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August 9, 1999

## VIA OVERNIGHT DELIVERY

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

Re: Application for Approval of Transfer of Control of  
Telecom Resources, Inc. to Ionex Telecommunications, LLC

RECEIVED  
FLORIDA PUBLIC  
SERVICE COMMISSION  
MAIL ROOM  
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Dear Ms. Bayo:

Ionex Telecommunications, LLC ("Ionex"), Telecom Resources, Inc. ("TRI"), and TRI's corporate parent, Advanced Communications Group, Inc. ("ACG") (Ionex, TRI and ACG, collectively, hereafter "Applicants"), by their undersigned counsel, respectfully request approval of the transfer of control of TRI to Ionex, as described below. TRI is a nondominant carrier that is authorized to provide intrastate interexchange telecommunications services within the State of Florida. Ionex is a privately held telecommunications company that is majority owned and controlled by Gilbert Global Equity Partners, L.P., a private equity investment partnership. Neither Ionex nor any of its affiliates currently is affiliated with ACG or TRI.

The proposed transfer of control will be accomplished through Ionex's purchase of all of the outstanding shares of TRI. Immediately following consummation of the stock purchase transaction, TRI will continue to offer the same service offerings to Florida consumers, with no change in name or in the rates and terms, and conditions of service currently offered by TRI. Because TRI currently does not serve any customers in the State of Florida, the proposed transfer of control will be transparent to consumers in the State of Florida.

Attached hereto as Exhibit A is an illustrative chart depicting the corporate structure of the Applicants prior to and immediately following the transfer of control. Applicants respectfully request expedited treatment of this Application in order to permit them to consummate the proposed transfer of control as soon as possible, but no later than October 31, 1999.

An original and five (5) copies of this letter are enclosed. Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed stamped envelope.

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FPSO BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
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**I. THE PARTIES**

**A. Ionex Telecommunications, LLC**

Ionex, the transferee, is a newly formed, privately held Delaware limited liability company that is majority owned and controlled by Gilbert Global Equity Partners, L.P., a private equity investment partnership. Gilbert Global Equity Partners, L.P., and related funds, have commitments for a total fund capitalization of \$1.15 billion. Ionex is presently capitalized with promissory notes in the amount of \$750,000.<sup>1/</sup> However, prior to closing the transaction described herein, Ionex will be further funded with capital in the amount of \$49,800,000<sup>2/</sup> in order to acquire TRI (and ACG's other subsidiaries).<sup>3/</sup> The capital contribution will be allocated between two Ionex holding company subsidiaries: Ionex Solutions, Inc., which will focus on the provision of interexchange services by TRI, and Ionex Telecommunications, Inc., which will oversee the provision of competitive local exchange and other telecommunications services by the other ACG subsidiaries.<sup>4/</sup> Attached hereto as Exhibit B is the *pro forma* starting balance sheet of Ionex, reflecting its financial condition (including the additional funding by its members) immediately following consummation of the transaction.

Ionex is led by Mark Baker, former Executive Vice President of AT&T, President of AT&T International, and Chief Executive of British Telecom North America. Ionex's management team has a strong operating background with over 56 years of relevant telecommunications-related experience. Rick Weller, Chief Financial Officer, served eight years with Sprint in vice president positions and 11 years with Price Waterhouse. Gary Hamm, Chief Technical Officer, has held several technical leadership positions with telecommunications companies, including US West, Time Warner Communications, and USA Global Link. Thomas Kessler, Chief Marketing Officer, headed up Sprint's residential marketing efforts for five years.

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<sup>1/</sup> The present capitalization consists of demand notes in the aggregate amount of \$750,000 issued by Gilbert Global Equity Partners, L.P., GGEP/GECC Equity Partners L.P., Gilbert Global Equity Partners (Bermuda) L.P., R.C. Mark Baker, and Rick L. Weller.

<sup>2/</sup> The members identified in footnote 1 will provide the additional funding.

<sup>3/</sup> ACG is the parent of TRI and three other telecommunications companies. None of ACG's other subsidiaries holds telecommunications authorizations from this Commission.

<sup>4/</sup> As discussed in Section II of this Application, the transfer of control of TRI to Ionex will be accomplished through the purchase of all of the outstanding shares of TRI by Ionex's subsidiary, Ionex Solutions, Inc.

With its extensive telecommunications experience and financial qualifications, Ionex is well qualified to acquire control of TRI.

