

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 20, 2008

IN RE:

JOINT PETITION OF AMERICATEL CORPORATION  
AND STARTEC GLOBAL OPERATING COMPANY FOR  
APPROVAL OF A *PRO FORMA* MERGER

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DOCKET NO.  
07-00270

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ORDER APPROVING A *PRO FORMA* RESTRUCTURING

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This matter came before Chairman Eddie Roberson, Director Tre Hargett and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on February 11, 2008 for consideration of the *Joint Petition of Americatel Corporation* ("Americatel") and Startec Global Operating Company ("Startec") (together, "Petitioners") filed on December 13, 2007.

Americatel, a Delaware corporation, provides international and domestic facilities-based and resold long distance services, including "dial around" casual calling (i.e., 1010XXX) service and presubscribed 1+calling services, in each of the forty-eight contiguous states. In Tennessee, Americatel is authorized to provide resell telecommunications services<sup>1</sup> and serves approximately 2,121 customers.

Startec, another Delaware corporation, is a wholly-owned direct subsidiary of Startec Global Communications Corporation ("SGCC") and provides long distance, Internet, and other communications services to persons and businesses residing in forty-nine states and the District of Columbia, excepting Alaska. Startec provides its services primarily to customers who place a

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<sup>1</sup> See *In re: Application for Authority to Resell Telecommunications Services in Tennessee*, Docket No. 98-00065.

significant number of calls to international destinations. In Tennessee,<sup>2</sup> Startec is authorized to provide resold telecommunications services and has approximately 695 customers.

Platinum Equity, LLC (“Platinum Equity”) has indirectly held 95% of the equity of Americatel since July, 2006. Platinum Equity holds its 95% interest in Americatel through its wholly-owned subsidiary, MTAC Holding Corporation, which is in turn a wholly-owned subsidiary of EnergyTRACS Acquisition Corp. (“EnergyTRACS”), a wholly-owned subsidiary of Platinum Equity. Platinum Equity acquired indirect control of Startec on July 12, 2007. Platinum Equity holds its interest in Startec through SGCC, which is a direct subsidiary of EnergyTRACS.

### **The Joint Petition**

The Petitioners request approval for a *pro forma* corporate restructuring in which Startec will be merged with and into Americatel, with Americatel emerging as the surviving entity. Upon completion of the merger, Startec and its immediate parent, SGCC will cease to exist. Startec will surrender its operating authority, and Americatel will assume all the customers and operations of Startec pursuant to Americatel’s operating authority but will continue to use the Startec brand name for those customers, possibly on a co-branded basis. There will be no change in the ultimate ownership or control of Startec or Americatel, and Americatel will provide the same services to Startec customers using the same network, billing systems and customer service operations, with no changes in rates, terms or conditions. Americatel intends to adopt those portions of Startec’s tariff that relate to Startec’s service offerings and will file a revised tariff after consummation of the transaction. No agreement has been executed in connection with the merger, since it is *pro forma* in nature and will result from an internal restructuring. In compliance with Tenn. Comp. R. & Regs. 1220-4-2-.56(2)(d), the Petitioners provided the Authority with a proposed customer notification letter but have not filed a copy of the Federal Communications Commission’s self-certification letter, yet.

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<sup>2</sup> See *In re: Application of Startec Global Operating Company for a Certificate to Resell Telecommunications Services in Tennessee*, Docket No 07-00104, *Order Granting Petition* (July 10, 2007).

## **Findings and Conclusions**

Tenn. Code Ann. § 65-4-112 (2004) provides as follows:

No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of other such public utility of like character shall be valid until approved by the authority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

Regarding approval of the customer notification letter, Tenn. Comp. R. & Regs. 1220-4-2-

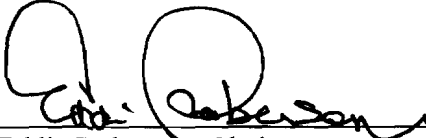
.56(2)(d) provides:

- (d) In the case of a transfer of a customer base between two or more telecommunications service providers, the Authority, upon petition by the acquiring telecommunications service provider, may deem that sufficient notice has been given and approval received from the affected customers when the following criteria are met:
  - 1. The acquiring telecommunications service provider shall provide the Authority a copy of the self-certification letter it shall file with the Federal Communications Commission ("FCC"), as required in CC Docket No. 00-257, certifying that the customer transfer is in compliance with all FCC regulations governing such transactions.
  - 2. A notification letter, pre-approved by the Authority, shall be mailed by the current provider of telecommunications service to its customers describing the customer transfer and explaining that unless the customer selects another telecommunications service provider, the customers' local or long distance service will be transferred to the acquiring telecommunications service provider by a date specified in the notification letter. The notification letter shall be mailed by U.S. First Class Postage, with the logo or name of the current provider displayed on both the letterhead and the exterior envelope, no less than thirty (30) days prior to the actual customer transfer. For good cause shown, the Authority may waive any requirement of this part or order any requirement thereof to be fulfilled by the acquiring provider. Good cause includes, but is not limited to, evidence that the current provider is no longer providing service in Tennessee.
  - 3. The acquiring telecommunications service provider agrees to pay any fees charged to the customer associated with changing service to the acquiring telecommunications service provider. The notification letter required in 1220-4-2-.56(2)(d)(2) shall inform the customer of this provision.
  - 4. The acquiring telecommunications service provider agrees to provide to the affected customers a thirty (30) day written notice of any rate increase that may affect their service up to ninety (90) days from the date of the transfer of customers. The notification letter mentioned in 1220-4-2-.56(2)(d)(2) shall inform the customer of this provision.


At the regularly scheduled Authority Conference held on February 11, 2008, the panel voted unanimously to approve the *Joint Petition* based on the finding that no customers will be affected and no existing service will be discontinued, reduced, impaired or interrupted as a result of the merger.

**IT IS THEREFORE ORDERED THAT:**

1. Americatel Corporation and Startec Global Operating Company are authorized to consummate the *pro forma* reorganization as described in the *Joint Petition* and discussed herein pursuant to Tenn. Code Ann. § 65-4-112 (2004) and Tenn. Comp. R. & Regs. 1220-4-2-.56(2)(d) contingent upon the filing of a copy of the self-certification letter filed with the Federal Communications Commission.
2. The customer notification letter is approved.
3. The certificate of Startec Global Operating Company is cancelled upon notice to the Authority that the merger has been completed and all customers of Startec Global Operating Company have been transferred to Americatel Corporation.
4. Americatel is directed to file its revised tariff upon consummation of the transaction.

  
Eddie Roberson, Chairman

  
Tre Hargett, Director

  
Sara Kyle, Director