

ORIGINAL OPEN MEETING



0000146330

RECEIVED

2013 JUL -2 P 4 46

AZ CORP COMMISSION
DOCKET CONTROL

MEMORANDUM
DOCKETED

JUL 02 2013

DOCKETED BY
JM

TO: THE COMMISSION

FROM: Utilities Division

DATE: July 2, 2013

RE: IN THE MATTER OF THE JOINT APPLICATION OF GLOBAL TEL*LINK CORPORATION, VALUE-ADDED COMMUNICATIONS, INC., DSI-ITI, LLC AND PUBLIC COMMUNICATIONS SERVICES, INC. FOR APPROVAL OF ISSUANCE OF DEBT AND RELATED FINANCING TRANSACTIONS.
(DOCKET NOS. T-02871A-13-0143, T-03798A-13-0143, T-20734A-13-0143, AND T-03682A-13-0143)

On May 20, 2013, Global Tel*Link Corporation ("GTL"), Value-Added Communications, Inc. ("VAC"), DSI-ITI, LLC ("DSI"), and Public Communications Services, Inc. ("PCS") (collectively the "Applicants") filed an application to request that the Arizona Corporation Commission ("Commission") authorize the issuance of debt and related financing transactions.

The Applicants seek approval to act as a borrower on certain secured credit facilities. In addition, the Applicants request approval to grant a security interest in substantially all of their assets in support of the proposed financing. The Applicants request this authority pursuant to Section 40-285 of the Arizona Revised Statutes and R14-2-804(3)(1) of the Arizona Administrative Code to the extent it may be necessary.

The following background and transaction information was provided by the Applicants.

Background

Global Tel*Link Corporation

GTL is a privately-held Delaware corporation with principal offices located at 2609 Cameron Street, Mobile, Alabama 36607. GTL is a wholly-owned subsidiary of GTEL Holdings, Inc. ("Holdings"), a privately-held Delaware corporation with principal offices located at 2609 Cameron Street, Mobile, Alabama 36607. Holdings is a holding company whose only business activities are conducted through the Applicants. Holdings is a wholly-owned direct subsidiary of GTEL Acquisition Corp.

GTEL Acquisition Corp. is a privately-held Delaware corporation with principal offices located at 590 Madison Avenue, 41st Floor, New York, New York 10022. GTEL Acquisition Corp. is a holding company whose only business activities are conducted

through the Applicants. GTEL Acquisition Corp. is wholly-owned by ASP GTEL Holdco, LLC.

ASP GTEL Holdco, LLC ("ASP GTL") is a privately-held Delaware limited liability company with principal offices located at 299 Park Avenue, 34th Floor, New York, New York 10171. ASP GTEL Investco, LLC ("ASP Investco"), a Delaware limited liability company, owns more than 90% of ASP GTL, with the remainder owned by the current management of GTL. GTL was granted a Certificate of Convenience and Necessity ("CC&N") to provide customer owned pay telephone ("COPT") service in Arizona on December 20, 1995 in Decision No. 59429.

Value-Added Communications, Inc.

Value-Added is a privately-held Delaware corporation with principal offices located at 3801 E. Plano Parkway, Suite 100, Plano, Texas 75074. Value-Added is a wholly-owned subsidiary of VAC Holding, Inc., a Texas corporation and a direct subsidiary of GTL, the sole managing member of Value-Added. Value-Added was granted a CC&N to provide alternate operator services ("AOS") in Arizona on October 24, 2003 in Decision No. 66456.

DSI-ITI, LLC

DSI is a privately-held Delaware limited liability company with principal offices located at 107 St. Francis Street, 33rd Floor, Mobile, Alabama 36602. DSI is a wholly-owned direct subsidiary of GTL, the sole managing member of DSI. DSI was granted a CC&N to provide COPT service in Arizona on December 10, 2010 in Decision No. 72017.

Public Communications Services, Inc.