**B. Telecom Resources, Inc. ("TRI")**

TRI is a Texas corporation with principal offices located at 1950 Stemmons Freeway, Suite 4033, Dallas, Texas 75207. TRI is authorized to provide resold intrastate interexchange services in 46 states, including Florida. In Florida, TRI is authorized to provide resold intrastate interexchange service pursuant to Commission Order No. PSC-98-0787-FOF-TI.<sup>5/</sup> As stated above, TRI currently does not serve any customers in the State of Florida. Further information concerning TRI was filed with its application for certification, filed in Docket No. 98-0439-TI. That information is, therefore, already a matter of public record at the Commission, and Applicants respectfully request that it be incorporated by reference herein.

**C. Advanced Communications Group, Inc. ("ACG")**

ACG is a publicly traded Delaware corporation with principal offices located at 390 South Woods Mill Road, Suite 150, Chesterfield, Missouri 63017. The parent of TRI, ACG is a competitive provider of integrated telecommunications services, including local and long distance services, Internet access, and paging and cellular services, to small- and medium-sized business customers primarily located in the Midwestern United States. ACG is authorized to provide resold intrastate interexchange and/or competitive local exchange services in eight states, but does not hold any such authorizations in the State of Florida.

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<sup>5/</sup> Commission approval of the transfer of control of TRI to ACG was granted by Order No. PSC-99-0355-FOF-TI issued in Docket No. 990034-TI, dated February 19, 1999. TRI and ACG note that the Commission may not have been fully informed of the fact that the TRI acquisition closed prior to receipt of the Commission's approval of the transfer of control. Accordingly, for purposes of clarifying the record, TRI and ACG here notify the Commission that the transfer of control of TRI to ACG was consummated on November 16, 1998, prior to the Commission's grant of approval of such transfer on February 19, 1999. TRI and ACG further note that although the TRI transaction closed prior to receipt of such approval, TRI has never had and does not currently have any customers in State of Florida. Furthermore, as a result of the transaction described herein, ACG will no longer control TRI.

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August 9, 1999  
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**D. Designated Contacts**

The designated contacts for questions concerning this Application are:

For TRI and ACG:

Grace R. Chiu  
Tony S. Lee  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, N.W., Suite 300  
Washington, D.C. 20007  
202/424-7500 (Tel)  
202/424-7645 (Fax)

with a copy to:

Anthony Capers  
President and Chief Operating Officer  
Advanced Communications Group, Inc.  
1895 Plaza Drive, Suite 120  
Eagan, MN 55122

For Ionex:

Jonathan B. Mirsky  
Harris, Wiltshire & Grannis LLP  
1200 18th Street, N.W., Suite 1200  
Washington, D.C. 20036-2560  
202/730-1300 (Tel)  
202/730-1301 (Fax)

## **II. REQUEST FOR APPROVAL OF THE TRANSFER OF CONTROL OF TRI TO IONEX**

The proposed transfer of control of TRI to Ionex will be accomplished through the purchase of all of the outstanding shares of TRI by Ionex's wholly owned subsidiary, Ionex Solutions, Inc.<sup>6/</sup> Following closing of the stock purchase transaction, TRI will operate as an indirect, wholly owned subsidiary of Ionex. Although the proposed transaction will result in a change in the ownership and control of TRI, it will not involve a change in the name under which TRI currently operates nor a change in the manner in which TRI provides service in the State of Florida. Immediately following closing, TRI will continue to offer the services it currently offers pursuant to its certification with no change in the rates or terms and conditions of service. TRI, moreover, will continue to be led by well-qualified telecommunications managers comprised, in part, of existing personnel. The transfer of control of TRI to Ionex, therefore, will be virtually transparent to consumers in the State of Florida.

## **III. PUBLIC INTEREST CONSIDERATIONS**

Consummation of the proposed transaction will serve the public interest in promoting competition among providers of intrastate interexchange telecommunications services. The transaction will result in a company better equipped to accelerate its growth as a competitive telecommunications service provider by allowing TRI access to Ionex's significant financial resources and telecommunications management experience. The resulting corporate structure and improved financial condition are expected to enhance significantly TRI's operational flexibility and efficiency, as well as its long-term financial viability. These enhancements will inure directly to the benefit of Florida consumers. The proposed transaction will therefore ensure the continued provision of innovative, high quality telecommunications services to the public and should promote competition in the Florida telecommunications service market.

