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December 22, 2003

BY OVERNIGHT DELIVERY

Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Notification by LecStar Telecom, Inc. of a stock purchase transaction

Dear Sir or Madam:

On behalf of LTEL Holdings Corporation ("LTEL"), and LecStar Telecom, Inc. ("LecStar") (together referred to as the "Parties"), this letter is to advise the Commission of the transfer of control of LecStar's corporate parent to Fonix Corporation ("Fonix").

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 fifteen (15) days of the date of this letter, the parties will proceed to consummate the transaction in a timely fashion.

The Parties propose a transaction whereby LTEL Acquisition Sub, a Delaware corporation ("LTEL Acquisition"), a wholly owned subsidiary of Fonix, will acquire all of the outstanding capital stock of LTEL, including 100% of the issued and outstanding capital stock of LecStar. This transaction does not involve transfer of operating authority nor any transfer of customers. The transaction will change the ultimate control of LecStar by virtue of a stock purchase transaction involving its corporate parent. LecStar will continue to provide competitive interexchange and local telecommunications services to its existing customers, under its current authorization or certification, following consummation of the proposed transaction without interruption.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

LecStar is a wholly-owned subsidiary of LTEL. LecStar is a privately held Georgia corporation headquartered at 4501 Circle 75 Parkway, Suite 4210, Building D, Atlanta, Georgia 30339. LecStar is qualified to transact business in this state as a foreign corporation. LecStar is a provider of interexchange and local telecommunications services. LecStar is authorized to provide local and interexchange telecommunication services in nine states. LecStar received its authority to provide local and long distance telecommunications services in this state in Docket No. 99-1639-TX, dated February 17, 2000. LTEL is a Delaware corporation and is a holding company which holds no certificates of authority.¹

Fonix and LTEL Acquisition are Delaware corporations with principal offices located at 180 W. Election Road, Draper, Utah 84020. LTEL Acquisition is a wholly owned subsidiary of Fonix that was formed specifically to acquire the capital stock of LTEL, and has no other operations. LTEL Acquisition holds no certificates of authority.

The proposed transaction will accomplish the following:

LTEL Acquisition will acquire 100% of the capital stock of LTEL. By virtue of that acquisition, LTEL Acquisition would acquire control and indirect ownership of all of the assets of LTEL, including the capital stock of LTEL's wholly owned subsidiary, LecStar. The proposed transaction will not result in any change in the direct ownership and control of LecStar. LecStar will still be wholly owned by LTEL which in turn will be wholly owned by LTEL Acquisition, although Fonix may elect after the conclusion of the transaction to accomplish a short form merger of LTEL with and into LTEL Acquisition, which transaction would have no impact on the operations of LecStar.

The proposed transfer will be seamless to LecStar's customers. LecStar's name, rates and service offerings, as reflected in its tariff, will not change as a result of the proposed transaction. There will be no interruption of service. The physical assets, property, and personnel of LecStar will, in all material respects, remain the same after the transaction is consummated. The customer service numbers for billing and service problems, liaison with Commission staff and tariffed rates will remain the same.

The proposed transaction will serve the public interest, convenience, and necessity. Consummation of the proposed transaction will result in net benefits to LecStar's customers by strengthening the financial status of LTEL. The transaction will enhance LecStar's ability to offer a broader range of innovative products and services to customers

¹ LecStar DataNet, Inc. is also a wholly owned subsidiary of LTEL. LecStar DataNet, Inc. holds no certifications or licenses to provide telecommunications services in this state and is not under the jurisdiction of this Commission. LecStar has one wholly owned subsidiary, Georgia Telecom Ventures, LLC, a Delaware limited liability company that is not under the jurisdiction of this Commission.

due to Fonix' plans to develop and offer voice or speech enable features to LecStar's current and prospective customers.

The Commission's ability and authority to regulate LecStar and to ensure that it satisfies all obligations, commitments and regulatory requirements established by the laws of this state and the Commission will remain unchanged. Thus, there are no potential public interest harms raised by the proposed transaction and there will be clear benefits to the public upon the closing of this transaction.

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 fifteen (15) days from the date of this letter, we will proceed with the understanding that no approval or other formal action is required by the Commission prior to consummation of the proposed transaction.

Enclosed are the original and six (6) copies of this letter. Please return one (1) of the copies file-stamped in the envelope provided. If you need any further information or have any questions regarding the matters discussed herein, please do not hesitate to contact the undersigned. Thank you for your assistance with this matter.

Respectfully submitted,



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cc: N. Todd Leishman
Dale Smith