BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2005-307-C - ORDER NO. 2006-32

JANUARY 30, 2006

IN RE: Joint Application of Claricom Networks, LLC and Matrix Telecom, Inc. for Expedited Approval of the Transfer of Membership Interests and the Merger of Claricom Networks, LLC and Matrix Telecom, Inc.	)))))	ORDER APPROVING RELIEF

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Joint Application of Claricom Networks, LLC (Claricom) and Matrix Telecom, Inc. (Matrix) (together, the Joint Applicants) for authority to complete a merger and the assignment of an authorization to provide telecommunications services with the State of South Carolina. Specifically, Claricom and Matrix, which are both wholly-owned subsidiaries of Platinum Equity, LLC (Platinum) propose to undergo a series of transactions whereby Claricom ultimately will be merged into Matrix, Matrix will provide service to the Claricom customers, and Claricom will discontinue providing service to its customers.

The Commission's Docketing Department instructed the Joint Applicants to publish a Notice of Filing in newspapers of general circulation in their service areas. The Joint Applicants filed affidavits to show that they had complied with the instructions of the Docketing Department. No Protests or Petitions to Intervene were filed.

Subsequently, the Joint Applicants filed a Request for Expedited Review, the verified testimony of Greg Taylor, and a Settlement Agreement with the Office of Regulatory Staff (ORS). We grant Expedited Review of this matter. Also, based on the verified testimony and the Settlement Agreement, we grant the relief sought in the Joint Application.

Greg Taylor, Vice President and General Counsel of Matrix, presented written verified testimony. Taylor testified that both Claricom and Matrix possess authority to provide both local and interexchange telecommunications services to South Carolina customers, pursuant to Orders issued by this Commission. Taylor noted that other parties to the transaction included Stacom Holdings, LLC (Stacom), which holds 100% of the membership interests of Claricom, and is a wholly-owned subsidiary of Platinum, EnergyTRACS Acquisition Corp. (ETAC), which holds all of the issued and outstanding capital stock of Matrix and is a wholly-owned subsidiary of Platinum, and Platinum Equity, LLC (Platinum Equity), formed as a vehicle for the acquisition of companies, and the ultimate parent of Matrix, ETAC, Claricom, and Stacom.

Taylor noted that, by this Joint Application, the Joint Applicants seek Commission approval of the proposed transfer of all the membership interests of Claricom, currently held by Stacom, to Matrix, and of the merger of Claricom with and into Matrix, with Matrix being the surviving entity.

Taylor described the proposed transaction. Matrix was acquired by Platinum in 1999. Claricom was acquired by Platinum in 2001. Since their acquisitions, Matrix and Claricom have operated as separate entities, but under common management. As Matrix

and Claricom provide the same services to the same markets, it has been determined that their customers can be served more efficiently by combining Matrix and Claricom into one company. To that end, the Joint Applicants seek approval of the transfer of the membership interests of Claricom, currently held by Stacom, initially to Platinum, who will then transfer those interests to ETAC. The final transfer of the membership interests of Claricom will be from ETAC to Matrix. Claricom will then be merged with and into Matrix, with Matrix being the surviving entity. Upon completion of the transaction, the customers of Claricom would be served by Matrix, and Claricom would cease to exist. As a result, Claricom intends to surrender its certifications effective December 31, 2005 at 11:59 PM. Claricom is not currently serving any local customers in South Carolina.

Taylor testified that granting the proposed transaction will serve the public interest. There will be no change in the rates, terms, or conditions of service to the Claricom customers as a result of the transaction. All managerial and technical aspects of the provision of reliable telecommunication services will be handled in the same manner and by the same individuals who provide the managerial and technical support for Claricom today. Further, consummation of the proposed transaction, according to Taylor, will serve the public interest in promoting competition in the intrastate interexchange and local telecommunications market by providing Matrix the opportunity to strengthen its competitive position by combining Claricom's customer base with Matrix's current customers. Approval of the transaction will permit Matrix to realize significant economic and marketing efficiencies which will enhance its ability to continue providing high quality, low cost telecommunications services and to compete more effectively in the

telecommunications market, according to Taylor. Further Taylor noted that Matrix would be able to take advantage of economies of scale, and the proposed transaction would benefit consumers through improved services and lower rates. Competition would thereby be promoted.

Finally, Taylor noted that the Joint Applicants would provide at least thirty days advance notice of the transfer to Matrix, and that the proposed transaction would be seamless and virtually transparent to the subscribers.

Further, a Settlement Agreement between the Joint Applicants and the Office of Regulatory Staff (ORS) was filed with this Commission. (See Order Exhibit 1.) Among other things, ORS agreed that the proposed merger is in the best interest of the public and the current customers of the Joint Applicants, and it further agreed to the proposed transfer of membership interests of Claricom from Stacom to Platinum, which will then transfer those interests to ETAC, which will then transfer those interests to Matrix. ORS agreed with the merger of Claricom with and into Matrix, with Matrix being the surviving entity, and that the completion of the transfers could be on December 31, 2005, at 11:59 p.m. Further, the parties agree that there will be no change to the rates, terms, or conditions of service to the customers of Claricom or Matrix as the result of the transaction. Further, and among other things, the parties agreed that the surviving entity of the proposed merger, Matrix, will continue to support the Universal Service Fund and will make contributions to the fund in appropriate amounts, including any owed or past due contributions of Claricom at the time of the proposed merger, which the parties agree to be presently approximately $350.00 per month.

