

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

December 19, 2012

IN RE:)	
)	
PETITION OF AMERICATEL CORPORATION)	
AND MATRIX TELECOM, INC. FOR APPROVAL)	DOCKET NO.
TO PARTICIPATE IN CERTAIN FINANCING)	12-00050
ARRANGEMENTS)	

ORDER APPROVING FINANCING TRANSACTIONS

This matter came before Chairman James M. Allison, Director Kenneth C. Hill 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 November 8, 2012. The panel considered the *Petition* filed on June 7, 2012 by Americatel Corporation (“Americatel”) and Matrix Telecom, Inc. (“Matrix”) (Americatel and Matrix, collectively “Petitioners”) for approval to participate in certain financing arrangements.

Americatel is a Delaware corporation authorized to provide resold telecommunications services in Tennessee pursuant to Authority Order in Docket No. 98-00065 issued on February 2, 1999. Americatel 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 the United States.

Matrix is authorized to provide facilities-based and/or resold competitive local exchange telecommunications service in Tennessee pursuant to Authority Orders in Docket No. 07-00003 issued on May 22, 2007 and Docket No. 05-00083 issued on June 30, 2005. Matrix also

provides resold interexchange telecommunications service pursuant to authority granted by the TRA in Docket No. 95-03125 on October 13, 1995.

THE PETITION

The Petitioners request the Authority's approval to participate in certain financing arrangements, whereby the Petitioners will enter into a long-term financing arrangement to provide working capital, finance capital expenditures, refinance existing indebtedness, and other general corporate purposes. The financing arrangements are expected to consist of a senior secured lien facility in an aggregate principal amount to be determined based on market conditions, currently expected to be up to \$40 million (the "Facility"). The proceeds of loans under the Facility will be used by the borrowers to refinance certain existing indebtedness and for other permissible general corporate purposes. The Facility is expected to mature within five years after the closing date. The Facility will be secured substantially by all the assets of the Petitioners, subject to certain exceptions to be determined, and will have their stock pledged by their parent company as security for the Facility.

The *Petition* states that the transaction will not alter the rates, terms and conditions under which the Petitioner provides service in Tennessee. The financing arrangements will be entirely transparent to Tennessee consumers. Additionally, Petitioners state that financing arrangements will promote competition by providing the Petitioners with the opportunity to strengthen their financial position and thereby serve the public interest.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann. § 65-4-109 (2004) provides:

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any

such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

At a regularly scheduled Authority Conference held on November 8, 2012, the panel voted unanimously to approve the *Petition* and made the following findings:

1. The proposed financing agreements are subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The proposed financing transactions are being made in accordance with laws enforceable by this agency.
3. The proposed financing transactions are in the public interest because they will enable the Petitioners to refinance existing obligations, provide additional capital for capital expenditures and other corporate purposes.

IT IS THEREFORE ORDERED THAT:

1. Americatel Corporation and Matrix Telecom, Inc. are authorized to enter into the financing transactions as described in the *Petition* pursuant to Tenn. Code Ann. § 65-4-109.
2. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risks involved.
3. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.

Chairman James M. Allison, Director Kenneth C. Hill and Director Sara Kyle concur.

ATTEST:



Earl R. Taylor, Executive Director