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BEFORE THE ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission

DOCKETED

MAR 27 2008

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IN THE MATTER OF THE APPLICATION
OF AMERICATEL CORPORATION AND
STARTEC GLOBAL OPERATING
COMPANY FOR APPROVAL OF A PRO
FORMA RESTRUCTURING AND OTHER
RELATED APPROVALS

DOCKET NOS. T-03517A-07-0633
T-20522A-07-0633

DECISION NO. 70218

ORDER

Open Meeting
March 27, 2008
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On November 11, 2007, Americatel Corporation (“Americatel”) and Startec Global Operating Company (“Startec”) (collectively, “Applicants”), pursuant to Arizona Revised Statutes §40-285,¹ requested approval from the Commission of a *pro forma*² corporate restructuring involving the merger of the Applicants, with Americatel as the surviving entity. The Applicants respectfully request that the Commission act expeditiously to grant the approval requested before March 31, 2008 so that the Applicants may timely meet important business objectives. The primary objective is to simplify duplicative administrative processes, including regulatory filings

¹ Neither Americatel nor Startec is a Class A Utility and, therefore, the Public Utility Holding Companies and Affiliated Interests rules, A.A.C. R14-2-801 to R14-2-806 et seq. do not apply.

² The Applicants term “*pro forma*” because there is no change in the ultimate control of the proposed merged entities. In addition, the term “*pro forma*” is used because the proposed transaction qualifies for streamlined treatment at the Federal Communication Commission as a *pro forma* transfer of customers.

1 around the country, that are caused by operating two entities that provide essentially the same
2 services. Consolidating the entities at the end of a quarter is a less complicated way to complete
3 the merger and, if the merger is completed by the end of the first quarter 2008, the companies will
4 not need to make duplicative filings during the second quarter of 2008. The Applicants further
5 request that the Commission grant a waiver of the applicable provisions of the Commission's
6 Slamming Rules Arizona Administrative Code ("A.A.C.") R14-2-1901 through R14-2-1913. In
7 addition, the Applicants request the cancellation of Startec's Certificate of Convenience and
8 Necessity ("CC&N")

9 2. In Decision No. 69573, Startec received authority to provide resold long distance in
10 Arizona as a result of a corporate restructuring that was approved by the Commission on May 21,
11 2007 in Docket No. T-20522A-07-0161. In that Docket, all of the assets, including the CC&N
12 granted to Startec Global Licensing Company in Decision No. 63370, were transferred to Startec.
13 Startec is a wholly owned direct subsidiary of Startec Global Communications Corporation
14 ("SGCC").

15 3. Startec currently has approximately 2000 subscribers in Arizona. Startec provides
16 long distance, Internet, and other communications services to persons and businesses residing in
17 the United States (with the exception of Alaska and the District of Columbia) as well as Canada.

18 4. In Decision No. 61054, dated August 6, 1998, Americatel received a CC&N to
19 provide resold long distance telecommunications in Arizona. Americatel provides
20 telecommunications services to customers that have a need to make calls to Latin America and the
21 Caribbean. It provides international and domestic facilities-based and resold long distance
22 services, including "dial around" casual calling (*i.e.*, 1010XXX) service and presubscribed 1+
23 calling services in each of the 48 contiguous states.

24 5. According to the Application, Platinum Equity, LLC ("Platinum Equity") a limited
25 liability company currently holds its interest in Americatel through its wholly-owned subsidiary,
26 MTAC Holding Corporation a Delaware corporation, which in turn, is a wholly owned subsidiary
27 of EnergyTRACS Acquisition Corporation ("EnergyTRACS") a Delaware corporation which is in
28 turn, is a wholly-owned subsidiary of Platinum Equity. Platinum Equity acquired indirect control

1 of Startec on July 12, 2007, when it acquired indirect ownership of 100 percent of the equity in
2 Startec. Platinum Equity currently holds this interest through its wholly-owned subsidiary SGCC
3 which in turn, is a wholly owned subsidiary EnergyTRACS.

4 6. On December 31, 2007, SGCC and selected subsidiaries, including Startec, were
5 transferred to Americatel. As a result, Platinum Equity now holds its interest in Startec indirectly
6 through Americatel and requests approval to merge Startec in to Americatel.

7 7. The Applicants state that, as a result of the merger, Startec and SGCC, Startec's
8 immediate parent and holding company, will be merged with and into Americatel. Startec and
9 SGCC will cease to exist. Americatel will become the operating telecommunications service
10 provider in Arizona. It will provide service to Americatel and Startec customers.

