

NEW APPLICATION  
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June 23, 2000

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**VIA OVERNIGHT DELIVERY**

Brain C. McNeil, Executive Secretary  
Arizona Corporation Commission  
Utilities Division  
1200 West Washington Street  
Phoenix, Arizona 85007

DOCKET NO. T-0 3670A-00-0446

Re: In the Matter of the Application of Winstar Wireless, Inc. for Approval,  
Nunc Pro Tunc, of Incurring Debt Obligations

Dear Mr. McNeil:

On behalf of Winstar Wireless, Inc. ("Winstar"), enclosed for filing are an original and ten (10) copies of the Application of Winstar Wireless, Inc. for Approval, *Nunc Pro Tunc*, of Incurring Debt Obligations. With this Application, Winstar seeks Commission approval for a pledge of its Arizona assets as part of financing arrangements involving its parent company, Winstar Communications, Inc.

Please date stamp the enclosed extra copy of this filing and return it in the postage-prepaid, self-addressed envelope provided for your convenience. If there are any questions or concerns regarding this matter, please do not hesitate to contact the undersigned.

Respectfully submitted,

Kathy L. Cooper  
Daniel S. Abraham

Counsel for Winstar Wireless, Inc.

cc: Ms. Kimberley Bradley (Winstar)

**BEFORE THE  
ARIZONA CORPORATION COMMISSION**

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In the Matter of )  
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APPLICATION OF )  
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**Winstar Wireless, Inc.** )  
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For Approval, *Nunc Pro Tunc*, of )  
Incurring Debt Obligations )  
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**DOCKET NO. T-0 3670A-00-0446**

Docket No. \_\_\_\_\_

**APPLICATION OF WINSTAR WIRELESS, INC.**

**I. INTRODUCTION**

Winstar Wireless, Inc. ("Winstar" or "Applicant"), pursuant to Arizona Revised Statutes Section 40-285 and Arizona Administrative Code Section R14-3-106, hereby files this application and respectfully requests approval, *nunc pro tunc*, to participate in a pledge of its Arizona assets as part of financing arrangements involving its parent company, Winstar Communications, Inc. Applicant is a nondominant carrier with authority to provide competitive local exchange, intrastate, and private line services within the state of Arizona. Applicant's pledge of its Arizona assets is necessary and appropriate to secure certain financing arrangements, is consistent with the performance by Applicant of its services to the public, will not impair the ability of Applicant to perform such services, and will promote a lawful objective within the corporate purposes of Applicant.

Applicant submits the following information in support of its Application.

## II. APPLICANT

1. Applicant is a wholly-owned subsidiary of Winstar Communications, Inc. ("WCI"). WCI is a publicly held Delaware corporation that is headquartered at The Winstar Building, 685 Third Avenue, New York, New York, 10017.

2. Applicant is authorized to provide local exchange, intrastate and private line telecommunications services to consumers in Arizona pursuant to a Certificate of Convenience and Necessity granted by the Arizona Corporation Commission.<sup>1</sup> In addition to the services provided to Arizona customers, Applicant is also authorized by the various state public service commissions to conduct business nationwide, pursuant to certification, registration or tariff requirements, or on a deregulated basis.

3. Further information concerning Applicant's legal, technical, managerial and financial qualifications to provide service in Arizona was submitted with its application for certification filed with the Commission in connection with authority granted in Decision No. 60397 noted above. Applicant therefore respectfully requests that the Commission take official notice of that information and incorporate it herein by reference.

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<sup>1</sup> Decision No. 60397, granted September 26, 1997 in Docket No. U-3023-95-389 and U-3023-96-267.

