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November 14, 2005

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PUBLIC SERVICE
COMMISSION

Via UPS

Ms. Stephanie Bell, Secretary
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: Informational Filing of Trinsic Communications, Inc. and Touch 1
Communications, Inc. Regarding Their Intent to Provide Security in Connection
with Financing

Dear Ms. Bell:

TRINSIC COMMUNICATIONS, INC. (“Trinsic”)¹ and TOUCH 1 COMMUNICATIONS, INC. (“Touch 1”)² (together, the “Parties”), by their attorneys, hereby respectfully advise the Kentucky Public Service Commission (“Commission”), pursuant to the Commission’s Administrative Case No. 359 and No. 370, both issued June 21, 1996, of their intent to incur indebtedness in connection with financing, along with Parties’ parent corporation, Trinsic, Inc. (“Parent”, and together with the Parties, “Companies”), consisting of various loans in a total amount up to \$20 million. Specifically, it is anticipated that the loan documentation will provide for a term loan to the Companies in an aggregate amount of \$5,000,000 (“Term Loan”) and a

¹ The Commission authorized Z-Tel Communications, Inc. to provide competitive local exchange, long distance and operator services in Kentucky. Z-Tel Communications, Inc. subsequently changed its name to Trinsic Communications, Inc., and its current tariff is available on the Commission’s website.

² The Commission authorized Touch 1 to provide long distance telecommunications services in Case No. 96-275, dated August 28, 1996.

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revolving loan to the Companies in an aggregate amount of \$15,000,000 (“Revolving Loan” and together with the Term Loan, “Loans”). It is anticipated that the Loans will be secured by Parties’ grant of a security interest in all of their assets (the “Collateral”). As the Parties operate on a nationwide basis and derive only a very small portion of their revenue from intrastate services provided in Kentucky, the Parties believe that no prior approval is required in connection with this financing. In support of this notice, Trinsic and Touch 1 provide the following information:

The Companies.

Trinsic, a Delaware corporation, is a direct, wholly owned subsidiary of Trinsic, Inc., a publicly held corporation. Touch 1, an Alabama corporation, is also a direct, wholly owned subsidiary of Trinsic, Inc. Touch 1 is located at 100 Brookwood Road, Atmore, Alabama 36504. Trinsic and Parent are located at 601 South Harbour Island Boulevard, Suite 220, Tampa, Florida 33602.

Trinsic provides advanced, integrated telecommunications services targeted to residential and small business customers, including local and long distance telephone services in combination with enhanced communication features. Trinsic offers service on both a retail and wholesale basis. Its principal wholesale customer is Sprint. Touch 1 offers long distance telecommunications services to residential customers nationwide. Trinsic currently is authorized to provide long distance telecommunications services nationwide, and competitive local exchange services in 48 states. The largest concentrations of Trinsic’s customers are in New York, Illinois and Michigan. In Kentucky, Trinsic is authorized to provide competitive local exchange, long distance and operator services, and Touch 1 is authorized to provide long distance services. Trinsic and Touch 1 are also authorized by the Federal Communications Commission to provide both interstate and international telecommunications services.

Description of The Transaction.

Trinsic and Touch 1 intend to incur indebtedness by granting a security interest in the Collateral in connection with financing of an amount up to \$20 million. Specifically, it is anticipated that the loan documentation will provide for a term loan to the Companies in an aggregate amount of \$5,000,000 (“Term Loan”) and a revolving loan to the Companies in an aggregate amount of \$15,000,000 (“Revolving Loan” and together with the Term Loan, “Loans”). The Term Loan will be convertible into shares of the Parent’s common stock. The first \$8,000,000 of the Revolving Loan will be convertible into shares of the Parent’s common stock and the next \$7,000,000 will not be convertible.

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It is expected that the loan documentation will also provide for the sale by the Parent to the lender on the Closing Date of a certain amount of the Parent's common stock (the "Closing Shares") and a common stock purchase warrant to purchase a certain number of the Parent's common stock (the "Warrant"). However, the sale of the Closing Shares and the Warrant will not constitute or result in a transfer of control that requires approval from or notice to the Commission, as the lender will not beneficially own more than 4.99% of the outstanding common stock of the Parent at any time. In addition, it is anticipated that the loan documentation will provide that following the occurrence and during the continuance of an Event of Default, the lender may elect to convert the Loans to an accounts receivable purchase facility ("Receivables Purchase"). The Parties understand that further regulatory approvals may be required upon an Event of Default.

The exact terms of the financing may not be finalized until shortly before the Loans are to be made to reflect conditions of the credit markets at that time, but the Parties believe that the terms of such Loans will be consistent with those set forth below.