PCS is a privately-held California corporation with principal offices located at 107 St. Francis Street, 33rd Floor, Mobile, Alabama 36602. PCS is a wholly-owned direct subsidiary of GTL, the sole managing member of PCS. PCS was granted a CC&N to provide COPT service in Arizona on March 15, 1999 in Decision No. 61576.

The Transaction

The Applicants seek approval to participate in a series of debt financing transactions. The proposed financing and pledge for which approval is sought are described as purely financial in nature and will replace the Applicants' existing credit facilities with new facilities on more favorable terms. The proposed financing is effectively a refinancing of the financing approved in Decision No. 72712, dated December 9, 2011, in conjunction with the transfer of control of GTL, VAC, DSI-IT1 and PCS to ASP GTEL Holdco, LLC.

THE COMMISSION

July 2, 2013

Page 3

The Applicants propose entering into (a) a first lien credit facility, consisting of a term facility of up to \$590 million (7-year maturity from the Closing Date); a revolving credit facility of \$50 million (5-year maturity from the Closing Date); and, an incremental term and/or revolver facility of at least \$100 million; and (b) a second lien credit facility of up to \$255 million (7.5-year maturity from the Closing Date), and an incremental term and/or revolver facility of at least \$50 million, in each case, as such amounts may be modified in accordance with market conditions. Applicants will retire approximately \$554 million of debt (secured by substantially all of the assets and property of GTEL Holdings, Inc., and its subsidiaries, including the Applicants) at the time of closing. Additional credit, not to exceed \$150 million, may be obtained post-closing by the Applicants.

The Applicants therefore request authorization to incur aggregate debt of up to \$1,195 million, which will be (a) secured by substantially all of the assets and property of Holdings and its domestic subsidiaries, including the Applicants and any additional domestic subsidiaries acquired or formed from time to time including, but not limited to, a perfected first-priority or second-priority, as applicable, pledge of all the equity interests of such subsidiaries, including the Applicants and any additional domestic subsidiaries acquired or formed from time to time; and (b) guaranteed by Holdings and its domestic subsidiaries (other than GTL), including the Applicants and any additional domestic subsidiaries acquired or formed from time to time.

In their application, the Applicants state that they expect the proposed financing will close prior to receipt of Commission approval, but the Arizona assets, guarantees and property will be excluded from proposed financing until such time as approval is obtained. The new proposed indebtedness will replace Applicants' outstanding credit facilities and thereby allow Applicants to obtain long-term credit on more favorable terms. However, the Applicants subsequently contacted Staff via email on June 13, 2013, to request the Commission consider this application on the July 17 and July 18, 2013 Open Meeting calendar to facilitate obligations to lenders under the financing agreement. The Applicants clarified that the proposed transaction is a large company-wide refinancing and all other approvals will be in hand by July.

Staff's Analysis

A.R.S. § 40-285 requires public service corporations to obtain Commission authorization to assign or dispose of a utility's assets as proposed by the merger in this transaction. The statute serves to protect captive customers from a utility's act to dispose of any of its assets that are necessary for the provision of service; thus, it serves to preempt any service impairment due to disposal of assets essential for providing service.

COPTs are not subject to the Commission's Public Utility Holding Companies and Affiliated Interests Rules, A.A.C. R14-2-801 et seq. ("Affiliated Interests Rules" or "the Rules"); however, AOS providers are subject to the Affiliated Interests Rules. Staff confirmed that VAC is a Class A public utility based on annual operating revenues and

THE COMMISSION

July 2, 2013

Page 4

therefore subject to the Affiliate Interest Rules. A.A.C. R14-2-804 ("Rule 804") of the Commission's Affiliated Interest Rules requires approval when a utility subject to the Rules guarantees the debt of an affiliate. The Commission will approve a guarantee under Rule 804 unless the guarantees will: (1) "impair the financial status of the public utility"; (2) "otherwise prevent it from attracting capital at fair and reasonable terms"; or (3) "impair the ability of the public utility to provide safe, reasonable and adequate service."

