

LEGAL INSIGHT. BUSINESS INSTINCT.

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November 26, 2007

Via FedEx

Ms. Ann Cole, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Notification of Primus Telecommunications, Inc. and Least Cost Routing, Inc.  
of an Internal Reorganization

Petition for Waiver of Rule 25-4.118, Florida Administrative Code

Dear Ms. Cole:

Primus Telecommunications, Inc. ("PTI") and Least Cost Routing, Inc. ("LCR," together the "Parties"), through undersigned counsel, hereby notify the Commission of a proposed internal reorganization whereby LCR, an interexchange carrier and affiliate of PTI, will merge with and into PTI, with PTI surviving. Following the reorganization, LCR will cease to exist and PTI will assume LCR's operations. The Parties emphasize that the proposed reorganization involves no change in the ultimate ownership or control of PTI's operations. In addition, LCR's customers will continue to receive the same services that they currently receive without any immediate changes to the service offerings, rates, or terms and conditions.

In addition, attached as Exhibit A hereto is a petition requesting a waiver of Rule 25-4.118, Florida Administrative Code, to allow LCR to transfer its customers to PTI without first obtaining each customer's authorization and verification. The Parties request expedited review and approval of the waiver petition in order to permit them to consummate the proposed transaction no later than December 31, 2007. Based upon a review of the Florida Statutes and Commission rules, the Parties understand that no other Commission action is required with respect to the proposed transaction.

In support, the Parties submit the following information:

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**I. Description of the Parties**

**A. Primus Telecommunications, Inc.**

PTI is a corporation organized pursuant to the laws of the State of Delaware and maintains its principal offices at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102. PTI is a wholly owned subsidiary of Primus Telecommunications Holdings, Inc. ("PTHI") which in turn is a wholly owned subsidiary of Primus Telecommunications Group, Incorporated ("PTGI"), a Delaware Corporation that is publicly traded over the counter under the symbol "OTCBB:PRTL." Neither PTHI nor PTGI hold any regulatory license from this or any other regulatory commission.

PTI is authorized to provide interexchange telecommunications services in 50 states and the District of Columbia pursuant to certification, registration or tariff requirements, or on a deregulated basis. In addition, PTI holds competitive local exchange carrier authority in 8 states and the Commonwealth of Puerto Rico. PTI is also authorized by the Federal Communications Commission ("FCC") to provide interstate and international services as a non-dominant carrier.

In Florida, PTI is authorized to provide interexchange and local exchange telecommunications services pursuant to Docket Nos. 950161-T1 and 991280-TX, issued on May 11, 1005 and December 29, 1999, respectively. Information regarding PTI's legal, technical, managerial and financial qualifications have previously been submitted to the Commission and is therefore a matter of public record, and the Parties request that it be incorporated herein by reference.

**B. Least Cost Routing, Inc.**

LCR is a Florida corporation that maintains its principal offices at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102. LCR is authorized to provide interchange services in numerous states throughout the continental United States and is authorized by the FCC to provide interstate and international services as a nondominant carrier. LCR is a wholly owned subsidiary of TresCom International, Inc., a Florida corporation with the sole purpose of serving as a telecommunications holding company ("TresCom"). TresCom, in turn, is wholly owned by PTHI.

In Florida, LCR is authorized to provide interexchange telecommunications services pursuant to Docket No. 950397-T1, issued on June 6, 1995. Further information regarding LCR and the services it provides has previously been submitted to the Commission and is therefore a matter of public record, and the Parties request that it be incorporated herein by reference.

**II. Designated Contacts**

The designated contacts for questions concerning this filing are:

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Fax: (202) 373-6001  
Email: catherine.wang@bingham.com  
danielle.burt@bingham.com

with a copy to:

Kathleen Kerr Lawrence  
Assistant General Counsel  
Primus Telecommunications, Inc.  
7901 Jones Branch Drive, Suite 900  
McLean, VA 22102  
Tel.: (703) 394-4503  
Fax: (703) 902-2814  
Email: klawrence@primustel.com

