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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

Arizona Corporation Commission

DOCKETED

FEB 27 2008

DOCKETED BY [Signature]

IN THE MATTER OF THE JOINT APPLICATION OF MATRIX TELECOM, INC., AMERICATEL COPORATION, AND STARTEC GLOBAL OPERATING COMPANY FOR APPROVAL TO PLEDGE THEIR ARIZONA ASSETS PURSUANT TO A.R.S. § 40-285.

DOCKET NO. T-03228A-07-0526  
DOCKET NO. T-03517A-07-0526  
DOCKET NO. T-20522A-07-0526

DECISION NO. 70184

ORDER

Open Meeting  
February 12 and 13, 2008  
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On September 13, 2007, Matrix Telecom, Inc. ("Matrix"), Americatel Corporation ("Americatel"), and Startec Global Operating Company ("Startec," and together with Matrix and Americatel, the "Applicants") filed with the Arizona Corporation Commission ("Commission") an application for approval to pledge their Arizona assets as security for certain debt financing arrangements up to \$120 million pursuant to A.R.S. § 40-285 ("Application").

2. The Applicants caused notice of the Application to be published in the Arizona Business Gazette on November 15, 2007.

3. On December 6, 2007, the Commission's Utilities Division Staff ("Staff") filed a Staff Report recommending conditional approval of the request for encumbrance of assets.

4. Matrix is a Texas corporation authorized by the Commission to provide competitive resold local exchange and competitive classification services under Decision No. 68343 (December

1 9, 2005), competitive resold interexchange except local exchange telecommunication services, under  
2 Decision No. 65926 (May 16, 2003), and facilities-based local exchange telecommunication services,  
3 under Decision No. 69944 (October 16, 2007). Currently, Matrix' immediate parent is MTAC  
4 Holding Corporation ("MTAC"), which is a wholly-owned subsidiary of EnergyTRACS Acquisition  
5 Corporation ("EnergyTRACS"), which in turn is a wholly-owned subsidiary of Platinum Equity.  
6 Platinum Equity is a Delaware limited liability company.

7 5. Americatel is a Delaware corporation authorized by the Commission to provide  
8 competitive intrastate telecommunication services under Decision No. 61054 (August 6, 1998).  
9 MTAC holds a 95 percent interest in Americatel.

10 6. Startec is also a Delaware corporation. The Commission granted a Certificate of  
11 Convenience and Necessity ("CC&N") to Startec Global Licensing Company, a former sister  
12 company of Startec, to provide resold interexchange telecommunication services in Arizona under  
13 Decision No. 63370 (February 16, 2001). In a *pro forma* restructuring, Startec became the holder of  
14 that CC&N pursuant to Decision No. 69573 (May 21, 2007). Startec is a wholly-owned subsidiary of  
15 Startec Global Communications Corporation ("SGCC"), which in turn is wholly-owned by  
16 EnergyTRACS.

17 7. Matrix, Americatel and Startec do business in most other states in addition to Arizona.

18 8. Matrix, Americatel and EnergyTRACS are currently joint and several co-borrowers  
19 under a Credit Agreement dated September 14, 2006, with PCRL III Investments L.P. as lender. The  
20 debt covered by the agreement is in the amount of up to \$90 million dollars, of which \$40 million is a  
21 term loan and \$50 million is revolving debt. Matrix and Americatel pledged all of their assets as  
22 collateral for this indebtedness and EnergyTRACS pledged the Applicants' stock as further collateral.

23 9. Under a different Credit Agreement, Startec is a joint and several co-borrower along  
24 with SGCC, Soap Merger Corporation, Startec Global Canadian Holding Company ("Canada  
25 Holdco"), and HBK Investments L.P. and/or one of its affiliates as lender (including PCRL III  
26 Investments L.P.) ("HBK" or "Lender"). The Startec Credit Agreement covers a debt obligation of up  
27 to \$43 million, comprised of a \$40 million term loan and up to \$3 million delayed draw term loan.  
28 Platinum Equity guarantees the debts. The Startec Credit Agreement has a maximum term of 270

1 days from July 12, 2007, and, as such, matures on April 8, 2008.

2 10. The Applicants now seek approval to pledge their assets under a re-financing  
3 transaction involving both the Matrix and Americatel Credit Agreement and the Startec Credit  
4 Agreement. The amount to be refinanced under the terms of the Amended and Restated Credit  
5 Agreement ("A&R Credit Agreement") is up to \$120 million, comprised of a \$71.5 million term loan  
6 and \$48.5 million in revolving credit. The obligations of both Matrix and Americatel under their  
7 current credit agreement will remain the same, while Startec's obligations will change as reflected in  
8 the A&R Credit Agreement. Other parties to the A&R Credit Agreement are MTAC, Matrix Telecom  
9 of Virginia, Inc., Trinsic Communications of Virginia, Inc., SGCC, Canada Holdco and  
10 EnergyTRACS (collectively, "the Co-Borrowers").

11 11. The Applicants and Co-Borrowers will be joint and several co-borrowers and the  
12 credit facility will be secured by the Applicants' pledged assets and guaranteed by certain of the Co-  
13 Borrowers.

14 12. As required by the Lender, the Applicants will undertake a minor corporate  
15 reorganization, with the result being a *pro forma* change in control of Startec. (*See Exhibit 'A' to the*  
16 *Application.*) This reorganization does not implicate Arizona Administrative Code ("A.A.C.") R14-2-  
17 801 requiring Commission approval of the transfer because the Applicants are not Class A Utilities  
18 nor are any assets being transferred as a result of the transfer of control.

19 13. The Applicants finally assert that, in addition to enabling them to better use their  
20 funds, the proposed re-financing will serve the public interest in that it will allow the Applicants to  
21 introduce new services in Arizona, allow consumers to benefit from competitive services and will  
22 promote competition.

23 14. A.R.S. § 40-301 provides that foreign public service corporations providing  
24 communications services within the state whose physical facilities are also used in providing  
25 communications service in interstate commerce are not required to obtain authorization from the  
26 Commission to issue stocks and stock certificates, bonds, notes, and other evidences of indebtedness  
27 payable at periods of more than twelve months. In its Staff Report, Staff concluded that pursuant to  
28 A.R.S. § 40-301(D), the Applicants' proposed financing is exempt from Commission approval.





1 IT IS FURTHER ORDERED that Matrix Telecom, Inc., Americatel Corporation and Startec  
2 Global Operating Company are hereby authorized to engage in any transactions and to execute or  
3 cause to be executed any documents so as to effectuate the authorizations granted herein.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6  
7 *Laurel Heam* *William Miller*  
8 CHAIRMAN COMMISSIONER  
9 *Debra M. Hatch Miller* *Bob* *Gary Stein*  
10 COMMISSIONER COMMISSIONER COMMISSIONER

11  
12 IN WITNESS WHEREOF, I, DEAN S. MILLER, Interim  
13 Executive Director of the Arizona Corporation Commission,  
14 have hereunto set my hand and caused the official seal of the  
15 Commission to be affixed at the Capitol, in the City of Phoenix,  
16 this 27<sup>th</sup> day of Feb., 2008.

17 *Dean S. Miller*  
18 DEAN S. MILLER  
19 INTERIM EXECUTIVE DIRECTOR

20 DISSENT \_\_\_\_\_

21 DISSENT \_\_\_\_\_

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SERVICE LIST FOR: MATRIX TELECOM, INC., AMERICATEL CORPORATION  
and STARTEC GLOBAL OPERATING COMPANY

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