To support that this applicant meets the criteria of Rule 804, the Applicants state: (1) "The Financings will improve, not impair, the financial status of the public utilities in so far as they will allow the Companies to reduce future cash interest payments, reduce interest expenses generally and permit longer debt maturities"; (2) "The Financings will not make capital more difficult to attract. To the contrary, the Financings will allow the Companies to maintain a strong liquidity position and will enhance future financing flexibility"; and (3) "The Financings will be completely transparent to Applicant's customers and to the extent the Proposed Financings strengthen the Applicants financial position, they will be better able to serve Arizona consumers."¹

The Applicants state that the proposed transaction will not affect the rates, terms and conditions by which they offer service in Arizona.² Staff concludes that the proposed transaction will not impair the availability of service to customers since the Applicants provide competitive services that are available from alternative service providers. The Applicants also affirmed to Staff that the proposed transaction does not include any plans to reduce the Arizona employee-base or company assets of the joint Applicants' operations. Additionally, Staff is not aware of any parties that have raised concerns or filed objections to the proposed transaction.

To ensure that prepaid customer funds and/or deposits would not be impacted by the financing ultimately approved in Decision No. 72712, dated December 9, 2011, in conjunction with the transfer of control of GTL, VAC, DSI-IT1 and PCS to ASP GTEL Holdco, LLC, Staff recommended the following conditions:

- A. That Value-Added Communications, Inc., and Public Communications Services, Inc. shall, within 30 days of the effective date of this Decision, file with Docket Control, as a compliance item in this docket, either a statement that all Arizona customer deposits and prepayments are excluded from encumbrance, or copies of a performance bond or irrevocable sight draft letter of credit in the amount of \$125,000 for Value-Added Communications, Inc. and \$75,000 for Public Communications Services, Inc. to cover customer deposits and/or prepayments, as specified below, and

¹ *In the Matter of the Joint Application of Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-LLC, and Public Communications Services, Inc. for Approval of Issuance of Debt and Related Financing Transactions, pages 7 – 8.*

² *In the Matter of the Joint Application of Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-LLC, and Public Communications Services, Inc. for Approval of Issuance of Debt and Related Financing Transactions, pages 2 – 4.*

provide the original performance bond or irrevocable sight draft letter of credit to the Commission's Business Office for safekeeping.

- B. That each of the Service Providers (Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-ITI, LLC and Public Communications Services, Inc.) shall:
1. Increase their bond or ISDLC if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected for its customers. The bond or ISDLC should be increased in increments of 50 percent of the existing amount. This increase should occur when the total amount of advances, deposits, and/or prepayments is within 10 percent of the bond or ISDLC amount.
 2. Docket proof of the original performance bond or ISDLC with the Commission's Business Office and 13 copies of the performance bond or ISDLC with Docket Control, as a compliance item in this docket, within 90 days of the effective date of a Decision in this matter. The performance bond or ISDLC must remain in effect until further order of the Commission. The Commission may draw on the performance bond or ISDLC on behalf of and for the sole benefit of the Service Provider's customers, if the Commission finds, in its discretion, that the Service Provider is in default of its obligations arising from its Certificate. The Commission may use the performance bond or ISDLC funds, as appropriate, to protect the Service Provider's customers and the public interest and take any and all actions the Commission deems necessary, in its discretion including, but not limited to, returning prepayments or deposits collected from the Service Provider's customers.

The Applicants published a legal notice in the Arizona Republic on June 12, 2013. An affidavit of publication was provided via email to Staff on June 18, 2013.

Staff's Recommendations

Based on its analysis of the proposed transaction, Staff concludes that the transaction would not impair the financial status of the Applicants, would not impair their ability to attract capital, nor would it impair the ability of the Applicants to provide safe, reasonable, and adequate service. Customers may still have exposure to losses to the extent they have prepaid for service or made deposits. Therefore, Staff recommends approval of the proposed financing represented by the Applicants subject to the condition that the Applicants continue to maintain the bonds previously ordered by the Commission in Decision No. 72712, dated December 9, 2011.

