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July 31, 1998

BY OVERNIGHT DELIVERY

Blanca Bayo
Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

980991-TP

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DIVISION OF RECORDS AND REPORTING

Re: Request for Transfer of Control for Interoute Telecommunications, Inc.

Dear Ms. Bayo:

Interoute Telecommunications, Inc. ("Interoute"), by its attorneys, hereby respectfully requests the Florida Public Service Commission's ("Commission's") approval, pursuant to Section 364 of the Florida Statutes, to effectuate *nunc pro tunc* a transfer of control of a certificated interexchange carrier, ATI Telecom, Inc. ("ATI Telecom"), to Interoute, effective July 15, 1998, the date of certain transactions described herein. Both Interoute and ATI Telecom (collectively, "Applicants") respectfully request expedited treatment of this Application.

As fully described herein, approval of the transfer will permit Interoute and ATI Telecom to realize significant economic and marketing efficiencies which will enhance their ability to continue providing high quality, low cost telecommunications services and to compete more effectively in the long distance marketplace. Accordingly, grant of this Application will benefit the public interest.

Interoute is a privately held Delaware corporation whose principal office is located at 290 Broadway, Suite 600, Methuen, MA 01844. Interoute provides telecommunications consulting services in the U.S. and abroad. Because Interoute is entering the telecommunications market, it has obtained Section 214 authorization from the Federal Communications Commission ("FCC").¹

¹ Overseas Common Carrier Section 214 Application Actions Taken, Public Notice, ITC 97-720 (Jan. 9, 1998).

DOCUMENT NUMBER-DATE

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ATI Telecom, a New York corporation, is certificated to operate as an interexchange telecommunications service company and an alternative local exchange company within the State of Florida.² Information concerning ATI Telecom's financial, technical and managerial abilities is available to the Commission through the proceedings noted above, and is incorporated herein by reference.

On May 13, 1998, Interoute and ATI Telecom entered into a definitive Share Purchase Agreement ("Agreement") pursuant to which Interoute acquired ATI Telecom by purchasing all of ATI Telecom's outstanding shares from the ATI Telecom shareholder.³ Under the terms of the Agreement, the shareholder of ATI Telecom received a cash payment in addition to a 10% interest in Interoute and Integrated Communications, Corp., Ltd., a Bahamian holding-company affiliated with Interoute. Essentially, the acquisition of ATI Telecom by Interoute resulted in a transfer of control of ATI Telecom to Interoute.

Subject to the approval of this Commission, one other state commission and the FCC, the transaction was consummated on July 15, 1998, when Interoute acquired 100% of ATI Telecom's outstanding shares. Under the terms of the Agreement, ATI Telecom will continue to operate as a wholly owned subsidiary of Interoute.

Applicants expect that for the foreseeable future ATI Telecom will continue operating under its current name and no certificate holder name will change. Moreover, the Applicants will continue to provide high quality, affordable telecommunications services to the public. As such, the Agreement will not in any way disrupt service nor cause inconvenience or confusion to the customers of ATI Telecom.

Pursuant to Section 364 of the Florida Statutes, Applicants request Commission approval, *nunc pro tunc*, for authority to effectuate this transaction, thereby transferring control of ATI Telecom to Interoute, effective July 15, 1998. It has only recently come to the attention of the Applicants that they were required to receive prior Commission approval. Applicants regret this oversight and request grant of this Application *nunc pro tunc* to conform the Applicants' operations to Commission requirements.

Applicant's respectfully submit that their temporary noncompliance with the Commission's rules is mitigated by the following factors. First, Applicants have voluntarily

² In Re Application of ATI Telecom, Inc. to Operate as an Interexchange Telecommunications Service Company, Order No. PSC-97-0755-FOF-TI, Locket No. 970379-TI (August 19, 1997). In Re Application of ATI Telecom, Inc. to Operate as an Alternative Local Exchange Company, Order No. PSC-97-0629-FOF-TX, Docket No. 970380-TX (June 24, 1997).

³ ATI Telecom's two shareholders are Chris Dowhie and Patricia Dowhie.

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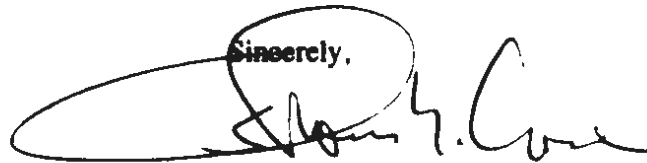
come forward to correct their ownership status before the Commission. Second, upon learning of the need for Commission approval in connection with this transaction, Applicants have acted expeditiously in seeking Commission approval. Third, approval will permit Applicants to continue making efforts to enhance their provision of high quality, cost effective services, and thus is in the public interest.

The transfer of control of ATI Telecom, through the sale and purchase of its shares, will serve the public interest by permitting ATI Telecom and Interoute to compete more effectively in the Florida telecommunications market. This transaction creates access, by ATI Telecom, to the larger capital base of Interoute, its new parent company. ATI Telecom's operations will more readily increase in size and profitability, due to enhanced economies of scale. In addition, the access to capital resources stemming from the proposed transaction will enhance ATI Telecom's potential for growth. Accordingly, the proposed acquisition will benefit customers through improved services and lower rates, thereby promoting competition in the Florida telecommunications market. Given the Commission's desire to foster competition in the Florida telecommunications market, grant of the proposed transaction is in the public interest.

For the reasons stated in this Application, Interoute respectfully submits that the public interest, convenience and necessity would be furthered by grant of this Application.

Please acknowledge receipt of this filing by file-stamping and returning the extra copy of this letter in the self-addressed, stamped envelope provided for this purpose. All communications regarding this filing should be directed to the undersigned.

Sincerely,



Thomas K. Crowe
Elizabeth Holowinski,
Counsel for Interoute
Telecommunications, Inc.
and ATI Telecom, Inc.

cc: Dan McDuffie
Chris Dowhie
Patricia Dowhie