

February 11, 2005

**BY OVERNIGHT MAIL**

Thomas Dorman, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602-8294

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PUBLIC SERVICE  
COMMISSION

**Re: Informational Filing – Notification of Least Cost Routing, Inc. for  
Approval of Incurring Debt and Financing Obligations**

Dear Mr. Dorman:

Least Cost Routing, Inc. (“LCR” or “Company”), by its undersigned counsel, hereby notifies the Kentucky Public Service Commission (“Commission”) of Company’s participation in certain debt and debt-related financing arrangements described more fully below. Specifically, Company intends to participate in certain financing arrangements entered into by Company’s indirect corporate parent, Primus Telecommunications Holding, Inc. (“Parent”), in an arrangement whereby Company will pledge its assets as collateral and act as guarantor with respect to a Term Loan Facility entered into by Parent in the aggregate principal amount of up to \$100 million.<sup>1</sup>

It is Company’s understanding that Commission approval is not required in connection with the financing arrangements described herein. Accordingly, this letter is filed for informational purposes only to ensure the continuing accuracy of the Commission’s records.

In support of this Notification, LCR states as follows:

**Description of Least Cost Routing, Inc.**

LCR, a Florida corporation, is a wholly owned subsidiary of Trescom International Inc., which is wholly owned by Parent which is, in turn, a wholly owned subsidiary of Primus Telecommunications Group, Incorporated (“PTGI”), a publicly traded Delaware corporation. All four companies maintain their principal place of business at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102. LCR is authorized to provide resold intrastate interexchange telecommunications services within the State of Kentucky pursuant to an order dated November

<sup>1</sup> LCR’s affiliated company, Primus Telecommunications, Inc., filed a similar notification regarding this transaction on February 2, 2005.

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11, 1996. Further information regarding Company's legal, technical, managerial, and financial qualifications to provide service was submitted with its certification and other filings submitted to the Commission. Such information, therefore, is already a matter of public record, and LCR requests that it be incorporated herein by reference. In addition to the authority it holds in Kentucky, LCR is authorized to provide resold and/or facilities-based telecommunications services in 29 states pursuant to certification, registration or tariff requirements, or on a deregulated basis. LCR is also authorized by the Federal Communications Commission to provide international and domestic interstate services as a non-dominant carrier.

**Designated Contacts**

Inquiries or copies of any correspondence, orders, or other materials pertaining to this Notification should be directed to:

Catherine Wang  
Douglas D. Orvis II  
Swidler Berlin LLP  
3000 K Street, N.W., Suite 300  
Washington, D.C. 20007  
Tel: 202/424-7500  
Fax: 202/424-7645  
Email: cwang@swidlaw.com  
ddorvis@swidlaw.com

with a copy to:

Walter Stone  
General Counsel and Secretary  
Least Cost Routing, Inc.  
7901 Jones Branch Drive, Suite 900  
McLean, Virginia 22102

**Description of Financing Arrangements**

Parent intends to sign a loan agreement which would allow it to borrow up to \$100 million. The term of this loan will be six years, and it shall be repaid in quarterly installment payments. Parent and its affiliates will use the proceeds from this loan for general corporate purposes, including the implementation of new product initiatives and potential repurchases of certain outstanding debt. LCR emphasizes, however, that none of the obligations described herein will apply to LCR until required regulatory approvals are obtained. As part of the Term Loan Facility, LCR contemplates granting a security interest in all of its assets, tangible and intangible, including a pledge of any stock owned by Company, and guarantying the Term Loan Facility after obtaining required regulatory approval. As a result, LCR notifies the Commission of the security interest and guarantying arrangements. LCR emphasizes that a portion of the proceeds from the Term Loan Facility will be used to increase the competitive

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offerings of Parent and its affiliates, and thus improve their competitive standing in the industry. Furthermore, the completion of the Term Loan Facility and the security interest in assets and the guarantee now contemplated, will be entirely transparent to consumers, will not cause a change in the officers or directors of LCR. Also the issuance of Term Loan Facility will not result in any change in the control of the Parent or LCR.

**Public Interest Considerations**

LCR's participation in the proposed financing arrangements described herein will serve the public interest in promoting competition among telecommunications carriers by providing LCR and Parent and its affiliates with the opportunity to strengthen their financial position. LCR and Parent believe that the financial arrangements described herein provide important benefits to the companies by improving and expanding the terms of credit under which the companies operate. As a result, the proposed transactions are expected to continue to yield financial benefits that will ultimately inure to the benefit of LCR's customers.

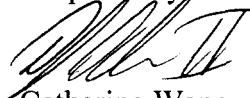
The financing arrangements described above are necessary and appropriate, are consistent with the performance by LCR of its services to the public, will not impair the ability of LCR to perform such services, and will promote a lawful objective within the corporate purposes of LCR. Furthermore, by increasing the breadth and scope of telecommunications services made available through LCR's ongoing operations, this financing transaction will ultimately benefit Kentucky consumers. In sum, greater access to capital strengthens LCR's ability to bring competitive telecommunications services to consumers in the State of Kentucky and is, therefore, in the public interest.

**Conclusion**

Least Cost Routing, Inc. submits that the public interest, convenience, and necessity will be furthered by LCR's participation in the financing arrangements described herein.

An original and ten (10) copies of this letter are enclosed for filing. Please date stamp the extra copy and return it in the self-addressed, stamped envelope provided. Questions concerning this matter may be addressed to the undersigned at 202/424-7500.

Respectfully submitted,



Catherine Wang  
Douglas D. Orvis II

Counsel for Least Cost Routing, Inc.

Enclosure

**VERIFICATION**

I, Walter Stone, hereby declare that I am General Counsel and Secretary of Least Cost Routing, Inc.; that I am authorized to make this verification on the Least Cost Routing, Inc.'s behalf; that I have read the foregoing filing 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.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 11, 2005, at Washington, DC.



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Walter Stone  
General Counsel and Secretary  
Least Cost Routing, Inc.