THE COMMISSION

July 2, 2013

Page 6

Staff further recommends authorizing the Applicants to engage in any transactions and to execute any documents necessary to effectuate the authorizations granted. Staff further recommends that one copy of executed security documents be filed with the Utilities Division Director and a letter confirming such filing shall be docketed as a compliance item in this docket within 90 days following execution of the proposed transaction.

for 

Steven M. Olea
Director
Utilities Division

SMO:AFF:sms/BES

ORIGINATOR: Armando F. Fimbres

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE JOINT
APPLICATION OF GLOBAL TEL*LINK
CORPORATION, VALUE-ADDED
COMMUNICATIONS, INC., DSI-ITI, LLC
AND PUBLIC COMMUNICATIONS
SERVICES, INC. FOR APPROVAL OF
ISSUANCE OF DEBT AND RELATED
FINANCING TRANSACTIONS.

DOCKET NO. T-02871A-13-0143
T-03798A-13-0143
T-20734A-13-0143
T-03682A-13-0143

DECISION NO. _____

ORDER

Open Meeting
July 17 and 18, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On May 20, 2013, Global Tel*Link Corporation ("GTL"), Value-Added Communications, Inc. ("VAC"), DSI-ITI, LLC ("DSI"), and Public Communications Services, Inc. ("PCS") (collectively the "Applicants") filed an application to request that the Arizona Corporation Commission ("Commission") authorize the issuance of debt and related financing transactions.

2. The Applicants seek approval to act as a borrower on certain secured credit facilities. In addition, the Applicants request approval to grant a security interest in substantially all of their assets in support of the proposed financing. The Applicants request this authority pursuant to Section 40-285 of the Arizona Revised Statutes and R14-2-804(3)(1) of the Arizona Administrative Code to the extent it may be necessary.

1 3. The following background and transaction information was provided by the
2 Applicants.

3 **Background**

4 **Global Tel*Link Corporation**

5 4. GTL is a privately-held Delaware corporation with principal offices located at 2609
6 Cameron Street, Mobile, Alabama 36607. GTL is a wholly-owned subsidiary of GTEL Holdings,
7 Inc. ("Holdings"), a privately-held Delaware corporation with principal offices located at 2609
8 Cameron Street, Mobile, Alabama 36607. Holdings is a holding company whose only business
9 activities are conducted through the Applicants. Holdings is a wholly-owned direct subsidiary of
10 GTEL Acquisition Corp.

11 5. GTEL Acquisition Corp. is a privately-held Delaware corporation with principal
12 offices located at 590 Madison Avenue, 41st Floor, New York, New York 10022. GTEL
13 Acquisition Corp. is a holding company whose only business activities are conducted through the
14 Applicants. GTEL Acquisition Corp. is wholly-owned by ASP GTEL Holdco, LLC.

15 6. ASP GTEL Holdco, LLC ("ASP GTL") is a privately-held Delaware limited liability
16 company with principal offices located at 299 Park Avenue, 34th Floor, New York, New York
17 10171. ASP GTEL Investco, LLC ("ASP Investco"), a Delaware limited liability company, owns
18 more than 90% of ASP GTL, with the remainder owned by the current management of GTL.

19 7. GTL was granted a Certificate of Convenience and Necessity ("CC&N") to provide
20 customer owned pay telephone ("COPT") service in Arizona on December 20, 1995 in Decision
21 No. 59429.

22 **Value-Added Communications, Inc.**

23 8. Value-Added is a privately-held Delaware corporation with principal offices located at
24 3801 E. Plano Parkway, Suite 100, Plano, Texas 75074. Value-Added is a wholly-owned
25 subsidiary of VAC Holding, Inc., a Texas corporation and a direct subsidiary of GTL, the sole
26 managing member of Value-Added.

27 ...

28 ...

1 9. Value-Added was granted a CC&N to provide alternate operator services (“AOS”) in
2 Arizona on October 24, 2003 in Decision No. 66456.