### **III. Description of the Proposed Transaction**

For internal corporate reasons, PTI and LCR have determined that the proposed reorganization will improve the operational efficiency of the companies. The consolidation of the Parties' technical and managerial resources will enable PTI to reduce its operating expenses and realize operational and management efficiencies and other corporate benefits that ultimately will inure to the benefit of both PTI's and LCR's existing customers. Specifically, the Parties propose to merge LCR with and into PTI, with PTI surviving.<sup>1</sup> Following the merger, LCR will cease to exist and PTI will assume LCR's operations and will provide continuous, high-quality telecommunications services to LCR's customers.<sup>2</sup> Therefore, LCR is also seeking to cancel its Certificate of Public Convenience and Necessity following consummation of the merger. Attached hereto as Exhibit B is a chart illustrating the corporate structure of the Parties prior to and immediately following consummation of the proposed reorganization.

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<sup>1</sup> Because this transaction is an internal reorganization, the transaction terms and conditions have not yet been set forth in writing. The transaction documents will be created prior to closing.

<sup>2</sup> PTI intends to assume the fictitious name "Least Cost Routing" principally for legacy LCR customers, and accordingly requests Commission approval, to the extent necessary, to utilize the name when assumed.

The proposed transaction will not result in a change in the services, operations or service quality provided to LCR's customers. Upon consummation of the internal reorganization, PTI will maintain a tariff that duplicates the service offerings, rates, terms and conditions as filed in the current LCR tariff. Thus, the former customers of LCR will continue to receive the same services that they presently receive at the same tariffed rates. In addition, customer notification of the reorganization will be provided to LCR's customers prior to consummation of the transaction, in compliance with the rules of the Federal Communications Commission.<sup>3</sup> Attached hereto as Exhibit C is a sample customer notice letter.

#### **IV. Public Interest Statement**

The proposed 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. The internal reorganization will allow telecommunications operations to be managed more efficiently, thereby enhancing the overall operational flexibility, efficiency and financial viability of the companies in Florida. The Parties' customers will also benefit from the reorganization as the companies will be in a better position to offer services more cost-efficiently. The proposed transaction will therefore benefit Florida consumers by facilitating the continued provision of innovative, high-quality telecommunications services to the public and thereby promoting competition in the Florida telecommunications service market.

In addition, PTI has a long operating history in Florida and its qualifications to provide telecommunications services are a matter of public record. Following consummation of the proposed reorganization, PTI will continue to provide high quality and innovative telecommunications services. Moreover, LCR's current customers will continue to receive service at the same rate, terms and conditions immediately following consummation of the proposed transaction. Accordingly, the proposed transaction will ensure that LCR's customers continue to receive high-quality services.

#### **V. Conclusion**

For the reasons stated herein, the Parties respectfully submit that the transaction will serve the public interest, convenience, and necessity. The Parties request that approval, to the extent required, be granted no later than December 31, 2007. An original and fifteen (15) copies of this filing are enclosed. Please date-stamp the enclosed extra copy and return it in the attached self-addressed, stamped envelope.

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<sup>3</sup> See 47 C.F.R. § 64.1120(e).

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If there are any questions regarding this filing, please contact the undersigned at (202) 373-6039.

Respectfully submitted,

  
Catherine Wang  
Danielle Burt

Counsel to the Parties

cc: Kathleen Lawrence

## **EXHIBITS**

- Exhibit A - Petition for Waiver of Rule 25-4.118
- Exhibit B - Illustrative Chart of Proposed Reorganization
- Exhibit C - Sample Customer Notice Letter

**EXHIBIT A**

**Petition for Waiver**

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FPSC-COMMISSION CLERK

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

\_\_\_\_\_) )  
In re Petition of Primus Telecommunications, Inc. ) )  
And Least Cost Routing, Inc. for Waiver of ) )  
Rule 25-4.118, F.A.C., Local, Local Toll or ) ) Docket No. \_\_\_\_\_  
Toll Provider Selection in connection with the ) )  
Transfer of Long Distance Customers to ) )  
Primus Telecommunications, Inc. ) )  
\_\_\_\_\_)

**JOINT PETITION FOR WAIVER**

Primus Telecommunications, Inc. (“PTI”) and Least Cost Routing, Inc. (“LCR”, together, “Petitioners”), hereby petition the Florida Public Service Commission (“Commission”) for waiver of Rule 25-4.118, Florida Administrative Code, to allow LCR to transfer to PTI its long distance customers in Florida without obtaining individual authorization and verification from each of LCR’s Florida customers. Concurrent with the filing of this Petition, Petitioners have filed a letter with the Commission notifying it of the proposed internal reorganization that will result in LCR’s long distance customers being transferred to PTI.

