



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

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION)
OF MATRIX TELECOM, INC. AND IMPACT TELECOM,)
INC. FOR APPROVAL OF THE TRANSFER OF)
CONTROL OF MATRIX TELECOM, INC. AND TO)
CLARIFY A PRIOR APPROVAL FOR MATRIX TO)
PARTICIPATE IN CERTAIN FINANCING)
ARRANGEMENTS)

ORDER

DOCKET NO. TM13020157

Parties of Record:

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

BY THE BOARD:

On February 22, 2013, Matrix Telecom, Inc., ("Matrix") and Impact Telecom, Inc. ("Impact") (collectively, the "Petitioners"), by their counsel and pursuant to N.J.S.A. 48:2-51.1(a), N.J.S.A. N.J.S.A. 48:3-7, 48:3-10 and N.J.A.C. 14:1-5.14(b) filed a verified Petition with the New Jersey Board of Public Utilities ("Board") requesting Board approval to consummate a transaction whereby Impact will acquire control of Matrix. In addition, Matrix is also requesting the Board to clarify that Matrix may rely on the Board's previous approval to participate in certain financing arrangements. Following the consummation of proposed transactions, Matrix will continue to provide service to customers in New Jersey at the same rates terms and conditions.

BACKGROUND

Matrix, a Texas corporation, with principal offices located in Irving, Texas is a competitive service provider of integrated communications services including local, 1+ long distance and toll-free voice services, frame relay and point-to-point transmission services primarily to enterprise customers in all 50 states and the District of Columbia. Matrix received its authority to provide local exchange services in New Jersey on April 13, 2007. See I/M/O The Petition Of Matrix Telecom, Inc. D/B/A Matrix Business Technologies for a Certificate of Public

Convenience and Necessity to Provide Local Exchange Telecommunications Services Within the State of New Jersey, Docket No. TE06120898. Additional information and qualifications of Matrix can be found in that Order.

Impact is a Nevada corporation with principal offices located in Greenwood Village, Colorado. According to the petition, Impact is a telecommunications provider that operates fully redundant facilities in major carrier hotels in New York City, Los Angeles, Atlanta, Philadelphia and Dallas. Impact offers multiple interconnection options including Private Ethernet, DS-3, and public Internet over low-latency, multi-vendor, tier-one IP backbone. Impact currently provides services to carriers and does not serve retail end users at this time. In New Jersey, Impact operates as a reseller. Petitioners aver that Impact has the technical and management qualifications to acquire control of Matrix. The petition included management biographies for the Company's management team that describes the various telecommunications backgrounds of the team members. (Petition at Exhibit A)

DISCUSSION

According to the petition, on February 15, 2013, Impact, and EnergyTRACS Acquisition Corp., a Delaware Corporation, and MTAC Holding Corporation, a Delaware corporation, ("parent") the corporate parents of Matrix, entered into a stock purchase agreement (Agreement). Pursuant to the Agreement, Impact will acquire control of Parent, and indirectly Matrix. Petitioners therefore are requesting approval for the transfer of the indirect transfer of Matrix to Impact. Petitioners point out that following the proposed transaction, Matrix will continue to offer service under the same rates, terms and conditions and therefore, the proposed will be seamless and virtually transparent to New Jersey customers.

Petitioners note that Matrix obtained Board approval in Docket No. TF12060503 effective October 15, 2012 to enter into a financing of up to \$40 million with a maturity of up to five years pledging its assets as security. At that time Matrix intended to rely on this financing to refinance existing indebtedness, provide funds for working capital and for other corporate purposes. In this current filing Matrix is requesting that the authority that was granted in the October approval remain valid in the current change of control. The uses for the funds have been more clearly defined to allow for funding of the acquisition in the amount of \$22.5 million secured lien facility as well as a revolving facility of \$7 million.¹ The company points out that this amount is less than the amount previously approved by the Board, and will have similar terms. Matrix seeks confirmation that it may rely on the Board's previous approval to participate in this financing. The financing is expected to yield financial benefits that will ultimately inure to the benefit of the Petitioners' customers and to the public interest.

In evaluating this petition, the Board must be satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1; N.J.A.C. 14:1-5.14(c). Also, under N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board is required to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its employees. Petitioners have indicated that they do not have any employees in New Jersey.

¹ On March 1, 2013 Petitioners submitted a letter to the Board indicating that the amount of the revolving loan facility will be \$7 million, not the \$1 million referenced in the Petition.

The Petitioners state that the transactions described herein will serve the public interest by enabling Matrix to continue to provide service to its customers without interruption and without any change in rates, terms or conditions.

FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since Petitioner's New Jersey customers will continue to receive the same services at the same rates and under the same terms and conditions. Also, the Board is satisfied that positive benefits will flow to customers based on the record presented by Petitioners as the transaction will strengthen Petitioner's competitive posture in the telecommunications market due to its access to additional resources.

Accordingly, the Board **FINDS** that the proposed transactions will have no material impact on the rates of current customers, or on employees. The Board also **FINDS** that the transactions will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **FINDS** that the proposed transactions are in accordance with the law and in the public interest. The Board **HEREBY APPROVES** the request by Petitioners for the transactions and **HEREBY ORDERS** that Petitioners shall notify the Board of the closing of the proposed transaction within 7 days of consummation.

After review, the Board **FINDS** that the proposed financing transaction is consistent with the applicable law and is in the public interest. The Board therefore, approves the purposes thereof.

This Order is subject to the following provisions.

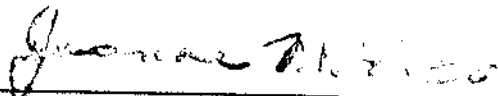
1. This Board's approval is expressly limited to the financing described herein and as more fully described in the Petition and supporting documents.
2. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Matrix.
3. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions 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 be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.

5. The authority related to the financing in this order shall expire December 31, 2013.


DATED: 4/29/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER



JOSEPH L. FIORDALISO
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



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IMPACT TELECOM, INC. FOR APPROVAL OF THE TRANSFER OF CONTROL OF MATRIX
TELECOM, INC. AND TO CLARIFY A PRIOR APPROVAL FOR MATRIX TO PARTICIPATE IN
CERTAIN FINANCING ARRANGEMENTS
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