3 **DSI-ITL, LLC**

4 10. DSI is a privately-held Delaware limited liability company with principal offices
5 located at 107 St. Francis Street, 33rd Floor, Mobile, Alabama 36602. DSI is a wholly-owned
6 direct subsidiary of GTL, the sole managing member of DSI.

7 11. DSI was granted a CC&N to provide COPT service in Arizona on December 10, 2010
8 in Decision No. 72017.

9 **Public Communications Services, Inc.**

10 12. PCS is a privately-held California corporation with principal offices located at 107 St.
11 Francis Street, 33rd Floor, Mobile, Alabama 36602. PCS is a wholly-owned direct subsidiary of
12 GTL, the sole managing member of PCS.

13 13. PCS was granted a CC&N to provide COPT service in Arizona on March 15, 1999 in
14 Decision No. 61576.

15 **The Proposed Transaction**

16 14. The Applicants seek approval to participate in a series of debt financing transactions.
17 The proposed financing and pledge for which approval is sought are described as purely financial
18 in nature and will replace the Applicants’ existing credit facilities with new facilities on more
19 favorable terms. The proposed financing is effectively a refinancing of the financing approved in
20 Decision No. 72712, dated December 9, 2011, in conjunction with the transfer of control of GTL,
21 VAC, DSI-IT1 and PCS to ASP GTEL Holdco, LLC.

22 15. The Applicants propose entering into (a) a first lien credit facility, consisting of a term
23 facility of up to \$590 million (7-year maturity from the Closing Date); a revolving credit facility of
24 \$50 million (5-year maturity from the Closing Date); and an incremental term and/or revolver
25 facility of at least \$100 million; and (b) a second lien credit facility of up to \$255 million (7.5-year
26 maturity from the Closing Date), and an incremental term and/or revolver facility of at least \$50
27 million, in each case, as such amounts may be modified in accordance with market conditions.

28 ...

1 Applicants will retire approximately \$554 million of debt (secured by substantially all of the assets
2 and property of GTEL Holdings, Inc., and its subsidiaries, including the Applicants) at the time of
3 closing. Additional credit, not to exceed \$150 million, may be obtained post-closing by the
4 Applicants.

5 16. The Applicants therefore request authorization to incur aggregate debt of up to \$1,195
6 million which will be (a) secured by substantially all of the assets and property of Holdings and its
7 domestic subsidiaries, including the Applicants and any additional domestic subsidiaries acquired
8 or formed from time to time including, but not limited to, a perfected first-priority or second-
9 priority, as applicable, pledge of all the equity interests of such subsidiaries, including the
10 Applicants and any additional domestic subsidiaries acquired or formed from time to time; and (b)
11 guaranteed by Holdings and its domestic subsidiaries (other than GTL), including the Applicants
12 and any additional domestic subsidiaries acquired or formed from time to time.

13 17. In their application, the Applicants state that they expect the proposed financing will
14 close prior to receipt of Commission approval, but the Arizona assets, guarantees and property will
15 be excluded from the proposed financing until such time as approval is obtained. The new
16 proposed indebtedness will replace Applicants' outstanding credit facilities and thereby allow
17 Applicants to obtain long-term credit on favorable terms.

18 18. The Applicants subsequently contacted Staff via email on June 13, 2013, to request the
19 Commission consider this application at the July 17 and July 18, 2013 Open Meeting to facilitate
20 obligations to lenders under the financing agreement. The Applicants clarified that the proposed
21 transaction is a large company-wide refinancing and all other approvals will be in hand by July.

22 **Staff Analysis and Conclusions**

23 19. A.R.S. § 40-285 requires public service corporations to obtain Commission
24 authorization to assign or dispose of a utility's assets as proposed by the merger in this transaction.
25 The statute serves to protect captive customers from a utility's act to dispose of any of its assets
26 that are necessary for the provision of service; thus, it serves to preempt any service impairment
27 due to disposal of assets essential for providing service.

28 ...