Petitioners respectfully request expedited treatment of this Petition in order to permit them to consummate the proposed transaction no later than December 31, 2007.

In support of this Petition, Petitioners state as follows:

**I. Description of the Petitioners**

**A. Primus Telecommunications, Inc.**

PTI is a corporation organized pursuant to the laws of the State of Delaware and maintains its principal offices at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102.

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PTI is a wholly owned subsidiary of Primus Telecommunications Holdings, Inc. (“PTHI”) which in turn is a wholly owned subsidiary of Primus Telecommunications Group, Incorporated (“PTGI”), a Delaware Corporation that is publicly traded over the counter under the symbol “OTCBB:PRTL.” Neither PTHI nor PTGI hold any regulatory license from this or any other regulatory commission.

PTI is authorized to provide interexchange telecommunications services in 50 states and the District of Columbia pursuant to certification, registration or tariff requirements, or on a deregulated basis. In addition, PTI holds competitive local exchange carrier authority in 8 states and the Commonwealth of Puerto Rico. PTI is also authorized by the Federal Communications Commission (“FCC”) to provide interstate and international services as a non-dominant carrier.

In Florida, PTI is authorized to provide interexchange and local exchange telecommunications services pursuant to Docket Nos. 950161-T1 and 991280-TX, issued on May 11, 1005 and December 29, 1999, respectively. Information regarding PTI’s legal, technical, managerial and financial qualifications have previously been submitted to the Commission and is therefore a matter of public record, and the Petitioners request that it be incorporated herein by reference.

**B. Least Cost Routing, Inc.**

LCR is a Florida corporation that maintains its principal offices at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102. LCR is authorized to provide interchange services in numerous states throughout the continental United States and is authorized by the FCC to provide interstate and international services as a nondominant carrier. LCR is a wholly owned subsidiary of TresCom International, Inc., a Florida corporation with the sole purpose of serving

as a telecommunications holding company (“TresCom”). TresCom, in turn, is wholly owned by PTHI.

In Florida, LCR is authorized to provide interexchange telecommunications services pursuant to Docket No. 950397-TI, issued on June 6, 1995. Further information regarding LCR and the services it provides has previously been submitted to the Commission and is therefore a matter of public record, and the Petitioners request that it be incorporated herein by reference.

## **II. Designated Contacts**

The designated contacts for questions concerning this filing are:

Catherine Wang  
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Bingham McCutchen LLP  
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danielle.burt@bingham.com

with a copy to:

Kathleen Kerr Lawrence  
Assistant General Counsel  
Primus Telecommunications, Inc.  
7901 Jones Branch Drive, Suite 900  
McLean, VA 22102  
Tel.: (703) 394-4503  
Fax: (703) 902-2814  
Email: klawrence@primustel.com

## **III. Rule to be Waived**

Pursuant to Rule 25-4.118, Florida Administrative Code, a customer’s interexchange telecommunications service provider shall not be changed without the customer’s authorization. To make such a change, the carrier must either: (1) obtain a letter of agency from the customer

requesting the change; (2) obtain confirmation from the subscriber via a customer-initiated call; or (3) utilize an independent third party to verify the subscriber's order. The requirements of Rule 25-4.118 are applicable to interexchange carriers through incorporation by reference in Rule 25-24.490. Petitioners respectfully request an expedited waiver of Rule 25-4.118 to allow the transfer of LCR's customers to PTI without PTI obtaining individual authorization and verification from each customer.

Although as a technical matter LCR's customers will be transferred to PTI in connection with the proposed merger, Petitioners emphasize that the migration of the customers will be transparent to the customers. Affected LCR customers will be notified in writing of the transfer of their service to PTI and of their rights under federal law pursuant to the applicable rule of the FCC.<sup>4</sup> In addition, PTI will adopt all of the tariffs (or make such other filings as may be necessary in compliance with the laws) of LCR. The rates, terms and conditions of services to LCR's customers will not change as a result of the transfer. PTI will file any future changes in rates, terms, and conditions as required by the Commission. As a result, the transaction will be transparent of LCR's customers in terms of the services those customers receive.