### **III. DESIGNATED CONTACTS**

Inquiries or copies of any correspondence, orders, or other materials pertaining to this

Application should be directed to:

Kathy L. Cooper  
Dan Abraham  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, N.W., Suite 300  
Washington, D.C. 20007  
Telephone (202) 424-7500  
Facsimile (202) 424-7645

with a copy to:

Kimberley A. Bradley  
Winstar Wireless, Inc.  
1615 L Street, N.W., Suite 1260  
Washington, D.C. 20036  
(202) 367-7654  
(202) 659-1931

### **IV. REQUEST FOR APPROVAL, NUNC PRO TUNC, TO PLEDGE ARIZONA ASSETS**

1. By this Application, Applicant seeks Commission approval to pledge its Arizona assets as part of a credit facility (the "Facility"). The Facility is comprised of a \$300 Million revolving credit facility which will be reduced beginning December 31, 2004 and will be fully paid on March 31, 2007. Two term loans aggregating \$850 Million will be repaid in quarterly payments commencing March 31, 2004 and ending on March 31, 2007 in one instance and on September 30, 2007 in the other instance.

2. Moreover, of the \$1.15 Billion Facility, Applicant plans to make use of only \$20 Million by virtue of its pledge of assets in Arizona. Applicant's Arizona assets that are necessary or useful in the performance of Applicant's duties to the public as a public service corporation

include a voice switch and radio communications equipment and internet and data networking equipment located in the Phoenix area. Applicant does not own backbone fiber facilities or other significant assets in Arizona. Applicant's Arizona assets make up less than 1% of its total assets (less than 2% of fixed assets). Accordingly, the effective encumbrance is therefore *de minimis*. The proceeds from the Facility will be utilized to pay down all of Applicant's loans outstanding under an existing facility with Lucent<sup>2</sup> and for general corporate purposes.

3. As a CLEC in a competitive market, Applicant is a nondominant carrier. It is a new market entrant in rapid growth mode attempting to expeditiously undertake necessary financing arrangements and related transactions in order to provide new services to customers. Due to an oversight, Applicant inadvertently neglected to seek Commission approval prior to finalizing the transactions involving Applicant's agreement to pledge its Arizona assets. With this Application Winstar seeks to correct the oversight and bring the transaction in compliance with the Commission's rules. Applicant emphasizes that the pledge has not been realized, nor does Applicant anticipate the realization of the pledge. In effect, no Arizona consumers have been harmed. Applicant therefore submits this Application and respectfully requests authority *nunc pro tunc*. Applicant regrets any inconvenience the delay in submitting this filing may have caused.

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<sup>2</sup> Applicant notes that in May 2000, a subsidiary of WCI entered into a new financing arrangement with Lucent for a renewed credit facility in the aggregate amount of \$2.0 billion. This facility is only secured by the pledge of assets financed by the facility all of which will be owned by a special purpose subsidiary, and, therefore, is not the subject of the instant application.

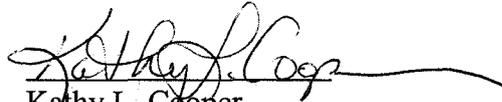
**V. PUBLIC INTEREST CONSIDERATIONS**

Approval of Applicant's pledge of its Arizona assets is part of financial transactions that will provide the Applicant with the opportunity to strengthen its competitive position with greater financial resources, and therefore, will serve the public interest in promoting competition among telecommunications carriers. As noted above, the proceeds from the Facility will be utilized to pay down all of Applicant's loans outstanding under an existing agreement with Lucent and for general corporate purposes. Applicant's pledge of its Arizona assets is necessary and appropriate to secure the financing arrangements, is consistent with the performance by Applicant of its services to the public, will not impair the ability of Applicant to perform such services, and will promote a lawful objective within the corporate purposes of Applicant. Furthermore, by increasing the breadth and scope of telecommunications services made available through the expansion of Applicant's operations, this financing transaction will benefit Arizona consumers. In sum, greater access to capital will strengthen Applicant's ability to bring competitive telecommunications services to consumers in the State of Arizona and is, therefore, in the public interest.

VI. CONCLUSION

WHEREFORE, for the reasons stated above, Winstar Wireless, Inc. submits that the public interest, convenience and necessity would be furthered by a grant of this Application. For that reason and the reasons described above, the Applicant respectfully requests that the Commission approve, *nunc pro tunc*, the Applicant's pledge.

Respectfully submitted,



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Counsel for Winstar Wireless, Inc.

Dated: June 23, 2000