

NOWALSKY, BRONSTON & GOTHARD

A Professional Limited Liability Company

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June 6, 2002

**BY OVERNIGHT DELIVERY**

Mr. Martin J. Huelsmann  
Executive Director  
Kentucky Public Service Commission  
730 Schenkel Lane  
Frankfort, KY 40601

05053500-0505  
05162000-0510

05141300

Re: Notification by NUI Telecom, Inc. and Telcorp, Ltd. of an Asset Purchase Agreement

Dear Mr. Huelsmann:

On behalf of NUI Telecom, Inc. ("NUI") and Telcorp, Ltd. ("Telcorp") this letter is to advise the Commission of an Asset Purchase Agreement (the "Agreement") which the companies propose to consummate. It is our understanding, based upon review of the applicable statutes and regulations, that this transaction does not require prior Commission approval. Accordingly, absent written notice to the contrary within thirty (30) days of the date of this letter, the parties will proceed to consummate the transaction in a timely fashion.

NUI and Telcorp propose to consummate the Agreement whereby NUI will purchase the business and substantially all of the telecommunications assets of Telcorp. The transition from Telcorp to NUI will be seamless and transparent.

NUI is a New Jersey corporation with principal offices located at 550 Route 202-206, Bedminster, New Jersey 07921-0760. NUI is a non-dominant carrier that provides local, long distance and data telecommunications services. NUI is a certificated carrier in this State.<sup>1</sup> NUI is a first tier wholly owned subsidiary of NUI Capital Corp which, in turn, is a first tier wholly owned subsidiary of NUI Corporation, a public company whose common stock is listed on the New York Stock Exchange.

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<sup>1</sup> NUI provides intrastate interexchange telecommunications services in this State pursuant to authority granted in Docket No. T-62-1591as of 1/16/02.

Telcorp is a privately held New York corporation with principal offices located at 99 W. Hawthorne Avenue, Suite 400, Valley Stream, New York 11580. Telcorp is a certificated carrier in this State.<sup>2</sup>

The proposed Acquisition will accomplish the following:

- a. Telcorp shall sell, transfer and assign to NUI all of Telcorp's right, title and interest in and to the Assets, as further described in the Agreement;
- b. In consideration for the above transfer and sale of Assets, NUI will pay to Telcorp the purchase price set forth in the Agreement.
- c. Following the Transaction, Telcorp will discontinue the provision of telecommunications services pursuant to the authority previously granted to Telcorp in this State.

NUI proposes this Transaction to transfer and consolidate the business and customer accounts of Telcorp in order to create a single, larger provider of telecommunications services, facilitating efficiencies for the benefit for all of NUI's and Telcorp's customers. By virtue of the Transaction, NUI will realize significant economic, marketing and administrative efficiencies.

The technical, managerial and financial personnel of Telcorp will assist with the transition and integration of the acquired Assets for a designated period following the transaction. Thereafter, the technical, managerial and financial personnel of NUI will continue servicing the transferred Telcorp customers with the same high level of expertise that they have enjoyed in the past.

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<sup>2</sup> Telcorp provides intrastate interexchange telecommunications services in this State pursuant to registration and tariff filing.

Upon consummation of the proposed transaction, NUI intends to notify all current end users of Telcorp of the Transaction by bill insert. NUI anticipates that none of the customers of Telcorp will experience any change in rates due to the transaction. To the extent that any of Telcorp's rates are not presently included in NUI's Tariffs, NUI will amend its Tariffs accordingly to include such rates. As a result, the transaction should not cause any inconvenience or confusion to the pre-existing customers of either Telcorp or NUI.

Critical to the proposed transaction and consolidation of customer accounts is the need to ensure the continuation of high quality service to all customers currently served by Telcorp. The proposed transaction will serve the public interest for the following reasons:

- a. It will enable NUI to provide a streamlined level of service for all involved customers by creating a single, larger provider of telecommunications services to the customers in this State. The Transaction will enhance the operating efficiencies, including market efficiencies, of NUI.
- b. It will increase the appeal to present and potential customers because of NUI's larger size and greater variety of service offerings and market visibility.
- c. Finally, it will result in cost savings as the result of discounts on quantity purchasing of underlying services.

The parties are forwarding this letter to the Commission for informational purposes, to be included in the appropriate files. Absent receipt of written notification to the contrary within thirty (30) days of the date of this letter, we will proceed under the understanding that no approval or other formal action is required by the Commission prior to consummation of the proposed transaction.

**At this time, the parties request that Telcorp's Certificate of Public convenience and Necessity or other operating authority be withdrawn and/or cancelled.**


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Enclosed are the original and eleven (11) copies of this letter. Please return one (1) of the copies file-stamped in the envelope provided. Also included is the required Tariff Adoption Notice.

If you need any further information or have any questions regarding the matters discussed herein, please do not hesitate to contact me. Thank you for your assistance in this matter.

Respectfully submitted,



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Counsel for Telcorp, Ltd. and NUI  
Telecom, Inc.

cc: Joseph Inguagiato  
Patrick Crocker

**ADOPTION NOTICE**

The undersigned of NUI Telecom, Inc. ("NUI") of New Jersey, hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing telecommunications service state wide in the Commonwealth of Kentucky filed with the Public Service Commission of Kentucky by Telcorp, Ltd. of New York, and in effect on the \_\_\_\_\_ day of \_\_\_\_\_, 2002, the date on which the public service business of the said Telcorp, Ltd. was taken over by it.

This notice is issued on the 6<sup>th</sup> day of June, 2002, in conformity with 807 KAR 5:011, Section 10 of the Regulations for filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.

NUI Telecom, Inc.

By: \_\_\_\_\_

  
EllenAnn Sands  
Counsel for NUI Telecom, Inc. and  
Telcorp, Ltd.