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<sup>6/</sup> As stated above, under Ionex's corporate structure, Ionex Solutions, Inc. will oversee the provision of interexchange services by TRI. Accordingly, the acquisition of TRI is structured such that the stock of TRI will be purchased by Ionex Solutions, Inc.

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IV. CONCLUSION

For the reasons set forth above, Ionex Telecommunications, LLC, Telecom Resources, Inc., and Advanced Communications Group, Inc., respectfully request that the Commission approve this Application to permit Applicants to consummate the proposed transfer of control as soon as possible, but no later than October 31, 1999, and grant all other relief as necessary and appropriate to effectuate the transactions described herein.

Please do not hesitate to contact the undersigned with any questions or comments regarding this transaction at 202/424-7783.

Respectfully submitted,



Grace R. Chiu  
Tony S. Lee

Counsel to Telecom Resources, Inc. and  
Advanced Communications Group, Inc.

Scott Blake Harris  
Jonathan B. Mirsky  
Kent D. Bressie  
HARRIS WILTSHIRE & GRANNIS LLP  
1200 18th Street, N.W., Suite 1200  
Washington, D.C. 20036-2560

Counsel to Ionex Telecommunications, LLC

**LIST OF EXHIBITS**

Illustrative Chart of Proposed Transfer of Control . . . . . A

*Pro Forma* Starting Balance Sheet of Ionex Telecommunications, LLC. . . . . B

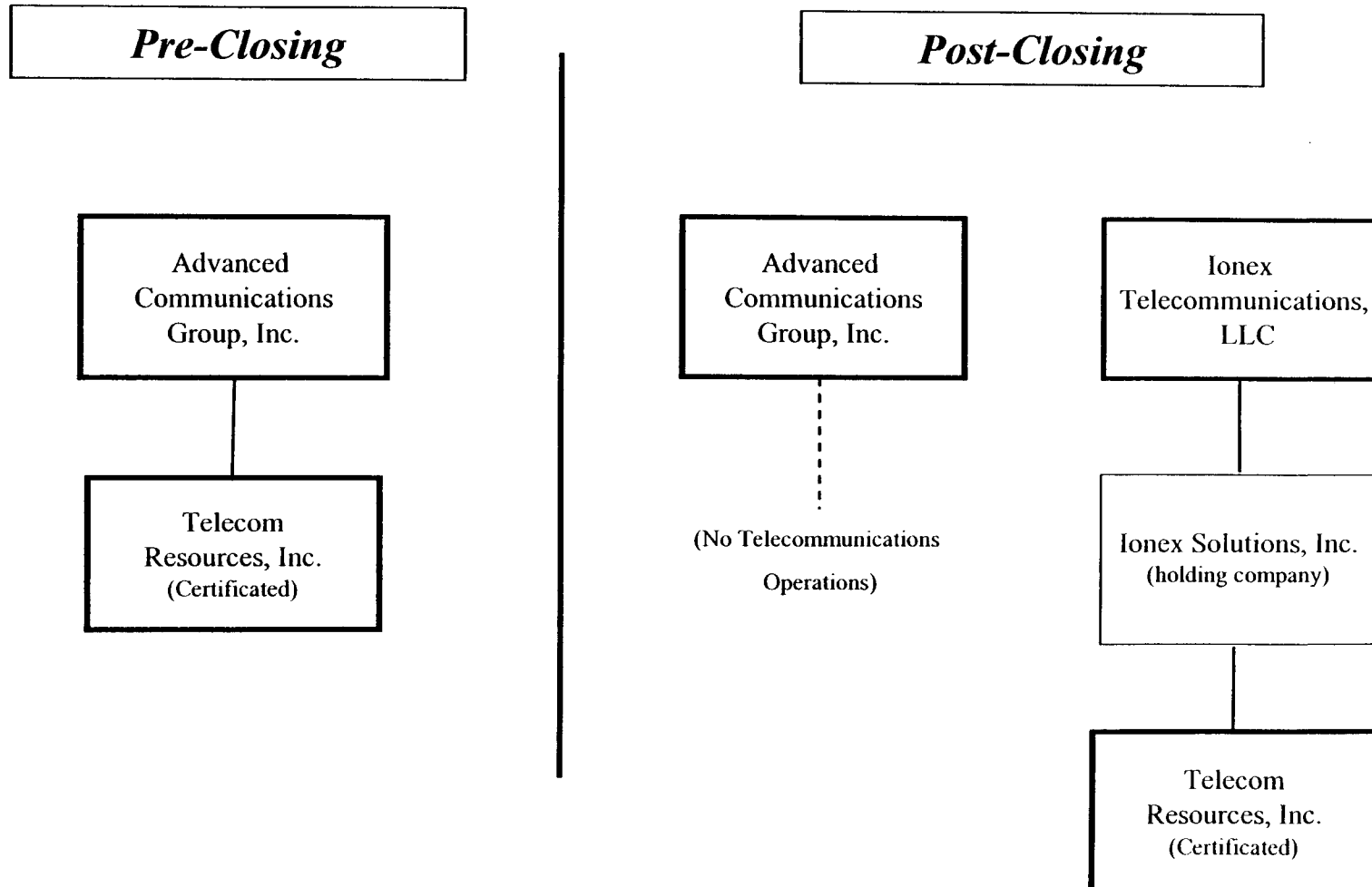
Verification

**EXHIBIT A**

Illustrative Chart of Proposed Transfer of Control



**Proposed Transfer of Control of Telecom Resources, Inc.  
to Ionex Telecommunications, LLC**



## **EXHIBIT B**

*Pro Forma* Starting Balance Sheet  
of Ionex Telecommunications, LLC

# Pro Forma Starting Balance Sheet (1)

(\$'s in millions)

	Acquired Balance Sheet 5/31/99	APB 16 Adjustments	Proposed Pro Forma NewCo Balance Sheet
<b>Assets:</b>			
Cash	\$0.0	\$11.7	\$11.7
A/R (net)	13.6		13.6
Other Current Assets	1.9		1.9
	<u>15.5</u>		<u>27.2</u>
Net PP&E	30.2		30.2
Goodwill (net)		18.5	18.5
Other Assets	1.4	3.5	4.9
