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Monica R. Borne  
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January 21, 2000

**VIA AIRBORNE EXPRESS**

Florida Public Service Commission  
2540 Shumard Oak Drive  
Tallahassee, FL 32399-0850

000081-TJ

Re: Notification by International Exchange Communications, Inc., d/b/a  
IE COM and NOSVA Limited Partnership ("NOSVA") of  
Asset Purchase Agreement

Dear Sir or Madam:

On behalf of International Exchange Communications, Inc. ("IE COM"), d/b/a IE COM and NOSVA Limited Partnership ("NOSVA") 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.

IE COM and NOSVA propose to consummate the transactions contemplated by the Agreement (the "Acquisition") whereby IE COM will purchase, and NOSVA will sell, the international operating division of NOSVA which markets under the names "International Plus" and "011 Communications," including all customers thereof (the "Customer Accounts"). A copy of the Agreement is available for inspection and review upon request by the Commission.

IE COM is a Delaware corporation which is a wholly owned subsidiary of Pacific Gateway Exchange, Inc., a Delaware corporation which is publicly traded on the NASDAQ National Market (hereinafter "PGEX"). IE COM's principal offices are located at 533 Airport Blvd., Suite 505, Burlingame, CA 94010. IE COM is a non-dominant carrier that resells domestic interstate and international long distance service purchased from various facilities-based carriers pursuant to the FCC's *Competitive Carrier* policies. IE COM is a certificated carrier in this State.<sup>1</sup>

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<sup>1</sup>IECOM is a certificated carrier in this State, pursuant to authority granted in Docket #981377-TI, granted March 10, 1999.

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NOSVA is a privately held Maryland limited partnership with principal offices located at 4380 Boulder Highway, Las Vegas, NV 89121. NOSVA is a non-dominant carrier that resells domestic interstate and international long distance service purchased from various facilities-based carriers pursuant to the FCC's *Competitive Carrier* policies. NOSVA is a certificated carrier in this State.<sup>2</sup>

The proposed Acquisition will accomplish the following:

- a. IE COM will buy, and NOSVA will sell, transfer and assign to IE COM, all of NOSVA's right, title and interest in and to certain assets of NOSVA, as defined in the Agreement;
- b. In consideration for the above transfer and sale of assets, IE COM will pay to NOSVA the purchase consideration as described more fully in the Agreement; and
- c. The assets to be sold to IE COM include the Customer Accounts.

IE COM proposes to acquire and consolidate the Customer Accounts in order to create a single, larger long distance carrier operating in a greater number of states. By virtue of these transactions, IE COM will realize significant economic, marketing and administrative efficiencies.

Following consummation of the Acquisition, IE COM will transfer all of the present Customer Accounts of NOSVA to IE COM, and continue to service these customers through and pursuant to the certification previously obtained by IE COM in this State. Prior to consummation of the Acquisition, IE COM intends to notify all current end users of NOSVA of the Acquisition, by either a separate mailing or by a bill insert. To the extent that any present NOSVA rates or products are not included in IE COM's tariffs, IE COM will amend its tariffs accordingly. Thus, the Acquisition should not cause any inconvenience or confusion to the customers of either NOSVA or IE COM. In no event will any transferred customers be charged higher rates as a result of the Acquisition.

The technical, managerial and financial personnel of both IE COM and NOSVA will assist with the integration and consolidation of the transferred accounts after the transaction, and will serve both the existing IE COM customers and the transferred NOSVA customers with the same high level of expertise.

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<sup>2</sup> NOSVA is certificated in this State, pursuant to authority granted in Docket No. 94001-TI, Order No. PSC-94-0643 FOF-T1; Certificate No. 3560, granted on June 16, 1994.

Critical to the proposed Acquisition and subsequent consolidation of Customer Accounts is the need to ensure the continuation of high quality service to all customers currently served by both IE COM and NOSVA. The proposed transaction will serve the public interest for the following reasons:

- a. It will enable IE COM to provide a streamlined level of service for all involved customers by creating a single, larger operation to provide long distance service to the customers in this State as well as other states. The transaction will enhance the operating efficiencies, including market efficiencies, of IE COM.
- b. It will increase the appeal to present and potential customers because of IE COM's larger size and greater variety of service offerings as well as enhance the ability of IE COM to appeal to and serve national accounts.
- c. It will result in cost savings as the result of discounts on quantity ordering of materials and services.
- d. Accordingly, the Acquisition and subsequent consolidation will serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of IE COM to compete in the marketplace and to provide telecommunications services for a greater number of consumers of this State at competitive rates.
- e. Additionally, IE COM will possess a larger customer base as the result of the Acquisition, and will thus be a stronger carrier to provide high quality service to all customers presently serviced by both IE COM and NOSVA.

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 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 Acquisition.

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Enclosed are the original and six (6) copies of this letter. Please return the additional copy of this letter, file-stamped in the envelope provided. If you need any further information or have any questions, please do not hesitate to contact me. Thank you for your assistance in this matter.

Respectfully submitted,



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