Lender: The lender is expected to be Laurus Master Fund, Ltd. or other banks, financial institutions or public or private funds.

Amount: Up to \$20 million (Term Loan: \$5,000,000; Revolving Loan: \$15,000,000).

Maturity: The Term Loan Term is expected to be four (4) years from the Closing Date; the Revolving Loan term is expected to be three (3) years from the Closing Date ("Initial Revolver Term"). The lender will have the option of extending the Initial Revolver Term for a period of two (2) years.

Interest: Interest likely will be based on the Prime Rate or LIBOR plus an applicable margin reflecting the Companies' financial condition and market credit conditions. Current negotiations contemplate an interest rate of WSJ Prime plus 1% for the Term Loan; WSJ Prime plus 1% for the convertible tranche of the Revolving Loan; and WSJ Prime for the non-convertible tranche of the Revolving Loan. Each subject to a 6% floor.

Security: Trinsic and Touch 1 likely will be required to grant a security interest in all of their assets (the "Collateral"). The Collateral includes, but is not limited to, real estate, stock, equipment, general intangibles, accounts receivable, investment property, capital stock, cash and intellectual property.

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Use of Proceeds: It is intended that the net proceeds of the financing will be used for general working capital purposes.

Public Interest Considerations.

This transaction will serve the public interest by enhancing the ability of Trinsic to grow and compete in the highly competitive markets for telecommunications services in Kentucky and nationwide. The financing transaction described herein is not expected to directly affect in any way the rates or services of the Parties, or result in any change in actual control of Parent or the Parties. The financing will provide Trinsic with the financial resources needed to continue to produce new products and services and respond to the highly competitive telecommunications environment. Indeed, Trinsic has launched several VOIP-based products and access to new financing will assist in this innovation and business expansion.

Trinsic competes in Kentucky and other markets with numerous other interexchange carriers and enhanced service providers as well as the incumbent local exchange carrier and other competitive local exchange carriers. Because Trinsic is a non-dominant carrier, it is not subject to rate of return regulation and its capital structure and indebtedness should not be a matter of concern to the Commission. In addition, because of the highly competitive environment in which it operates, the rates charged customers are subject to market discipline and the services offered generally are available from other carriers. As a result, the source of funds and capital structure of Trinsic would have little effect on customers in Kentucky or elsewhere. In the unlikely event that Trinsic's capital structure becomes too costly and rates rise, customers may simply migrate to other carriers with preferred rates. Thus, any adverse consequences from the Parent's financing decisions impact on shareholders, not on customers, and any favorable consequences benefit both shareholders and consumers through higher profits, lower rates and better services.

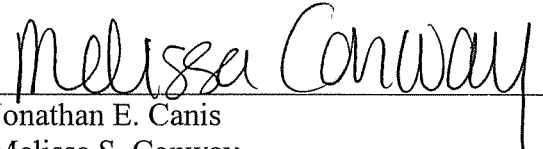
Moreover, because the public interest is best served by assuring the presence of numerous telecommunications competitors in Kentucky, it is important to provide such competitors with the flexibility to arrange their financing in the manner they deem most appropriate to carry on their business so long as there is no significant adverse impact on the public. In addition, Trinsic notes that its Parent, as a publicly held corporation, is subject to the jurisdiction of the Securities and Exchange Commission which also serves to protect the interests of investors and consumers in Kentucky.

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As noted above, it is the Parties' understanding that no prior Commission approval is required to consummate the transaction described herein. This information is being submitted, therefore, to keep the Commission advised and its records current. Enclosed please find four (4) copies and a duplicate of this filing. Also enclosed is a self-addressed, postage-paid envelope. Please date-stamp the envelope upon receipt and return it in the envelope provided. Please do not hesitate to contact the undersigned at (202) 955-9667 should you have any questions.

Respectfully submitted,

**TRINSIC COMMUNICATIONS, INC. AND TOUCH 1
COMMUNICATIONS, INC.**

By: 
Jonathan E. Canis
Melissa S. Conway

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Their Counsel

VERIFICATION

I, Andrew L. Graham, am authorized to represent Trinsic, Inc. and its subsidiaries and to make this verification on their behalf. Except as otherwise specifically attributed, the statements in the foregoing document relating to these companies are true of my own knowledge, other than as to matters that are stated therein on information or belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.



Andrew L. Graham
Secretary
Trinsic, Inc.

Subscribed and sworn to before me this 10th day of November 2005.



Notary Public

My Commission expires: 4/10/08

