

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6593

Joint Petition of VarTec Telecom, Inc., VarTec Telecom)
Holding Company, Teleglobe Holdings Corporation,)
Excel Telecommunications Inc., eMeritus Communications,)
Inc., and Long Distance Wholesale Club, Inc., for)
Approval of a Transfer of Control)

Order entered: 1/4/2002

I. INTRODUCTION

On November 9, 2001, VarTec Telecom, Inc. ("VarTec"), VarTec Telecom Holding Company ("VTHC"), Teleglobe Holdings Corporation ("Teleglobe"), Excel Telecommunications, Inc. ("Excel"), eMeritus Communications, Inc. ("eMeritus"), and Long Distance Wholesale Club, Inc. ("LDWC") (collectively "Petitioners") jointly filed a Telecommunications Merger and or Acquisition Request for Approval Form ("Petition") with the Vermont Public Service Board ("Board"), pursuant to 30 V.S.A. § 107, for approval of a transfer of control of Excel, eMeritus, and LDWC from Teleglobe to VarTec.

On December 5, 2001, the Vermont Department of Public Service ("Department") filed a letter with the Board recommending the Board approve the transfer of control because the proposed transaction would not detrimentally impact Vermont consumers or cause them inconvenience or confusion. The Department further recommended the Board approve the petition without further investigation or hearing.

The Board has reviewed the Petition and the accompanying documents and agrees that approval should be granted without hearing.

II. FINDINGS OF FACT

Based upon the Petition and accompanying documents, we hereby make the following findings of fact.

1. VarTec is an intrastate long distance carrier headquartered in Dallas, Texas. VarTec is authorized to provide telecommunications services in Vermont pursuant to a Certificate of Public Good granted by the Board on October 10, 1995 (CPG No. 191). VTHC is a wholly-owned subsidiary of VarTec. Petition at 1.

2. Excel, eMeritus, and LDWC are direct or indirect wholly-owned subsidiaries of Excel

Communications, Inc. which is in turn a wholly-owned subsidiary of Teleglobe, and are authorized to provide telecommunications services in Vermont. Excel was originally granted CPG No. 113 on April 12, 1993. eMeritus was originally granted CPG No. 182 on May 21, 1996. LDWC was granted CPG No. 252 on September 19, 1996. Neither Excel Communications, Inc. nor Teleglobe is currently certificated to provide telecommunications services in Vermont. Petition at 1.

3. Pursuant to a Stock Purchase Agreement ("Agreement") dated August 26, 2001, VTHC has agreed to acquire from Teleglobe all of the authorized capital stock of Excel Communications, Inc. This transaction will result in a change of the ultimate corporate parent of eMeritus, LDWC and Excel from Teleglobe to VarTec. Petition at 1-2.

4. Following the transaction, eMeritus, LDWC and Excel will continue to operate under their respective current names and tariffs. Accordingly, the transfer of control will not cause any inconvenience for Vermont consumers. Petition at 2-4.

5. The proposed transaction should result in significant economic, service, and marketing efficiencies, thus enhancing the ability of the Petitioners to offer competitively priced services in the Vermont telecommunications marketplace and, thus, promoting the public interest. Petition at 4-5.

III. DISCUSSION

The proposed transaction requires Board approval under 30 V.S.A. § 107, which applies to a direct or indirect acquisition of a controlling interest in a Vermont utility.¹ Under Section 107, a "controlling interest" is defined as 10% or more of the outstanding voting securities of a company. Section 107 requires a finding that the transfer of control will promote the public good. This standard is met in this case. The proposed transaction will promote the public good, because the transfer of control of eMeritus, Excel, and LDWC from Teleglobe to VarTec will allow these companies access to greater financial resources, thus allowing them to operate in a more flexible manner. In the competitive arena of telecommunications, the overall effect of this transfer may promote more customer choice in terms of services, with stronger competitors in the Vermont telecommunications market. It should also be noted that the transfer of control will not have an adverse impact on Vermont consumers as eMeritus, Excel, and LDWC will continue to operate according to their respective present authority.

1. Approval under 30 V.S.A. §§ 231 and 311 is not required because the current holders of the Certificates of Public Good will continue to be the entities providing telecommunications service in Vermont.

For all of the above reasons, the proposed transfer of control of eMeritus, Excel, and LDWC should be approved.

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The transfer of control of Excel Telecommunications, Inc., eMeritus Communications, Inc., and Long Distance Wholesale Club, Inc. from Teleglobe Holdings Corporation to VarTec Telecom, Inc., is approved.
2. Petitioners shall file a letter notifying the Board of the completion of the transaction within one week of such completion.

DATED at Montpelier, Vermont, this 4th day of January, 2002.

<u>s/Michael H. Dworkin</u>)	PUBLIC SERVICE
)	
)	
<u>s/David C. Coen</u>)	BOARD
)	
)	
<u>s/John D. Burke</u>)	OF VERMONT

OFFICE OF THE CLERK

Filed: January 4, 2002

Attest: s/Susan M. Hudson

Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us).

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.

