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**BEFORE THE ARIZONA CORPORATION COMMISSION**

SUSAN BITTER SMITH  
Chairman  
BOB STUMP  
Commissioner  
BOB BURNS  
Commissioner  
DOUG LITTLE  
Commissioner  
TOM FORESE  
Commissioner

Arizona Corporation Commission  
**DOCKETED**

JUN 26 2015

DOCKETED BY BTU

IN THE MATTER OF THE APPLICATION )  
OF AMERICATEL CORPORATION D/B/A )  
1010 123 AMERICATEL D/B/A AMETEX )  
D/B/A/ STARTEC FOR APPROVAL TO )  
CANCEL THEIR CERTIFICATE OF )  
CONVENIENCE AND NECESSITY AND )  
TRANSFER THEIR CUSTOMER BASE TO )  
MATRIX TELECOM, INC. D/B/A MATRIX )  
BUSINESS TECHNOLOGIES D/B/A )  
VARTEC TELECOM D/B/A CLEAR )  
CHOICE COMMUNICATIONS D/B/A )  
EXCEL TELECOMMUNICATIONS. )

DOCKET NOS. T-03228A-14-0407  
T-03517A-14-0407  
DECISION NO. 75124

ORDER

Open Meeting  
June 16 and 17, 2015  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On December 12, 2014, Matrix Telecom, Inc. d/b/a Matrix Business Technologies d/b/a VarTec Telecom d/b/a Clear Choice Communications d/b/a Excel Telecommunications (“Matrix”) and Americatel Corporation d/b/a 1010 123 Americatel d/b/a Ametex d/b/a Amextel d/b/a Startec (“Americatel”) (together, “Applicants”) filed an application requesting approval from the Arizona Corporation Commission (“Commission”) of the transfer of the long distance customers of Americatel to Matrix. In addition, the Applicants seek a waiver of Arizona Administrative Code (“A.A.C.”) R-14-1901-1913 (the “Slamming Rules”); a waiver of the notice and publication portion of the discontinuance rules per A.A.C. R-14-2-1107; the cancellation of Americatel’s Certificate of Convenience and Necessity (“CC&N”) and applicable tariffs and such other approvals as the Commission deems necessary for the Applicants to complete the transaction.

1           2.       In support of this filing, Applicants provide the following information.

2       **Introduction**

3           3.       The Applicants state the transaction is part of a multi-state effort to consolidate certain  
4 subsidiaries Impact Telecom, Inc. ("Impact") and is therefore an internal corporate reorganization.  
5 The Applicants are coordinating proceedings with an expected implementation date of January 1, 2015  
6 and therefore request the grant of the Application no later than January 1, 2015.

7       **Description of the Applicants**

8           Americatel Corporation

9           4.       Americatel was incorporated under the laws of the State of Delaware on April 4, 1992  
10 and holds a CC&N to provide competitive interLATA/intraLATA resold telecommunications  
11 services (except local exchange services) in Arizona pursuant to Decision No. 61054 dated August 6,  
12 1998. Americatel's principle office is located in Irving, Texas and is a wholly owned subsidiary of  
13 Impact.

14          Matrix Telecom, Inc.

15          5.       Matrix was incorporated under the laws of the State of Texas on June 13, 1990. In  
16 Arizona, Matrix holds a CC&N to provide competitive resold interexchange telecommunications  
17 services pursuant to Decision No. 65926 dated May 16, 2003, a CC&N to provide competitive resold  
18 local exchange services pursuant to Decision No. 68343 dated December 9, 2005, and a CC&N to  
19 provide competitive facilities-based local exchange services pursuant to Decision No. 69944 dated  
20 October 16, 2007. Matrix currently offers presubscribed interexchange and local telecommunications  
21 services in Arizona. Matrix's principle office is located in Irving, Texas and is wholly owned subsidiary  
22 of Impact.

23       **Description of the Transaction**

24          6.       The Applicants state Americatel's customers in all states in which it operates will be  
25 transferred to Matrix beginning on or after January 1, 2015, subject to regulatory approvals. Currently,  
26 there are 710 presubscribed Americatel customers in Arizona.<sup>1</sup> Americatel will also transfer its  
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<sup>1</sup> See response to Staff Data Request STF 1.4.