The basis for granting a waiver for interexchange carriers is set forth in Rule 25-24.455(4), Florida Administrative Code. Under that rule, the Commission may consider whether the petition is in the public interest, whether market forces obviate the need for the provision in a

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<sup>4</sup> 47 C.F.R. § 64.1120(e). A copy of the draft form of the customer notice letter which will be sent to customers is provided in Exhibit C of PTI and LCR's Notice being filed concurrently herewith.

particular instance, and whether reasonable alternative regulatory methods may service the same purpose.

In the circumstance described in this Petition, it is in the public interest to waive the carrier selection requirements of Rule 24-4.118, Florida Administrative Code. Rule 25-4.118 does not prescribe any means of authorizing a carrier change that is necessitated by a mass migration of customers as part of an asset transfer. It would be unfair to hold PTI to requirements that plainly do not address its particular situation and with which it cannot reasonably comply. Petitioners have provided for a seamless transition while ensuring that customers understand available choices with the least amount of disruption and confusion; thus, the requirements of the rule are satisfied. The customers will receive ample notice of the transfer and have the opportunity not to participate. Petitioners believe that if prior authorization is required in this case, customers may fail to respond to a request for authorization, neglect to select another carrier, and thus lose their service.

Finally, enforcement of the requirements of Rule 25-4.118, Florida Administrative Code, will result in substantial hardship for the company. Obtaining individual authorizations from LCR's customers would be an extremely time-consuming, expensive, and inefficient manner of migrating customers. Further, as stated above, customers may fail to respond to a request for authorization, neglect to select another carrier, and thus lose their service. Enforcement of the requirement that a customer's provider not be changed without the customer's specific authorization would potentially subject PTI to significant penalties if the affected customers filed slamming complaints and the company was ordered to show cause based on the customer's complaints.

The Commission has granted petitions for waiver in similar circumstances in several prior cases, including Order No. PSC-03-0252-PAA-TP (Mpower Communications Corp./Florida Digital Network, Inc.) in Docket No. 030080; Order No. PSC-01-0812-PAA-TP (Verizon Florida, Inc./Select Services Inc.) in Docket No. 010030-TP, Order No. PSC-00-1520-PAA-TI (PNG Telecommunications/Broadwing) in Docket No. 000764-TI, Order No. PSC-00-2198-PAA-TI (TTI National/Minimum Rate Pricing) in Docket No. 000825-TI, and Order No. PSC-00-2491-PAA-TI (Verizon) in Docket No. 001669-TI.

**IV. Conclusion**

For the reasons stated herein, Petitioners respectfully request that the Commission grant the Petition and waive the requirements of Rule 25-4.118, Florida Administrative Code, to permit LCR to transfer to PTI its Florida long distance customers without obtaining individual authorization and verification from each of LCR's Florida customers. Petitioners request approval be granted no later than December 31, 2007.

