

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
MATRIX TELECOM, INC. and STARTEC)
GLOBAL OPERATING COMPANY)
For a Waiver or Approval of Certain)
Financing Arrangements and a Pro)
Forma Reorganization)

DOCKET NO. 2007-0317

DECISION AND ORDER NO. 23914

Filed Dec. 20, 2007
At 11 o'clock A.M.

Karen Higashi
Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

Karen Higashi

DIV. OF COMM. AFFAIRS & VOCACY
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DECISION AND ORDER

By this Decision and Order, the commission waives the requirements of Hawaii Revised Statutes ("HRS") §§ 269-7(a), 269-17 and 269-19 and Hawaii Administrative Rules ("HAR") §§ 6-61-101 and 6-61-105, to the extent applicable, with respect to MATRIX TELECOM, INC. ("Matrix") and STARTEC GLOBAL OPERATING COMPANY's ("Startec") (collectively, "Applicants") request to waive the commission's investigatory and approval requirements for certain financing arrangements and an internal corporate reorganization ("Proposed Transactions") or, in the alternative, approve the Proposed Transactions.

I.

Background

A.

Application

On September 17, 2007, Applicants filed a joint application ("Application") seeking an expedited commission decision waiving the requirements of HRS §§ 269-7(a), 269-17

and 269-19, or, in the alternative, approval of the Proposed Transactions.¹ According to Applicants, Matrix, Startec and Americatel Corporation ("Americatel") seek to refinance a certain existing credit agreement with an amended restated credit agreement, which will maintain the existing obligations of Matrix and Americatel under the current credit agreement and provide additional term loans to permit Startec and certain of its affiliates to refinance their current obligations under their existing term loan. Under the financing arrangement, Matrix, Startec and Americatel will become jointly and severally liable as co-borrowers and will pledge their assets as collateral for the debt. In preparation for the new financing arrangement, Startec will engage in a minor corporate reorganization resulting in a change of control of Startec.

Applicants state that the Proposed Transactions will serve the public interest by enabling Applicants to better utilize their available funds to introduce new services, expand into new markets, and promote competition among telecommunications carriers. In addition, Applicants state that the Proposed Transactions will be transparent to consumers, will not change Applicants' ownership, management, or day-to-day operations in Hawaii, and will not require any changes in rates, terms or conditions of service.

¹Applicants served copies of the Application on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), an ex officio party to this proceeding.

B.

Consumer Advocate's Statement of Position

On November 16, 2007, the Consumer Advocate filed its statement of position in which it states that it does not object to the requested waiver or, in the alternative, approval of the Proposed Transactions.

II.

Discussion

HRS § 269-16.9 allows the commission to waive regulatory requirements applicable to telecommunications providers if it determines that competition will serve the same purpose as public interest regulation. Specifically, HAR § 6-80-135 permits the commission to waive the applicability of any of the provisions of HRS ch. 269 or any rule, upon a determination that a waiver is in the public interest.

In this docket, we find, at this time, that Applicants are non-dominant carriers in the State. We also find that the Proposed Transactions are consistent with the public interest, and that competition, in this instance, will serve the same purpose as public interest regulation. Thus, the commission concludes that the requirements of HRS § 269-7(a), 269-17 and 269-19 should be waived, to the extent applicable, with regards to the matters in this docket, pursuant to HRS § 269-16.9 and HAR § 6-80-135.² Similarly, based on these findings and conclusions

²The commission will continue to examine each application or petition and make determinations on a case-by-case basis as to whether the applicable requirements of HRS §§ 269-7(a), 269-17 or

stated above, we will also waive the provisions of HAR §§ 6-61-101 and 6-61-105, to the extent that the Application fails to meet any of these filing requirements.

III.

Orders

THE COMMISSION ORDERS:

1. The requirements of HRS §§ 269-7(a), 269-17 and 269-19, to the extent applicable, are waived with respect to the Proposed Transactions, described in the Application filed on September 17, 2007.

2. The filing requirements of HAR §§ 6-61-101 and 6-61-105, to the extent applicable, are also waived.

269-19 should be waived. Thus, our waiver in this instance should not be construed by any public utility, including Applicants, as a basis for not filing an application or petition regarding similar transactions that fall within the purview of these statutes.

DONE at Honolulu, Hawaii

DEC 20 2007

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso
Carlito P. Caliboso, Chairman

By John E. Cole
John E. Cole, Commissioner

By Leslie H. Kondo
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:

Stacey Kawasaki Djou
Stacey Kawasaki Djou
Commission Counsel

2007-0317.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23914 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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Certificate of Service

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DATED: DEC 20 2007