1 20. COPTs are not subject to the Commission's Public Utility Holding Companies and
2 Affiliated Interests Rules, A.A.C. R14-2-801 et seq. ("Affiliated Interests Rules" or "the Rules");
3 however, Alternative Operator Services (AOS) providers are subject to the Affiliated Interests
4 Rules.

5 21. Staff confirmed that VAC is a Class A public utility based on annual operating
6 revenues and therefore subject to the Affiliate Interest Rules. A.A.C. R14-2-804 ("Rule 804") of
7 the Commission's Affiliated Interest Rules requires approval when a utility subject to the Rules
8 guarantees the debt of an affiliate. The Commission will approve a guarantee under Rule 804
9 unless the guarantees will: (1) "impair the financial status of the public utility"; (2) "otherwise
10 prevent it from attracting capital at fair and reasonable terms"; or (3) "impair the ability of the
11 public utility to provide safe, reasonable and adequate service."

12 22. To support that this applicant meets the criteria of Rule 804, the Applicants state: (1)
13 "The Financings will improve, not impair, the financial status of the public utilities in so far as
14 they will allow the Companies to reduce future cash interest payments, reduce interest expenses
15 generally and permit longer debt maturities"; (2) "The Financings will not make capital more
16 difficult to attract. To the contrary, the Financings will allow the Companies to maintain a strong
17 liquidity position and will enhance future financing flexibility"; and (3) "The Financings will be
18 completely transparent to Applicants' customers and, to the extent the Proposed Financings
19 strengthen the Applicants' financial position, they will be better able to serve Arizona consumers."¹

20 23. The Applicants state that the proposed transaction will not affect the rates, terms and
21 conditions by which they offer service in Arizona.²

22 24. Staff concludes that the proposed transaction will not impair the availability of service
23 to customers since the Applicants provide competitive services that are available from alternative
24 service providers.

25 _____
26 ¹ *In the Matter of the Joint Application of Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-
27 LLC, and Public Communications Services, Inc. for Approval of Issuance of Debt and Related Financing
Transactions, pages 7 – 8.*

28 ² *In the Matter of the Joint Application of Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-
LLC, and Public Communications Services, Inc. for Approval of Issuance of Debt and Related Financing
Transactions, pages 2 – 4.*

1 25. The Applicants also affirmed to Staff that the proposed transaction does not include
2 any plans to reduce the Arizona employee-base or company assets of the joint Applicants'
3 operations. Additionally, Staff is not aware of any parties that have raised concerns or filed
4 objections to the proposed transaction.

5 26. To ensure that prepaid customer funds and/or deposits would not be impacted by the
6 financing ultimately approved in Decision No. 72712, dated December 9, 2011, in conjunction
7 with the transfer of control of GTL, VAC, DSI-IT1 and PCS to ASP GTEL Holdco, LLC, Staff
8 recommended the following conditions:

9 A. That Value-Added Communications, Inc., and Public Communications Services,
10 Inc. shall, within 30 days of the effective date of this Decision, file with Docket
11 Control, as a compliance item in this docket, either a statement that all Arizona
12 customer deposits and prepayments are excluded from encumbrance, or copies of
13 a performance bond or irrevocable sight draft letter of credit ("ISDLC") in the
14 amount of \$125,000 for Value-Added Communications, Inc. and \$75,0000 for
15 Public Communications Services, Inc. to cover customer deposits and/or
16 prepayments, as specified below, and provide the original performance bond or
17 irrevocable sight draft letter of credit to the Commission's Business Office for
18 safekeeping.

19 B. That each of the Service Providers (Global Tel*Link Corporation, Value-Added
20 Communications, Inc., DSI-ITI, LLC and Public Communications Services, Inc.)
21 shall:

22 1. Increase their bond or ISDLC if at any time it would be insufficient to cover
23 advances, deposits, and/or prepayments collected for its customers. The bond or
24 ISDLC should be increased in increments of 50 percent of the existing amount.
25 This increase should occur when the total amount of advances, deposits, and/or
26 prepayments is within 10 percent of the bond or ISDLC amount.

