so. A copy of the proposed notice was included with the petition.

## FINDINGS AND CONCLUSIONS

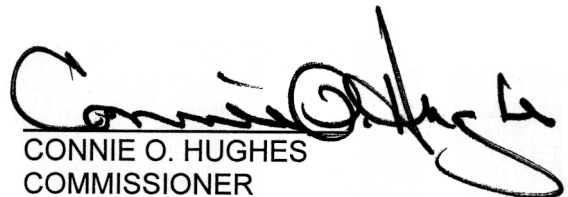
After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on service quality to New Jersey customers or the rates they pay. Nor will there be a negative impact on competition. Likewise, there will be no negative impact upon employees in the State. Moreover, a positive benefit may be expected from the transaction as it will eliminate the threat of disruption of service due to the Trinsic companies' precarious financial condition. By letter dated May 9, 2007, the Division of Rate Counsel advised the Board that it recommends approval of the petition.

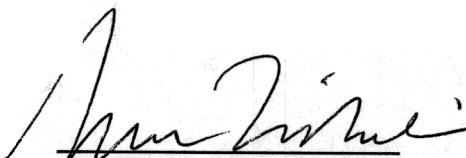
Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer is in accordance with the law and is in the public interest. The Board HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction within ten (10) days of consummation of the transfer. Finally, the Board FURTHER ORDERS that the approval in this Order shall become null and void and of no effect to the extent it has not been exercised prior to November 30, 2007.

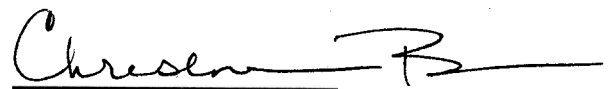
DATED: 5/24/07

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
CONNIE O. HUGHES  
COMMISSIONER

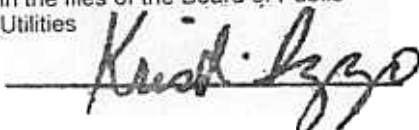
  
JOSEPH L. FIORDALISO  
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CHRISTINE V. BATOR  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
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Docket No. TM07040260

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