

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6732

Petition of Lockheed Martin Global )  
Telecommunications Services, Inc. for Approval )  
of an Indirect Transfer of Control )

Order entered: 8/28/2002

**I. INTRODUCTION**

This case involves a Telecommunications Merger and/or Acquisition Request for Approval Form ("Petition") filed on July 1, 2002, by Lockheed Martin Global Telecommunications Services, Inc. ("Lockheed" or "Petitioner") requesting authority from the Vermont Public Service Board ("Board") for approval under 30 V.S.A. § 107, of an indirect transfer of control of Lockheed.

On August 2, 2002, the Vermont Department of Public Service ("Department") submitted a letter to the Board indicating that the Department had no objection to the transfer of control. The Department noted that the transaction would not detrimentally impact consumers and should not cause them inconvenience or confusion. Further, the Department had no objection to the issuance of an order without hearing or further investigation, as provided under 30 V.S.A. § 107.

**II. FINDINGS OF FACT**

Based upon the petition and accompanying documents, the Board makes the following findings of fact.

1. Lockheed is authorized to provide telecommunications service in Vermont pursuant to CPG No. 628-R, issued on March 14, 2001. Petition at 1.
2. Lockheed is the direct wholly-owned subsidiary of Lockheed Martin Global Telecommunications, Inc. ("LMGT"). Lockheed and LMGT are both indirect wholly-owned subsidiaries of Lockheed Martin Corporation ("LMC"). Petition at 2.
3. The proposed corporate restructuring will eliminate LMGT as an intervening subsidiary of LMC. The transaction would involve the transfer of one hundred percent (100%)

of LMGT's outstanding stock from LMGT to LMC. Lockheed would continue to operate in Vermont as an indirect wholly-owned subsidiary of LMC. Petition at 2.

4. The proposed transaction will not result in any changes to the rates or service offerings of Lockheed. Accordingly, the transaction will be transparent to Lockheed's customers. Petition at 3.

5. Completion of the proposed transaction will serve the public interest in that it will allow Lockheed to achieve greater operating efficiencies. This will in turn enable Lockheed to provide improved service offerings at increasingly competitive terms and conditions. Petition at 3.

### **III. CONCLUSIONS OF LAW AND 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.<sup>1</sup> 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 indirect transfer of control of Lockheed will allow Lockheed to achieve greater operating efficiencies, thus allowing the company 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 Lockheed will continue to operate according to their present authority.

For all of the above reasons, the proposed indirect transfer of control of Lockheed should be approved.

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

**IV. ORDER**

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

1. The indirect transfer of control of Lockheed Martin Global Telecommunications Services, Inc. is approved.
2. Petitioner shall file a letter notifying the Board of the completion of the transaction within one week of such completion.

DATED at Montpelier, Vermont, this 28<sup>th</sup> day of August, 2002.

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

OFFICE OF THE CLERK

Filed: August 28, 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.*