1 accounts receivables and liabilities to Matrix.<sup>2</sup> Following the transfer, the former Americatel  
2 interexchange customers will be served by Matrix. Customers will continue receiving the same  
3 services from Matrix as they were receiving before the transaction from Americatel. Matrix's tariff will  
4 be revised to incorporate Americatel's services and Americatel will cease to operate.

5 **Request for Waiver of Slamming Rules**

6 7. The Applicants seek a waiver of the Slamming Rules and any other applicable anti-  
7 slamming regulations that may be inconsistent with the Federal Communications Commission's  
8 ("FCC") rules regarding the transfer of customer bases. A written notice of the proposed transfer was  
9 provided to all Americatel customers on or about November 20, 2014. The notice informed the  
10 Americatel customers of the transfer pursuant to Section 47 C.F.R 64.1120(e)(3) of the FCC's rules.

11 8. Staff has reviewed the notice that will be sent to those affected customers. Because the  
12 notice informs customers the rates, terms and conditions of service will not change as a result of the  
13 proposed transactions and informs customers that they may subscribe to the telecommunications  
14 service provider of their choice, Staff believes the Commission's Slamming Rules should be waived in  
15 this matter.

16 **Request for Waivers of A.A.C. R14-2-1107 (A)(2) and (B)**

17 9. The Applicants respectfully request that the Commission waive specific portions of the  
18 discontinuance of service rules. These portions are the customer notice section of A.A.C. R14-2-1107  
19 (A)(2) and the publication requirement specified in A.A.C. R14-2-1107 (B). As mentioned, customers  
20 received a notification as required by the FCC. The Applicants stated as they have already provided  
21 direct notice to the customers of Americatel of the merger with Matrix, Matrix will be offering those  
22 customers the same services at the same price and no customers will be impaired by this change, a  
23 second notice of discontinuance will be confusing to customers and in this instance should not be  
24 required. Additionally, Americatel contends the direct customer notification provided to all  
25 presubscribed customers regarding the transfer and discontinuance of service provides greater notice  
26 than an open published legal notice.

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<sup>2</sup> See response to Staff Data Request STF 1.8.

1           10. Staff believes a waiver of A.A.C. R14-2-1107 (A)(2) and (B) is appropriate in this  
2 circumstance as service to Americatel's customers will not be abandoned or discontinued and  
3 Americatel's customers will continue to receive service under the same rates, terms and conditions.

4 **Cancellation of CC&N**

5           11. The Applicants request cancellation of Americatel's CC&N and associated tariff effective  
6 upon consummation of the transaction as Americatel will cease to operate after the transaction.  
7 Americatel has no employees in Arizona and has no facilities or assets in Arizona. Americatel has not  
8 collected any advances, deposits and/or prepayments from customers in Arizona.

9           12. Staff's research revealed the Commission's Business Office is in possession of an original  
10 (and subsequently cancelled) \$2,500 bond as well as an original \$5,000 bond (that replaced the \$2,500  
11 bond) both of which indicate Americatel as the Principle. The Applicants indicated that upon  
12 approval of the cancellation of Americatel's CC&N, these bonds should be returned to:

13                   Mr. Alex Valencia  
14                   Senior Director  
15                   Government Affairs and Compliance  
16                   433 East Las Colinas Blvd.  
                      Suite 500  
                      Irving Texas 75039<sup>3</sup>

17 **Complaints and Compliance**

18           13. The Consumer Services Section of the Utilities Division reports that from January 1, 2011  
19 to January 15, 2015, there have been no complaints, inquiries, or opinions about Matrix and  
20 Americatel. Both Matrix and Americatel have filed their respective 2013 Utilities Annual Reports.  
21 According to the Corporations Division, Matrix is in good standing and Americatel is not in good  
22 standing due to failure to file its Annual Report for 2014. The Compliance Section of the Utilities  
23 Division reports there are currently no delinquencies for Matrix and Americatel is not in compliance at  
24 this time. On May 8, 2015, Matrix filed an application requesting the rescission of its bond  
25 requirement.<sup>4</sup>

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28 <sup>3</sup> See response to Staff Data Request STF 2.2.

