



Agenda Date: 10/4/12
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF)
MATRIX TELECOM, INC. FOR APPROVAL TO) ORDER
PARTICIPATE IN CERTAIN FINANCING)
ARRANGEMENTS)
) DOCKET NO. TF12060503

Parties of Record:

James H. Laskey Esq. Norris McLaughlin & Marcus P.A. for petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On June 8, 2012, Matrix Telecom, Inc. ("Matrix" or "Petitioner"), filed a petition with the Board of Public Utilities ("Board") requesting approval to participate in certain financing arrangements up to \$40 million, whereby Matrix will incur long-term debt obligations consisting of a senior secured lien facility, and will encumber its property through the grant of a security interest in its assets in support of the financing arrangements.

Matrix is a Texas corporation with principal offices located at 433 E. Las Colinas Boulevard, Suite 400, Irving, Texas 75039. Established in 1991, Matrix is a competitive provider of integrated communications services including local, 1+ long distance and toll-free voice services plus a wide range of data services, such as dedicated Internet access, frame relay and point-to-point transmission services, chiefly to enterprise customers. In New Jersey, Matrix is authorized to provide facilities-based competitive local exchange telecommunications service pursuant to authority granted by the Board in Docket No. TE06120898 on April 13, 2007.

Matrix is pursuing credit arrangements that will establish long-term financing to provide working capital, finance capital expenditures, refinance existing indebtedness, and other general corporate purposes. The borrowers in these financing arrangements are expected to include the Petitioner, Americatel Corporation ("Americatel") and MTAC Holding Corporation ("MTAC"), a Delaware corporation, and the corporate parent of Matrix and Americatel. Matrix is the only one of these companies to hold facilities-based authority from the Board.

The proceeds of loans under the Facility will be used by the borrowers to refinance certain existing indebtedness of the borrowers and their subsidiaries, and for other permissible general corporate purposes. The Facility is expected to mature within five (5) years after its closing date.

In addition to Matrix's direct obligations under the Facility, all obligations of other borrowers under the Facility will be guaranteed by Matrix, subject to certain exceptions to be determined. Matrix's obligations under the Facility will also be secured by substantially all the assets of Matrix, subject to certain exceptions to be determined.

Matrix states that the proposed financing arrangements described herein are consistent with the public interest and will not impair the ability of Matrix to perform services to the public. The financing arrangements will enable the borrowers to refinance existing obligations, will provide additional capital for capital expenditures and other corporate purposes, will be entirely transparent to New Jersey consumers, and will not alter the rates, terms and conditions under which Matrix provides service in New Jersey. The financing arrangement will not cause a change in the control of Matrix.

Matrix further states that approval of Matrix's participation in the proposed financing arrangements will serve the public interest in promoting competition among telecommunications carriers by providing it with the opportunity to strengthen its financial position. Furthermore, by increasing the breadth and scope of telecommunications services made available through Matrix's ongoing operations, this financing transaction will ultimately benefit New Jersey consumers. In sum, greater access to capital will strengthen the Petitioner's ability to bring competitive telecommunications services to consumers in New Jersey and is, therefore, in the public interest.

Rate Counsel has reviewed this matter and in a letter dated July 9, 2012 stated it has no objection to the approval of Petitioners requests under its verified petition.

After a thorough review of the petition and all related documents, and the recommendation of Board staff, the Board FINDS that the purposes of this financing are necessary, reasonable and proper; that the proposed borrowing is in accordance with law and is in the public interest; and that the purposes thereof should be approved.

The Board, after being satisfied with the actions as proposed by Matrix as indicated above, and approving the purposes thereof, HEREBY ORDERS that Matrix be and is HEREBY AUTHORIZED to participate in the financing transaction as hereinabove described.

This Order is subject to the following provisions:

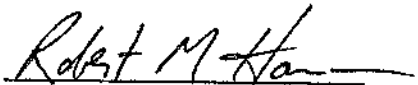
1. This Board's approval is expressly limited to the financing described herein and as more fully described in the Petition and supporting documents.
2. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Matrix.
3. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transaction or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

4. This Order shall not affect nor in any way limit the exercise of the authority of this Board, or of the State of New Jersey, in any future petition or in any proceedings with respect to rates, franchises, services, financing (including the method of sale of securities), accounting, capitalization, depreciation or in any other matters affecting Matrix.

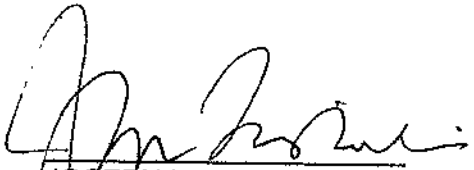
This Order shall be effective on October 15, 2012.


DATED: 10/4/12

BOARD OF PUBLIC UTILITIES
BY:

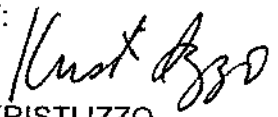

ROBERT M. HANNA
PRESIDENT

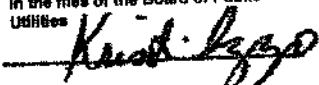

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST: 
KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities


**In The Matter Of The Verified Petition Of Matrix Telecom, Inc. For Approval To Participate
In Certain Financing Arrangements**

Docket No. TF12060503

SERVICE LIST

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