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July 9, 2004

BY OVERNIGHT DELIVERY

Executive Secretary
Kentucky Public Utilities Commission
730 Schenkel Lane
Frankfort, KY 40601

RECEIVED

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PUBLIC SERVICE
COMMISSION

RE: Certificate of Foreclosure Sale between Network US, Inc. d/b/a CA Affinity
and ConnectAmerica, Inc. - *out of business*

Dear Sir or Madam:

On behalf of Network US, Inc. d/b/a CA Affinity ("Network") and ConnectAmerica, Inc. ("Connect") (collectively referred to as "Applicants"), this letter is to advise the Commission of a Certificate of Foreclosure Sale (the "Agreement"). A copy of the Agreement is available upon request. Under the Agreement, Network acquired all of the telecommunications assets of Connect, including but not limited to Connect's customer accounts, pursuant to a Uniform Commercial Code Foreclosure Sale under Chapter 810 Illinois Compiled Statutes Section 9-610 (the "Acquisition").

Prior to consummation of the Acquisition on July 8, 2004 (the "Closing"), Connect had been suffering financial difficulties, and its customers were on the brink of experiencing disconnection of their telecommunications service. As a result, Network acquired the assets of Connect in order to ensure uninterrupted service to Connect's customers.

Due to the exigent circumstances which existed at the time of the Closing, Network acquired Connect's customer base even though it did not, at that time, have authority from this Commission for the transfer. Moreover, the customers of Connect have already been given the opportunity to switch their service from Connect to a different carrier.

The proposed Agreement and the Acquisition will be beneficial to the involved companies as well as Connect's customers. The Acquisition will not in any way be detrimental to the public interests of this State. On the contrary, the customers of Connect (who were on the verge of having their service disconnected due to Connect's precarious financial situation) have nonetheless continued to receive the same high quality service

previously rendered to them. Additionally, no party to the Agreement will be given undue advantage over any other party and there will not be any increase in their rates due to this transaction at this time.

Network is a privately held Illinois corporation with principal offices located at 180 N. LaSalle Street, Suite 1820, Chicago, Illinois 60601. Network is a certified long distance telecommunications provider in this State.¹

Connect is a privately held Delaware corporation with principal offices located at 1842 Centre Point Circle, Naperville, Illinois 60563. Connect is a certificated carrier in this State.²

Applicants submit that the Acquisition accomplished the following:

- a. Connect transferred and assigned to Network, via foreclosure sale, all of Connect's right, title and interest in and to Connect's assets, as defined in the Agreement.
- b. In consideration for the above transfer and sale of assets, Network paid to Connect the purchase price set forth in the Agreement pursuant to a Uniform Commercial Code private sale.

Network is well qualified to consummate the transaction which are the subject of this notice. Current financial information for Network is available upon request. Network proposes these transactions to ultimately ensure that the service to Connect's customers continues uninterrupted.

The customers of Connect have been given the opportunity to switch their service from Connect to a different carrier. Those customers of Connect who chose not to switch their service to a different carrier will continue to receive service pursuant to Network's authority.

The technical, managerial and financial personnel of Connect will assist with the transition and integration of the acquired Assets after the transaction, and along with the technical, managerial and financial personnel of Network, will continue to serve the transferred Connect customers with the same high level of expertise.

¹ Network provides long distance telecommunications services in this State pursuant to authority granted in tariff filing 62-0430 as of April 29, 2001.

² Connect provides long distance telecommunications services in this State pursuant to authority granted in tariff filing T-62-1592 as of January 7, 1998.

Critical to the Acquisition is the need to ensure the continuation of high quality, uninterrupted service to all customers currently served by Connect. The Acquisition will serve the public interest in that it will ensure that current Connect customers maintain uninterrupted service, notwithstanding Connect's financial difficulties. The Acquisition will also serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of Network to compete in the marketplace and to provide telecommunications services for a greater number of consumers in this state at competitive rates.

Enclosed is a Tariff Adoption notice on behalf of Network US.

The parties are forwarding this letter to the Commission for informational purposes, to be included in the appropriate files. The parties will proceed on our understanding that no approval or other formal action is required by the Commission.

Enclosed please find an original and ten (10) copies of this letter. Please date stamp and return the additional copy in the envelope provided.

Thank you very much for your assistance with this matter.

Respectfully submitted,



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Enclosures

P.S.C. KY Adoption Notice No. ____

ADOPTION NOTICE

The undersigned of Network US, Inc. ("Network") of Illinois, hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing telecommunications service state wide in the Commonwealth of Kentucky filed with the Public Service Commission of Kentucky by ConnectAmerica, Inc. ("Connect") of Delaware, and in effect on the 8th day of July, 2004, the date on which the public service business of the said Connect was taken over by it.

This notice is issued on the 9th day of July, 2004, in conformity with 807 KAR 5:011, Section 10 of the Regulations for filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.

Network US, Inc. d/b/a CA Affinity

By:



EllenAnn G. Sands
Counsel for Network US, Inc. and
ConnectAmerica, Inc.