

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6898

Petition of The Helicon Group, L.P., doing business)
in Vermont as "Charter Communications," pursuant)
to 30 V.S.A. § 107, for approval of the its indirect)
acquisition by CCH I, LLC, CCH II, LLC, CCO)
Holdings, LLC, and a fourth entity to be organized)

Order entered: 12/19/2003

I. INTRODUCTION

This case involves a petition filed on September 18, 2003, by The Helicon Group, L.P., which does business in Vermont as "Charter Communications" (referenced herein as "Helicon Group"), for itself and on behalf of (1) an entity to be organized (referenced herein as "NewCo"), a limited-liability company to be organized under the laws of the State of Delaware, and (2) CCH I, LLC, CCH II, LLC, and CCO Holdings, LLC, all of which are limited-liability companies organized under the laws of the State of Delaware (and referenced collectively herein as the "Financing Entities"), seeking Vermont Public Service Board ("Board") approval, under 30 V.S.A. § 107, of transactions whereby each of the Financing Entities has indirectly acquired and NewCo will indirectly acquire a "controlling interest" in Helicon Group within the meaning of Section 107 of Title 30 of the Vermont Statutes Annotated.

On November 10, 2003, 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. Further, the Department also had no objection to the issuance of an order without hearing or further investigation, as provided under 30 V.S.A. § 107.

II. FINDINGS

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

1. Helicon Group owns and operates a "cable television system" within the meaning of Section 501(2) of Title 30, Vermont Statutes Annotated, therefore is a "company" within the meaning of Section 501(3) thereof, and accordingly is subject to the Board's jurisdiction under Section 502 thereof. Pet. at 1.

2. Helicon Group is controlled directly or indirectly by a series of holding companies and one individual the names of which are shown on Exhibit 1 to this Order (except that Charter Communications Holding Company, LLC (referenced herein as "Holding Company"), has not yet acquired NewCo, and, similarly, NewCo has not yet acquired Charter Communications Holdings, LLC. Pet. at 2.

3. Holding Company organized the Financing Entities and contemplates the organization of NewCo to provide it with the flexibility to undertake certain financial transactions, including but not limited to the refinancing of debt that closed on September 23, 2003. *Id.*

4. Each of the Financing Entities indirectly has acquired and NewCo indirectly will acquire a "controlling interest" in Helicon Group within the meaning of Section 107 of Title 30 (referenced herein collectively as the "Acquisitions"). *Id.*

5. None of the Acquisitions constitute the acquisition of a "controlling interest" in a cable-television company within the meaning of Section 515 thereof. *Id.*

6. The Acquisitions are a technical, corporate reorganization related to the refinancing of assets controlled directly or indirectly by Holding Company and will not change the ultimate controlling interests in Helicon Group that Holding Company, Charter Communications, Inc., and the entities controlled by Paul Allen have, as reflected on Exhibit 1. *Id.*

7. The Acquisitions are being undertaken, as well, to adjust the maturity dates of outstanding debt to better facilitate repayment by the entities that ultimately control Helicon Group. Pet. at 3.

8. The Acquisitions will be transparent to consumers and have no effect on competition. *Id.*

9. After the Acquisitions, Helicon Group will continue to provide services in accordance with its tariff and Certificate of Public Good without change. *Id.*

10. This internal restructuring, moreover, will not change and will have no effect on Helicon Group's management and operations staff. *Id.*

11. As such, the Acquisitions will promote the public good and should be approved by the Board. *Id.*

III. DISCUSSION AND CONCLUSIONS

The proposed transactions require Board approval under 30 V.S.A. § 107, which applies to a direct or indirect acquisition of a controlling interest in a Vermont utility.

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). 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).

This standard is met in this case. The proposed transactions will promote the public good because they will provide flexibility to the entities that ultimately control Helicon Group to refinance outstanding debt to better facilitate repayment. Moreover, the proposed transactions will be transparent to customer and will have no effect on competition. Helicon Group will continue to provide services in accordance with its tariff and Certificate of Public Good without change and with the same management and operations staff.

For all of the above reasons, the proposed indirect transfer of control of Helicon Group to CCH I, LLC, CCH II, LLC, CCO Holdings, LLC, and NewCo 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 indirect acquisition of control of The Helicon Group, L.P., d/b/a Charter Communications, by CCH I, LLC, CCH II, LLC, CCO Holdings, LLC, and an entity to be formed (referenced in this Order as "NewCo") will promote the public good of Vermont, and therefore is approved.

2. Petitioners shall file a letter notifying the Board of the completion of the proposed transactions within ten days of such completion.

Dated at Montpelier, Vermont, this 19th day of December, 2003.

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

OFFICE OF THE CLERK

FILED: December 19, 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.