

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6888

Joint Petition of Columbia Ventures)
Broadband LLC, and CTC Communications)
Corp., for Approval of a Transfer of Control)

Order entered: 10/30/2003

I. INTRODUCTION

On August 19, 2003, Columbia Ventures Broadband LLC ("CV Broadband") and CTC Communications Corp. ("CTC") (jointly the "Petitioners"), filed a Telecommunications Merger and or Acquisition Request for Approval Form ("Petition") requesting authority from the Vermont Public Service Board ("Board"), pursuant to 30 V.S.A. § 107, for approval of a transfer of control of CTC to CV Broadband.

On October 15, 2003, 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. CTC was issued a Certificate of Public Good to provide intrastate telecommunications services in Docket No. 6023 on April 2, 1998. Petition at 1.

2. CV Broadband is a limited liability company organized and existing under the laws of the State of Washington. Petition at Attachment p. 1.

3. Since October 3, 2002, CTC Communications Group, Inc., the parent corporation of CTC, has been operating under the protection of the U.S. Bankruptcy Code in a case pending in the Bankruptcy Court for the District of Delaware. As part of its planned emergence from bankruptcy and pursuant to a series of financing transactions, CV Broadband will acquire the

common stock of CTC Communications Group, Inc., as reorganized pursuant to Chapter 11 of the U. S. Bankruptcy Code. Petitioners have entered into an Investment Agreement which will result in CTC Communications Group, Inc. becoming a wholly-owned subsidiary of CV Broadband. CTC will, therefore, become an indirect wholly-owned subsidiary of CV Broadband. Petition at Attachment pp. 1-2, 7-8.

4. CTC will continue to operate under its current name and tariff. Accordingly, the transfer will not cause any inconvenience for Vermont consumers. Petition at Section II.

5. The proposed transaction will promote the public interest by allowing CTC greater access to capital, thereby enhancing CTC's ability to compete in the telecommunications market and ensuring the continued existence telecommunications competition in Vermont. Petition at Attachment p. 11.

III. DISCUSSION

The proposed transaction requires approval by the Board under 30 V.S.A § 107. This statute conditions approval of a proposed transfer of control upon findings that the transfer of control will promote the public good (30 V.S.A § 107). This standard is met in this case.

Under 30 V.S.A. § 107(a), "[n]o company shall directly or indirectly acquire a controlling interest in any company subject to the jurisdiction of the [Board] . . . without the approval of the [Board]." "Controlling interest" is defined as "ten percent or more of the outstanding voting securities of a company" or such other interest as the Board determines "to constitute the means to direct or cause the direction of the management or policies of a company." 30 V.S.A. § 107(c)(1).¹ In order to approve the acquisition of such a controlling interest, the Board must first find that it will "promote the public good." 30 V.S.A. § 107(b).

After reviewing the Petition, we conclude that 30 V.S.A. § 107 applies because the transaction contemplated will result in CTC becoming a wholly-owned subsidiary of CV Broadband, resulting in the indirect transfer of controlling interest of CTC. We further conclude that the transfer of control will not affect the services that CTC currently provides to customers in Vermont. CTC will continue to operate under its current name and tariff. The proposed

1. The statute also provides that "[t]he presumption that ten percent or more of the outstanding voting securities of a company constitutes a controlling interest may be rebutted by a company under procedures established by the board by rule." 30 V.S.A. § 107(c)(1).

transaction will also allow CTC greater access to capital, which may, in turn, result in enhanced competition among providers of telecommunications services in Vermont. The resulting transfer of control, therefore, will promote the public good. For all of these reasons, we conclude that the proposed transaction meets the standards set forth in 30 V.S.A. § 107 and should be approved.

IV. CONCLUSIONS

The transfer of control of CTC should be approved because the transaction will promote the public good of the State of Vermont and will not result in obstructing or preventing competition. 30 V.S.A. § 107(b).

V. 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 CTC Communications Corp., will promote the public good and, therefore, 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 30th day of October, 2003.

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

OFFICE OF THE CLERK

Filed: October 30, 2003

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.