



0000093377

ORIGINAL

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

2009 JAN 16 P 4:46

KRISTIN K. MAYES
Chairman

AZ CORP COMMISSION
DOCKET CONTROL

GARY PIERCE
Commissioner

SANDRA D. KENNEDY
Commissioner

Arizona Corporation Commission

DOCKETED

PAUL NEWMAN
Commissioner

JAN 16 2009

BOB STUMP
Commissioner

DOCKETED BY
nr

T-03517A-09-0015
T-03228A-09-0015
T-20522A-09-0015

In the Matter of the Application of
Americatel Corporation, Matrix Telecom,
Inc., and Startec Global Operating Company
for Authorization to Encumber Their Assets

Docket Nos. T-03228A-09-_____
T-03517A-09-_____
T-20522A-09-_____

Americatel Corporation ("Americatel"), Matrix Telecom, Inc. ("Matrix") and Startec Global Operating Company ("Startec") (Americatel, Matrix and Startec collectively "Applicants"), by their undersigned counsel and pursuant to A.R.S. § 40-285 and the rules of the Arizona Corporation Commission ("Commission"), request approval, to the extent necessary, to encumber and/or mortgage their assets in connection with certain long-term debt financing arrangements consisting of a senior secured second lien facility and a senior secured third lien facility. In addition to borrowing under these facilities, the Applicants intend to guarantee these obligations and to grant a security interest in their assets to secure the financing arrangements, as further described below.¹ For the reasons set forth herein, Applicants submit that the proposed financing arrangements are in the public interest. Applicants emphasize that the transactions and pledges for which approval is

¹ Applicants are not Class A Utilities and, therefore, are not subject to the approval requirements of the Affiliated Interests Rules, ACC R14-2-801 *et. seq.* In addition, because the Applicants are each a "foreign public service corporation" whose "physical facilities are also used in providing communications services in interstate commerce," approval under A.R.S. § 40-301(D) is not needed. See Decision No. 70184.

1 sought are all financial in nature and that none of these transactions will affect the technical
2 or managerial qualifications of Applicants or the day-to-day operations of Applicants, or
3 change any of the rates, terms or conditions under which Applicants provide service in
4 Arizona.

5 Important business considerations require that the transactions described herein be
6 completed as soon as possible. Accordingly, Applicants respectfully request that the
7 Commission approve this Application on an expedited basis.

8 In support of this Application, Applicants further state as follows:

9 **DESCRIPTION OF THE APPLICANTS**

10 **A. Americatel Corporation**

11 Americatel is a Delaware corporation with principal offices located at 7361
12 Calhoun Place, Suite 650, Rockville, Maryland 20855. Serving the needs of United States
13 customers with connections to Latin America and the Caribbean, Americatel provides
14 international and domestic facilities-based and resold long distance services, including
15 "dial around" casual calling (i.e., 1010XXX) service and presubscribed 1+ calling
16 services, in each of the 48 contiguous states. In Arizona, Americatel holds a Certificate of
17 Convenience and Necessity ("CC&N") to provide competitive interLATA and intraLATA
18 resold telecommunications service except local exchange service.²

19 **B. Matrix Telecom, Inc.**

20 Matrix is a Texas corporation with principal offices located at 7171 Forest Lane,
21 Suite 700, Dallas, Texas 75230. Established in 1991, Matrix is a competitive provider of
22 integrated communications services including local, 1+ long distance and toll-free voice
23 services plus a wide range of data services, such as dedicated Internet access, frame relay
24 and point-to-point transmission services, chiefly to enterprise customers. Matrix is
25 authorized to provide service in all 50 states and the District of Columbia. In Arizona,
26

² See Decision No. 61054.

1 Matrix is authorized to provide facilities-based and resold local exchange and resold
2 interexchange services.³ Matrix is also authorized to provide facilities-based and/or resold
3 interexchange and/or competitive local exchange telecommunications services across the
4 nation.