27 2. Docket proof of the original performance bond or ISDLC with the
28 Commission's Business Office and 13 copies of the performance bond or

1 ISDLC with Docket Control, as a compliance item in this docket, within 90
2 days of the effective date of a Decision in this matter. The performance bond or
3 ISDLC must remain in effect until further order of the Commission. The
4 Commission may draw on the performance bond or ISDLC on behalf of and for
5 the sole benefit of the Service Provider's customers, if the Commission finds, in
6 its discretion, that the Service Provider is in default of its obligations arising
7 from its Certificate. The Commission may use the performance bond or ISDLC
8 funds, as appropriate, to protect the Service Provider's customers and the public
9 interest and take any and all actions the Commission deems necessary, in its
10 discretion, including, but not limited to, returning prepayments or deposits
11 collected from the Service Provider's customers.

12 27. The Applicants published a legal notice in the Arizona Republic on June 12, 2013. An
13 affidavit of publication was provided via email to Staff on June 18, 2013.

14 **Staff Recommendations**

15 28. Based on its analysis of the proposed transaction, Staff concludes that the transaction
16 would not impair the financial status of the Applicants, would not impair their ability to attract
17 capital, nor would it impair the ability of the Applicants to provide safe, reasonable, and adequate
18 service. Customers may still have exposure to losses to the extent they have prepaid for service or
19 made deposits. Therefore, Staff recommends approval of the proposed financing represented by
20 the Applicants subject to the condition that the Applicants continue to maintain the bonds
21 previously ordered by the Commission in Decision No. 72712, dated December 9, 2011.

22 29. Staff further recommends authorizing the Applicants to engage in any transactions and
23 to execute any documents necessary to effectuate the authorizations granted. Staff further
24 recommends that one copy of executed security documents be filed with the Utilities Division
25 Director and a letter confirming such filing shall be docketed as a compliance item in this docket
26 within 90 days following execution of the proposed transaction.

27 ...

28 ...

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

CONCLUSIONS OF LAW

1. Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-ITI, LLC and Public Communications Services, Inc. are public service corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. § 40-285

2. The Commission has jurisdiction over Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-ITI, LLC and Public Communications Services, Inc. and the subject matter in this filing.

3. The Commission, having reviewed the filing and Staff's Memorandum dated July 2, 2013, concludes that it is in the public interest to grant approval as proposed and discussed herein.

ORDER

IT IS THEREFORE ORDERED that the application of Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-ITI, LLC and Public Communications Services, Inc. requesting approval for the issuance debt, related financings and a security interest in the assets of Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-ITI, LLC and Public Communications Services, Inc. in support of the financings, as described herein, be and hereby is approved.

IT IS FURTHER ORDERED that Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-ITI, LLC and Public Communications Services, Inc. continue to maintain the performance bonds or irrevocable sight draft letters of credit as ordered by Decision No. 72712, dated December 9, 2011, and restated in Finding of Fact 26.

...
...
...
...
...
...
...

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IT IS FURTHER ORDERED that Global Tel*Link Corporation, Value-Added Communications, Inc., DSI-ITI, LLC and Public Communications Services, Inc. be authorized to engage in any transactions and to execute any documents necessary to effectuate the authorizations granted.

IT IS FURTHER ORDERED that one copy of executed security documents shall be filed with the Utilities Division Director and a letter confirming such filing shall be docketed as a compliance item in this docket within 90 days following execution of the proposed transaction.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, 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 _____ day of _____, 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:AFF:sms\BES

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

SERVICE LIST FOR:
DOCKET NO. T-03267A-13-0124

Ms. Joan S. Burke
Law Office of Joan S .Burke
1650 North First Avenue
Phoenix, Arizona 85003
Attorney for Global Tel*Link Corporation, Value-Added Communications, Inc.,
DSI-ITI, LLC and Public Communications Services, Inc.

Mr. Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007