<sup>4</sup> See *In The Application Of Matrix Telecom, Inc. For An Order Rescinding Its Bond Requirement*, Docket No. T-03228A-15-0149.

1 Staff Recommendations

2 14. Staff recommends approval of the Application of Matrix and Americatel for Matrix to  
3 acquire the Arizona customers of Americatel. Staff also recommends, upon notification from the  
4 Applicants that the proposed transaction has been completed, the CC&N and tariffs of Americatel be  
5 cancelled and Americatel's bonds mentioned previously be returned to the contact indicated. Upon  
6 cancellation of its CC&N, Americatel will no longer be authorized to provide telecommunications  
7 services in Arizona. Therefore, Americatel will no longer be subject to the requirements of Decision  
8 No. 61054.

9 15. Staff further recommends that approval be conditioned on the following:

- 10
- 11 • The Applicants provide notice to Docket Control within thirty (30) days  
12 following completion of the proposed transactions in this Application;
  - 13 • That Matrix file an updated tariff, within thirty (30) days of the effective date  
14 of a Decision in this matter, to incorporate the rates, terms and conditions of  
15 service that were included in the Americatel tariff.

16 16. Staff believes the Commission's Slamming and Discontinuance Rules all apply to this  
17 transaction. However, based on the above, Staff recommends the following:

- 18 • A waiver of A.A.C. R14-2-1904, et seq. and any other applicable anti-slamming  
19 regulations that may be inconsistent with the FCC's rules regarding the transfer  
20 of customer bases because the notice informs customers that the rates, terms  
21 and conditions of service will not change as a result of this proposed transfer  
22 and informs customers that they may subscribe to the telecommunications  
23 service provider of their choice;
- 24 • A waiver of A.A.C. R14-2-1107(A)(2), which governs a telecommunications  
25 company's verification that all affected customers have been notified of the  
26 proposed discontinuance of service and that all affected customers will have  
27 access to an alternative interexchange service provider.
- 28 • A waiver of A.A.C. R14-2-1107(B), which requires that the Applicant publish  
legal notice of the application in all counties affected by the application  
describing with particularity the substance of the application.

29 CONCLUSIONS OF LAW

30 1. Matrix Telecom, Inc. and Americatel Corporation are public service corporations  
31 within the meaning of Article XV of the Arizona Constitution.



1 Necessity granted in Decision No. 61054 to provide competitive interLATA/intraLATA resold  
2 telecommunications services in Arizona is hereby cancelled.

3 IT IS FURTHER ORDERED that effective with the filing by Matrix Telecom, Inc. and  
4 Americatel Corporation of the affidavit with Docket Control informing the Commission the  
5 transaction-related activities are completed, Americatel Corporation's tariffs on file with the  
6 Commission are hereby cancelled.

7 IT IS FURTHER ORDERED that Matrix Telecom, Inc. file an updated tariff, within thirty  
8 (30) days of the effective date of a Decision in this matter, to incorporate the rates, terms and  
9 conditions of service that were included in the Americatel Corporation tariff.

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

11  
12 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

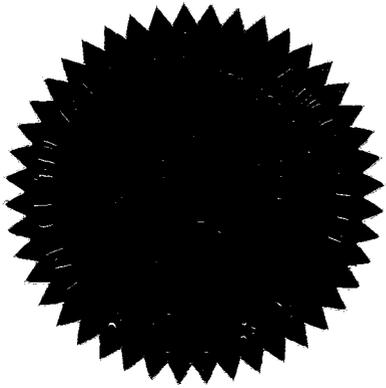
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15 CHAIRMAN

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15 COMMISSIONER

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19 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
20 Director of the Arizona Corporation Commission, have  
21 hereunto, set my hand and caused the official seal of this  
22 Commission to be affixed at the Capitol, in the City of  
23 Phoenix, this 20<sup>th</sup> day of June, 2015.

23  
24   
25 JODI JERICH  
26 EXECUTIVE DIRECTOR

26 DISSENT: \_\_\_\_\_

27 DISSENT: \_\_\_\_\_

28 SMO:MAC:vsc\WVC

1 SERVICE LIST FOR: MATRIX TELECOM, INC. AND AMERICATEL CORPORATION  
2 DOCKET NOS.: T-03228A-14-0407 AND T-03517A-14-0407

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