

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**May 21, 2013**

**IN RE:**

**PETITION OF AMERICATEL CORPORATION,  
MATRIX TELECOM, INC. AND IMPACT  
TELECOM, INC. FOR APPROVAL OF THE  
TRANSFER OF CONTROL OF AMERICATEL  
CORPORATION AND MATRIX TELECOM, INC.  
AND FOR PARTICIPATION IN CERTAIN  
FINANCING ARRANGEMENTS**

**DOCKET NO.  
13-00036**

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**ORDER APPROVING TRANSFER OF CONTROL  
AND FINANCING TRANSACTIONS**

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This matter came before Vice-Chairman Herbert H. Hilliard, Director Kenneth C. Hill and Director David F. Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on April 8, 2013. The panel considered the *Joint Petition* filed on February 21, 2013 by Americatel Corporation ("Americatel"), Matrix Telecom, Inc. ("Matrix") and Impact Telecom, Inc. ("Impact") (Americatel, Matrix and Impact, collectively referred to as "Petitioners") for approval to transfer control of Americatel and Matrix to Impact and for Americatel and Matrix 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.

Impact currently provides interconnection services to other telecommunications carriers and does not serve retail end users. Impact does not hold a certificate to provide service in Tennessee.

### **THE JOINT PETITION**

The Petitioners request the Authority's approval to transfer Americatel and Matrix to Impact and to participate in certain financing arrangements. Specifically, Impact and EnergyTRACS Acquisitions Corp. ("Seller") and MTAC Holding Corporation ("Parent"), the corporate parent of Americatel and Matrix, entered into a Stock Purchase Agreement ("Agreement"), and pursuant to the Agreement, Impact will acquire control of the Parent, and indirectly, Americatel and Matrix. The Petitioners intend to enter into a long-term financing arrangement to finance the acquisition. The financing arrangements are expected to consist of a secured lien facility of \$22.5 million and a revolving facility of \$7 million and are expected to mature within five years of the closing date. All obligations under the financing arrangements are expected to be guaranteed by the Petitioners and secured by substantially all of the assets of the Petitioners.

The Petitioners state that the transaction will not alter the rates, terms and conditions of service under which the Petitioners provide service in Tennessee. The financing arrangements will be entirely transparent to Tennessee consumers.

## **FINDINGS AND CONCLUSIONS**

Tenn. Code Ann. § 65-4-113(a) (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services and provides:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, which in pertinent part, states as follows:

Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

Regarding the proposed financing transaction, 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 April 8, 2013, the panel found that Impact has sufficient qualifications to acquire Americatel and Matrix and that the proposed transaction serves the public interest because it will reinforce the status of Americatel and Matrix as viable competitors in the telecommunications market. Based on the record, the panel voted unanimously to approve the transfer described in the *Joint Petition* pursuant to Tenn. Code Ann. § 65-4-113, contingent on approval by the Federal Communications Commission ("FCC"). The Applicants were

also directed to file with the Authority any documentation from the FCC regarding subsequent action on the transfer.

The panel also voted unanimously to approve the financing transaction pursuant to Tenn. Code Ann. § 65-4-109 based on the following findings:

1. This financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109.
2. The transaction is being made in accordance with the laws enforceable by this agency.
3. The purpose of this transaction is in the public interest because it will enable Americatel and Matrix to strengthen their competitive positions in the telecommunications market.

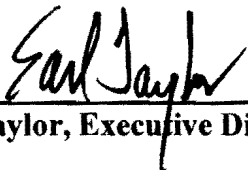
**IT IS THEREFORE ORDERED THAT:**

1. The transfer of control as described in the *Joint Petition* and discussed herein is approved, contingent upon approval by the Federal Communications Commission. The Petitioners shall file with the Tennessee Regulatory Authority any documentation from the Federal Communications Commission regarding subsequent action on the transfer.
2. Americatel Corporation, Matrix Telecom, Inc. and Impact Telecom, Inc. are authorized to enter into the financing transactions as described in the *Joint Petition* pursuant to Tenn. Code Ann. § 65-4-109.
3. 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.

4. 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.

**Vice-Chairman Herbert H. Hilliard, Director Kenneth C. Hill and Director David F. Jones concur.**

**ATTEST:**

  
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**Earl R. Taylor, Executive Director**