5 **C. Startec Global Operating Company**

6 Startec is a Delaware corporation with its principal place of business located at
7 7361 Calhoun Place, Suite 650, Rockville, Maryland 20855. Startec is a wholly owned
8 direct subsidiary of Startec Global Communications Corporation ("SGCC"), also a
9 Delaware corporation, which in turn is owned by Americatel. Startec provides long
10 distance, Internet, and other communications services to persons and businesses residing
11 in 49 states (all except Alaska) and the District of Columbia, and through affiliates, in
12 Canada. In Arizona, Startec holds a CC&N to provide resold interexchange
13 telecommunications services.⁴ Startec provides its services primarily to customers who
14 place a significant number of calls to international destinations.

15 **CONTACT INFORMATION**

16 Correspondence concerning this Application may be directed to:

17
18 Thomas H. Campbell
19 Michael T. Hallam
20 40 North Central Avenue
21 Phoenix, AZ 85004
22 Tel: (602) 262-5723
23 Fax: (602) 734-3841
24 Email: Tcampbell@lrlaw.com
Mhallam@lrlaw.com

Russell M. Blau
Brett P. Ferenchak
Jeffrey R. Strenkowski
Bingham McCutchen LLP
2020 K Street, NW
Washington, DC 20006
Tel: (202) 373-6000
Fax: (202) 373-6001
Email: russell.blau@bingham.com
brett.ferenchak@bingham.com
jeffrey.strenkowski@bingham.com

25 ³ See Decision No. 69944 (facilities-based local exchange); Decision No. 68343 (resold local exchange);
Decision No. 65926 (resold interexchange).

26 ⁴ See Decision No. 63370 (resold interexchange) (granting a CC&N to Startec Global Licensing Company
("SGLC")); Decision No. 69573 (approving a *pro forma* restructuring and the resulting in the transfer of
SGLC's CC&N to Startec).

1 subject to certain exceptions to be determined.⁵ The Applicants emphasize that the long-
2 term borrowing, the pledging of jurisdictional assets and the long-term guarantee
3 obligations described herein will not be consummated until required regulatory approvals
4 are received under the terms of the credit agreements and related transaction documents.

5 The Applicants' participation in these financing arrangements will not result in a
6 change in the Applicants' management or in their day-to-day operations; nor will it
7 adversely affect the Applicants' current or expected operations in Arizona. For urgent
8 business reasons, Applicants anticipate the proposed transactions will need to be
9 completed on an expedited basis. Applicants therefore respectfully requests that the
10 Commission grant such approval as may be necessary to allow the transactions to proceed
11 on an expedited basis.

12 **PUBLIC INTEREST CONSIDERATIONS**

13 The financing arrangements described herein are consistent with the public interest
14 and will not impair the ability of the Applicants to perform services to the public. The
15 financing arrangements will enable the Borrowers to refinance existing obligations, will
16 provide additional capital for capital expenditures and other corporate purposes, will be
17 entirely transparent to Arizona consumers, and will not alter the rates, terms and
18 conditions under which the Applicants provide service in Arizona. The financing
19 arrangement will not cause a change in the control of the Applicants.

20 The financing arrangements described herein, including the requirement that the
21 Applicants become guarantors and pledge any jurisdictional assets in support of the
22 financing, serve the public interest in promoting competition among telecommunications
23 carriers by providing the Applicants with the opportunity to strengthen their financial
24 position. The Applicants believe that the financing arrangements will also provide
25

26

⁵ The Second and Third Facility and related guarantees will be secured on a second- and third-
priority basis to an existing Senior First Lien Facility for which the Applicants have previously obtained
Commission approval. *See* Decision No. 70184.

