

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6762

Petition of Global Crossing Ltd. and GC                    )  
Acquisition Limited for Approval of an Indirect        )  
Transfer of Control    )

Order entered: 10/24/2002

**I. INTRODUCTION**

This case involves a Telecommunications Merger and/or Acquisition Request for Approval Form ("Petition") filed on September 23, 2002, by Global Crossing Ltd. ("GCL") and GC Acquisition Limited ("GX") (jointly the "Petitioners") requesting authority from the Vermont Public Service Board ("Board") for approval under 30 V.S.A. § 107, of an indirect transfer of control of GCL's five Vermont operating subsidiaries ("Vermont-Licensed Subsidiaries").<sup>1</sup>

On October 11, 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. Budget Call Long Distance, Inc. ("Budget Call") is authorized to provide telecommunications service in Vermont pursuant to CPG No. 177, issued on March 9, 1995. Budget Call is a subsidiary of GCL. Petition at 1.

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1. GCL's five Vermont operating subsidiaries are: Budget Call Long Distance, Inc.; West Coast Communications, Inc.; Global Crossing North American Networks, Inc.; Global Crossing Telecommunications, Inc.; and Global Crossing Telemanagement, Inc.

2. West Coast Communications, Inc. ("GC Bandwidth") is authorized to provide telecommunications service in Vermont pursuant to CPG No. 136, issued on May 9, 1994. GC Bandwidth is a subsidiary of GCL.<sup>2</sup> Petition at 2.
3. Global Crossing North American Networks, Inc. ("GCNAN") is authorized to provide telecommunications service in Vermont pursuant to Board Order in Docket No. 5741, issued on November 8, 1994.<sup>3</sup> GC Bandwidth is a subsidiary of GCL. Petition at 2.
4. Global Crossing Telecommunications, Inc. ("GCTI") is authorized to provide telecommunications service in Vermont pursuant to CPG No. 204, issued under the name Allnet Communications Services, Inc., on October 10, 1995.<sup>4</sup> GCTI is a subsidiary of GCL. Petition at 2.
5. Global Crossing Telemanagement, Inc., ("GC Telemanagement") is authorized to provide telecommunications service in Vermont pursuant to Board Order in Docket No. 6104 under the name Frontier Telemanagement, Inc., on July 7, 1999.<sup>5</sup> GC Telemanagement is a subsidiary of GCL. Petition at 2.
6. GCL is a global telecommunications company organized under the laws of Bermuda. On January 28, 2002, GCL filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code. GCL is not currently authorized to provide telecommunications service in Vermont. Petition at 1 and Exhibit A.
7. GX is a newly-formed company organized under the laws of Bermuda for the purpose of carrying out the proposed transaction described in the Petition. GX is not currently authorized to provide telecommunications service in Vermont. Petition at 1 and Exhibit A.
8. Pursuant to a Purchase Agreement between GCL and GX, GCL will transfer substantially all its assets, including its ownership interests in the Vermont-Licensed Subsidiaries, to GX. Upon completion of the proposed transaction, GCL will relinquish all of its

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2. While the Petition states that GC Bandwidth changed its name to Frontier Communications of the West, Inc., we note that the Docket (No. 5878) concerning the name change request was closed on August 31, 2000, for lack of response on the part of the petitioner and, therefore, the name change was never approved.

3. GCNAN was originally authorized to provide service under the name Frontier Communications International, Inc. The name change to GCNAN was approved in Docket No. 6438 on November 8, 2000.

4. GCTI's name change was approved in Docket No. 6367 on June 22, 2000.

5. GC Telemanagement's name change was approved in Docket No. 6368 on May 19, 2000.

equity and voting power in GX. GX will become the new ultimate parent of the Vermont-Licensed Subsidiaries. The Vermont-Licensed Subsidiaries will continue to operate in Vermont as indirect wholly-owned subsidiaries of GX. Petition at Exhibit A.

9. The proposed transaction should not result in any changes to the rates or service offerings of the Vermont-Licensed Subsidiaries. Accordingly, the transaction will be transparent to the Vermont-Licensed Subsidiaries' respective customers. Petition at 3.

10. Completion of the proposed transaction will serve the public interest in that it will allow for the continued financial viability of the Vermont-Licensed Subsidiaries. This will in turn enable the Vermont-Licensed Subsidiaries to provide improved service offerings at increasingly competitive terms and conditions. Petition at Exhibit A.

### **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>6</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 the Vermont-Licensed Subsidiaries will allow the Vermont-Licensed Subsidiaries continued financial viability. 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 the Vermont-Licensed Subsidiaries will continue to operate according to their respective present authority.

For all of the above reasons, the proposed indirect transfer of control of the Vermont-Licensed Subsidiaries should be approved.

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6. 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 Budget Call Long Distance, Inc., West Coast Communications, Inc., Global Crossing North American Networks, Inc., Global Crossing Telecommunications, Inc., and Global Crossing Telemanagement, 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 24<sup>th</sup> day of October, 2002.

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

OFFICE OF THE CLERK

Filed: October 24, 2002

Attest: s/Judith C. Whitney

Deputy 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.*