11 8. Americatel states that it will provide telecommunications services to customers
12 using the same network; billing systems; and customer service operations currently used by Startec
13 and that no existing service will be discontinued, reduced, or impaired as a result of the proposed
14 *pro forma* merger. Americatel further states that it will serve Startec's customers using the same
15 rates, terms, and conditions that currently apply under Startec. Americatel also states that it
16 intends to adopt those portion of Startec's tariff relating to Startec's service offerings and will file
17 a revised tariff after consummation of the proposed transaction or as directed by the Commission.

18 9. According to the Applicants, the approval of the proposed *pro forma* merger serves
19 the public interest by streamlining and eliminating inefficiencies from the business and
20 administrative operations of Startec and Americatel, strengthening competition in Arizona and
21 bringing more of the well-recognized benefits of vigorous competition to telecommunications
22 customers throughout Arizona. In addition, the Applicants assert that the proposed transaction will
23 benefit customers by permitting Americatel to integrate Startec's assets into it own services to
24 create new, "best of class" offerings to ensure that the benefits Startec's customers currently enjoy
25 remain available to them and also may become available to Americatel's existing customers.

26 10. A copy of the notice sent to Startec's customers is included as Exhibit B in the
27 Application. The Applicants notified all of Startec's customers in Arizona of the proposed merger
28 on November 7, 2007. The notice informed the customers that they will access to alternative

1 interexchange service providers and that they have the right to select a different long distance
2 carrier if they choose not to remain with Startec.

3 11. On December 6, 2007, the Applicants filed a Notice of Filing Affidavit of
4 Publication. Notice of the Application was published in The Arizona Republic on November 23,
5 2007.

6 12. In response to Staff Data Request JFB1-2, Startec stated that it currently does not
7 and has never collected advances, deposits, or prepayments from its Arizona customers.

8 13. Startec's CC&N should be cancelled if the proposed merger is approved by the
9 Commission. The Applicants have complied with the requirements established in A.A.C. R14-2-
10 1107.

11 14. The Consumer Services Section of the Utilities Division has reported that from
12 January 1, 2004 through December 26, 2007 there were no complaints, inquiries, and/or opinions
13 filed against Americatel or Startec.

14 15. The Compliance Section of the Utilities Division has reported that there are no
15 delinquencies and/or Compliance concerns for either Americatel or Startec.

16 16. Staff has recommended:

- 17 a. that the Commission approve the Applicants' request to merge Startec
18 into Americatel,
- 19 b. that the Commission grant the Applicants a waiver of its slamming
20 rules,
- 21 c. that Startec's CC&N be cancelled. Upon cancellation of the CC&N,
22 Startec will not be authorized to provide resold long distance services
23 in Arizona and therefore, will not be subject to the requirements of
24 Decision No. 69573, and
- 25 d. that Americatel submit revisions to its tariff to adopt those portions of
26 Startec's tariffs relating to Startec's service offerings within 30 days of
27 the Commission's Decision in this matter.
- 28 e. that Americatel file verification that the merger has been completed
with Docket Control within 30 days following the merger date
proposed in this transaction.
- f. that for one year following the merger close, or until Americatel
informs the Commission by filing an affidavit with Docket Control, as
a compliance item in this docket, that merger-related activities are
completed, whichever comes last.

1 IT IS FURTHER ORDERED that for one year following the merger close, or until
2 Americatel informs the Commission by filing an affidavit with Docket Control, as a compliance
3 item in this docket, that merger-related activities are completed, whichever comes last, Americatel
4 shall provide written notification to the Director of the Utilities Division and to the individual
5 members of the Commission 60 days prior to any planned merger-related Arizona workforce
6 layoffs; any planned merger-related Arizona plant closings; and any planned merger-related
7 Arizona facility closings.

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1 IT IS FURTHER ORDERED that if the surviving merged entity or its affiliated companies
 2 decide to conduct layoffs or facility closings in Arizona attributable to the merger, they shall file a
 3 report with the Commission within two months of the effective date of the layoffs or closings
 4 stating why such layoffs and/or closings were necessary, and what efforts the companies made, or
 5 are making, to re-deploy the affected employees elsewhere in the surviving merged entity or its
 6 affiliates. This report shall be filed for one year following merger close or until Americatel
 7 informs the Commission by filing an affidavit with Docket Control that merger-related activities
 8 are completed, whichever comes last.

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

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BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

 CHAIRMAN	 COMMISSIONER	
 COMMISSIONER	 COMMISSIONER	 COMMISSIONER

IN WITNESS WHEREOF, I, DEAN S. MILLER, Interim Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 27th day of March, 2008.



 DEAN S. MILLER
 Interim Executive Director

DISSENT: _____

DISSENT: _____

EGJ:JFB:lhm\MAS

1 SERVICE LIST FOR: Americatel Corporation and Startec Global Operating Company
2 Docket Nos. T-03517A-07-0633 and T-20522A-07-0161

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