Respectfully submitted,



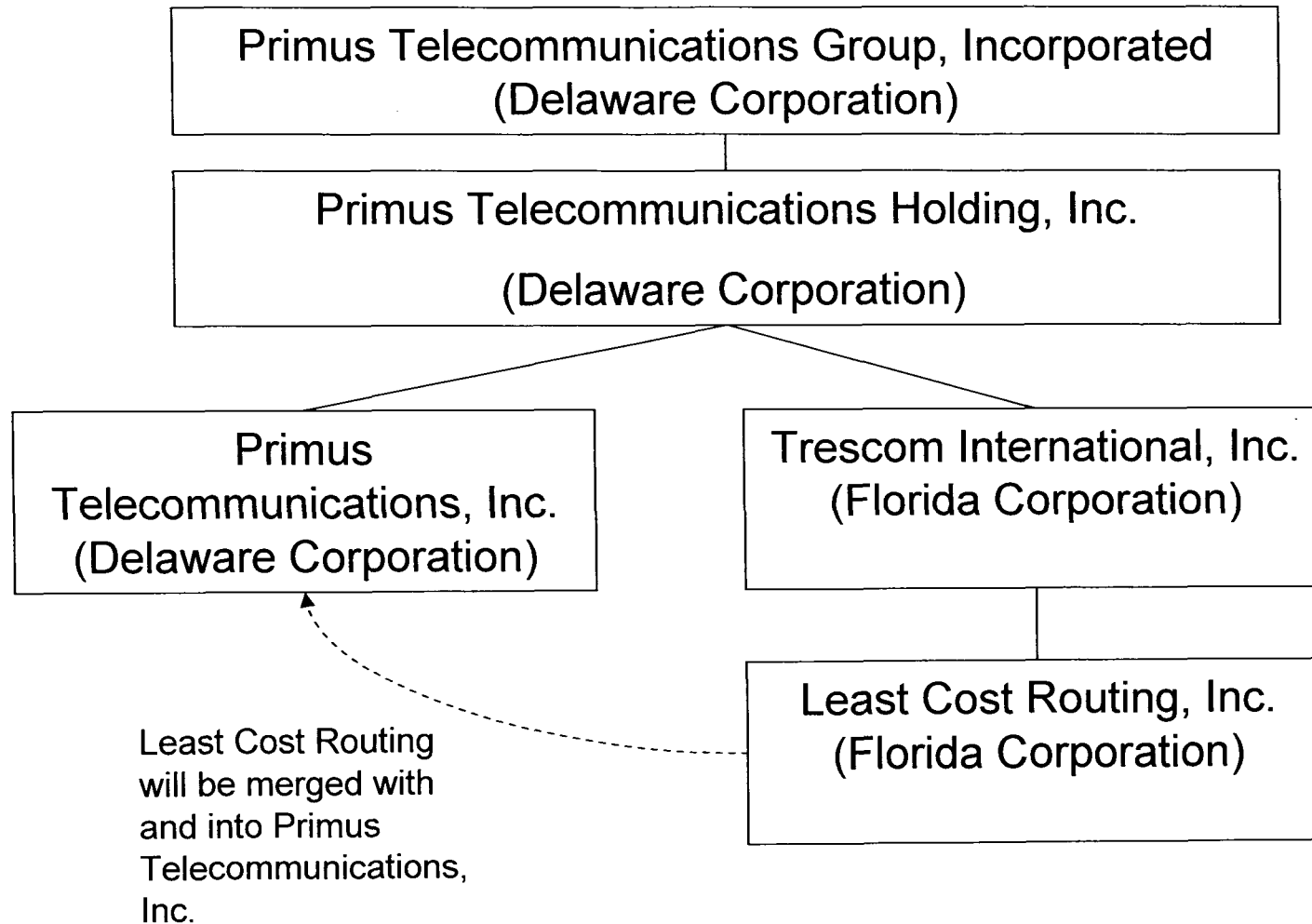
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danielle.burt@bingham.com