Total Assets	<u>\$47.1</u>		<u>\$80.8</u>
<b>Liabilities &amp; Shareholders' Equity:</b>			
A/P & Accr. Liab.	\$13.4		\$13.4
Other Current Liab.	1.7		1.7
	<u>15.1</u>		<u>15.1</u>
Other Liab.	0.7		0.7
Total Liab.	<u>15.8</u>		<u>15.8</u>
S.E.	--	65.0	65.0
Total Liab. & S.E./			
Assets in excess of liabilities	<u>\$31.3</u>		<u>\$80.8</u>

Notes:

- (1) Assuming a net purchase price of \$49.8 million and that PP&E's book value approximates FMV.
- (2) Assumes initial capitalization of \$65 million.

VERIFICATION

\_\_\_\_\_  
STATE OF SOUTH DAKOTA )  
  )  
  ) SS  
COUNTY OF MINNEHAHA )  
\_\_\_\_\_)

I, Anthony Capers, declare under penalty of perjury that I am President and Chief Operating Officer of Advanced Communications Group, Inc., the parent of the Applicant(s) in the subject proceeding; that I have read the foregoing Joint Application and know the contents thereof; and that the same are true of my own knowledge, except as to the matters which are therein stated on information or belief, and as to those matters I believe them to be true.

By: Anthony G. Capers  
ADVANCED COMMUNICATIONS GROUP, INC.

Subscribed and sworn to before me  
this 22nd day of July, 1999

Sydney M. Jensen  
Notary Public

My Commission Expires: October 14, 2004

**VERIFICATION**

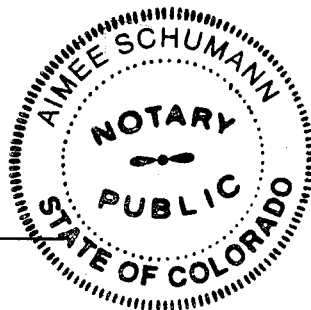
\_\_\_\_\_)  
STATE OF COLORADO            )  
  ) SS  
COUNTY OF DOUGLAS         )  
\_\_\_\_\_)

I, Rick L. Weller, declare under penalty of perjury that I am the Treasurer and Chief Financial Officer of Ionex Telecommunications, LLC, Joint Applicant in the subject proceeding; that I have read the foregoing Joint Application and know the contents thereof; and that the same are true to the best of my own knowledge, except as to the matters which are therein stated on information or belief, and as to those matters I believe them to be true.

By: *Rick L. Weller*  
IONEX TELECOMMUNICATIONS, LLC

Subscribed and sworn to before me  
this 3 day of August, 1999

*Aimee Schumann*  
Notary Public



My Commission Expires: \_\_\_\_\_ My Commission Expires 03/27/2000