Based on the evidence of record, including the Joint Application, the testimony, and the Settlement Agreement, we approve the relief sought in the Joint Application. The proposed transaction is hereby approved as proposed and may proceed as proposed. We also approve the merger of Claricom into and with Matrix, and the remaining relief sought in the Joint Application, including the transfer of the membership interests. Further, we approve the Settlement Agreement between the Joint Applicants and ORS. We believe that the transaction is in the public interest, in that the merger will be seamless to the public, and no rate change will result. Also, Matrix will be able to take advantage of the economies of scale presented to operate with more efficiency. Approval of the relief sought is in the public interest.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Randy Mitchell, Chairman

ATTEST:

G. O'Neal Hamilton, Vice-Chairman

(SEAL)

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2005-307-C

IN RE: Joint Application of Claricom Networks LLC and Matrix Telecom, Incorporated For Expedited Approval of the Transfer of Membership Interests and the Merger of Claricom Networks, LLC and Matrix Telecom, Incorporated	))))))	**SETTLEMENT AGREEMENT**

This Settlement Agreement is made by and among the Office of Regulatory Staff of South Carolina ("ORS") and Claricom Networks, LLC and Matrix Telecom, Inc. ("Applicants"), collectively referred to as the "Parties" or sometimes individually as a "Party."

WHEREAS Claricom Networks, LLC ("Claricom") is a Delaware corporation and telephone utility presently certificated for and providing intrastate local exchange and interexchange telecommunications services in South Carolina pursuant to one or more intrastate tariffs on file with the South Carolina Public Service Commission ("Commission"), and;

WHEREAS Matrix Telecom, Inc. ("Matrix") is a Texas corporation and telephone utility presently certificated for and providing local exchange and intrastate interexchange telecommunications services in South Carolina pursuant to one or more tariffs on file with the Commission, and;

WHEREAS both of the Applicants further provide interstate and international telecommunications services pursuant to the authority granted to them by the Federal Communications Commission, and;

WHEREAS, the Applicants filed an Application before the Commission on October 4, 2005 seeking approval by the Commission under S.C. Code Ann. §§ 58-9-300 (1976) and 58-9-310 (Supp.

2004) of the proposed transfer of all of the membership interests in Claricom to Matrix and of the merger of Claricom with Matrix, and;

WHEREAS, the parties to this Settlement Agreement are the parties of record in the above-captioned docket and there are no other parties of record in this proceeding;

WHEREAS, the Parties have engaged in discussions, most recently on December 7, 2005, to determine if a settlement of this proceeding would be in their best interest;

WHEREAS, following these discussions the Parties determined that their interest and the interests of the Public would be best served by settling the above captioned case under the terms and conditions set forth below:

1. The Parties stipulate and agree that Stacom Holdings, LLC ("Stacom") is the current holder of 100% of the membership interests of the Applicant Claricom and that EnergyTRACS Acquisition Corp. ("ETAC") is the holder or owner of all of the issued and outstanding stock in Matrix, further that both Stacom and ETAC are wholly-owned subsidiaries of Platinum Equity, LLC, a Delaware Corporation with over 40,000 employees and 600,000 customers. Matrix was acquired by Platinum in 1999 and Claricom in 2001.

2. The parties agree that as Matrix and Claricom provide the same services to the same markets, that their customers can be served more efficiently by combining Matrix and Claricom into one Company.

3. The ORS finds that the proposed merger is in the best interest of the public and the current customers of the Applicants, and hereby agrees to the proposed transfer of membership interests of Claricom from Stacom to Platinum, which will then transfer those interests to ETAC. ETAC will then transfer the membership interests of Claricom to Matrix. Claricom will then be

merged with and into Matrix, which will be the surviving entity. The ORS further agrees to the completion of these transfers on December 31, 2005 at 11:59 p.m.

4. The Applicants stipulate and hereby agree that there will be no change to the rates, terms, or conditions of service to the customers of Claricom or Matrix as a result of the transaction.

5. The parties find and hereby stipulate and agree that the Commission's approval of this application will permit Matrix to realize economic and marketing efficiencies which will enhance its ability to compete more effectively in the telecommunications market. As this transaction should permit Matrix to more readily increase in size and profitability due to enhanced economies of scale, it should thereby promote competition in the telecommunications market in South Carolina.

6. The Applicants agree that the surviving entity of the proposed merger, Matrix, will continue to support the Universal Service Fund and will make contributions to the fund in appropriate amounts; including any owed or past due contributions of Claricom at the time of the proposed merger, which the parties agree to be presently approximately $350.00 per month.

7. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable, and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission Order issued approving this Settlement Agreement and the terms and conditions contained herein.

8. The Parties agree that by signing this Settlement Agreement, it will not constrain, inhibit, or impair in any way their arguments or positions they may choose to make in future proceedings. If the Commission should decline to approve the Settlement Agreement in its entirety, then any party desiring to do so may withdraw from the Settlement Agreement without penalty.

9. This Agreement should be interpreted according to South Carolina law.

10. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Settlement Agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

WE AGREE:

Representing and binding the Office of Regulatory Staff.

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WE AGREE:

Representing and binding Claricom Networks, LLC
And Matrix Telecom, Inc.

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10. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Settlement Agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

WE AGREE:

Representing and binding the Office of Regulatory Staff.

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WE AGREE:

Representing and binding Claricom Networks, LLC
And Matrix Telecom, Inc.

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