Dated: November 26, 2007

**EXHIBIT B**

**Illustrative Chart of Proposed Reorganization**

## Corporate Structure Prior to Reorganization

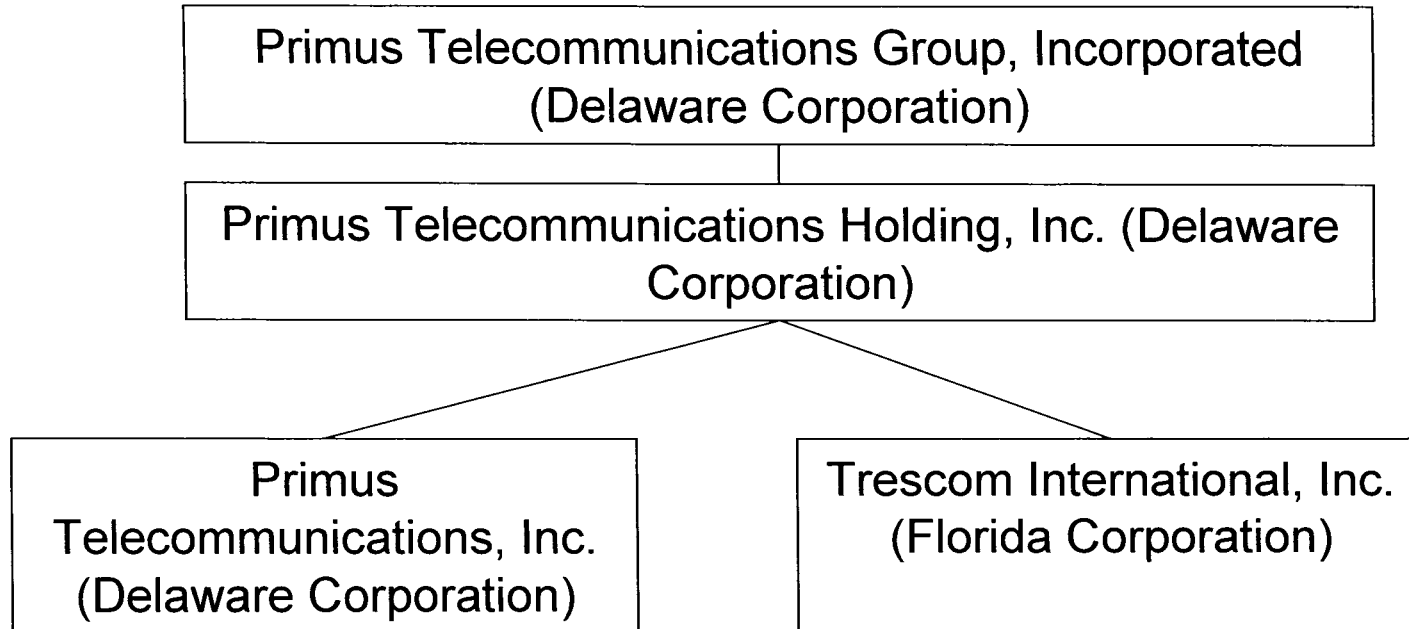


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## Corporate Structure After Reorganization





**EXHIBIT C**

**Sample Customer Notice Letter**

## **DRAFT CUSTOMER NOTICE TO LEAST COST ROUTING, INC. CUSTOMERS**

Dear Valued Customer:

Least Cost Routing, Inc. ("LCR"), your long distance provider, and its sister company Primus Telecommunications, Inc. ("Primus") are pleased to announce that LCR will merge with and into its affiliate Primus on or about January 4, 2007. Following the merger, you will continue to enjoy the same high quality services you currently receive from LCR and will continue to receive services with the same rates, features, terms and conditions as the service you currently enjoy. You will therefore not notice any significant change in the bills that you currently receive for long distance service or in the company's customer service procedures.

We realize you have a choice of telecommunications carriers, and we appreciate your business. Please note that if you are a customer of LCR on the date of the transfer and you have not informed LCR that you have made arrangements on your own to switch to a long-distance telephone company other than Primus, your account will automatically be transferred and your contract assigned to Primus, even if you have previously arranged for a preferred carrier freeze through your local phone company. You should not be charged any carrier-change charges levied by your local telephone company. If, however, such a charge does appear on the bill from your local telephone company as a result of this transfer, please call the customer service department toll-free at 888-877-4687 and they will reimburse you or credit your account accordingly.

We look forward to continuing to provide you with quality service for many years to come. In the meantime, if you have specific questions about this notice, please contact us at 888-877-4687.

Sincerely,

Least Cost Routing, Inc. and Primus Telecommunications, Inc.

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## Verification

STATE of VIRGINIA        )  
                                  )  
COUNTY of FAIRFAX     )        ss:

**VERIFICATION**

I, Kathleen Lawrence, state that I am Assistant General Counsel of Primus Telecommunications, Inc.; that I am authorized to make this Verification on behalf of Primus Telecommunications, Inc. and Least Cost Routing, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

Kathleen Lawrence  
Kathleen Lawrence  
Assistant General Counsel  
Primus Telecommunications, Inc. & Acting on behalf of Least Cost Routing, Inc.

Sworn and subscribed before me this 21<sup>st</sup> day of November, 2007.  
[Signature]  
Notary Public

My commission expires 8/31/2010