1 important financial benefits to the companies by improving the terms of credit under
2 which the companies operate. As a result, the financing arrangements are expected to
3 continue to yield financial benefits that ultimately inure to the benefit of the Applicants'
4 customers. Furthermore, greater access to capital strengthens the Applicants' ability to
5 bring competitive telecommunications services to consumers in Arizona and is, therefore,
6 in the public interest.

7 In particular, Applicants submit that: (1) the transactions increase competition in the
8 Arizona telecommunications market by reinforcing Applicants' status as viable competitors
9 and ensuring that Applicants can continue to provide service on an uninterrupted basis; (2)
10 the transactions may allow Applicants to expand their operations, including in Arizona, and
11 (3) the transactions for which approval is sought are solely financial arrangements that will
12 not affect the day-to-day operations of Applicants and will be entirely transparent to their
13 customers.

14 **CONCLUSION**

15 WHEREFORE, Applicants respectfully request that the Commission authorize the
16 pledge, mortgage, lien, and/or encumbrance of the assets of Applicants in connection with
17 the financing arrangements described herein. Applicants further submit that the public
18 interest, convenience and necessity will be furthered by expeditious Commission approval
19 of Applicants' participation in the financing arrangements described herein.

20 RESPECTFULLY SUBMITTED this 16th day of January, 2009.

21 LEWIS AND ROCA LLP

22
23 

24 Thomas H. Campbell
25 Michael T. Hallam
26 40 North Central Avenue
Phoenix, AZ 85004

Attorneys for Applicants

1 ORIGINAL and thirteen (13) copies
2 of the foregoing filed
3 this 16th day of January, 2009, with:

4 The Arizona Corporation Commission
5 Utilities Division – Docket Control
6 1200 W. Washington Street
7 Phoenix, Arizona 85007

8 Copy of the foregoing hand-delivered
9 this 16th day of January, 2009, to:

10 Janice Alward
11 Legal Department
12 Arizona Corporation Commission
13 1200 W. Washington Street
14 Phoenix, Arizona 85007

15 Ernest Johnson
16 Utilities Division
17 Arizona Corporation Commission
18 1200 W. Washington Street
19 Phoenix, Arizona 85007

20 Lyn Farmer, Chief Administrative Law Judge
21 Hearing Division
22 Arizona Corporation Commission
23 1200 W. Washington Street
24 Phoenix, Arizona 85007

25
26


STATE OF TEXAS
CITY OF DALLAS

§
§
§

VERIFICATION

I, Scott M. Klopack, state that I am Vice-President of Regulatory Affairs and General Counsel of Matrix Telecom, Inc.; that I am authorized to provide this Verification on behalf of Matrix Telecom, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to Matrix Telecom, Inc. are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 12 day of January, 2009.



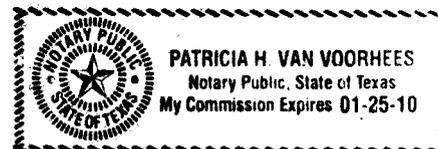
Scott M. Klopack
Vice-President of Regulatory Affairs and
General Counsel
Matrix Telecom, Inc.

Sworn and subscribed before me this 12th day of January, 2009.



Notary Public

My commission expires 01-25-2010



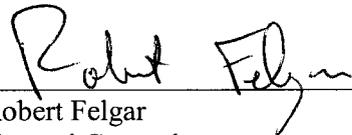
STATE OF MARYLAND
MONTGOMERY COUNTY

§
§
§

VERIFICATION

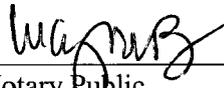
I, Robert Felgar, state that I am General Counsel of Americatel Corporation and Startec Global Operating Company; that I am authorized to provide this Verification on behalf of Americatel Corporation and Startec Global Operating Company; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to Americatel Corporation and Startec Global Operating Company are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 12th day of January, 2009.



Robert Felgar
General Counsel
Americatel Corporation and Startec Global Operating
Company

Sworn and subscribed before me this 12th day of January, 2009.



Notary Public

My commission expires _____

