

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6965

Joint Petition of Global Crossing Limited)
and Carso Global Telecom, S.A. de C.V. for)
Approval of an Indirect Transfer of Control)

Order entered: 7/21/2004

I. INTRODUCTION

On May 19, 2004, Global Crossing Limited (“Global Crossing”) and Carso Global Telecom, S.A. de C.V. (“Carso Global”) (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 an indirect transfer of control of Global Crossing’s Vermont operating subsidiaries.

On June 22, 2004, 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. Budget Call Long Distance, Inc. (“Budget”), is a wholly-owned subsidiary of Global Crossing. Budget was issued a Certificate of Public Good (CPG No. 177) to provide intrastate telecommunications services, on March 9, 1995. Petition at 1-2.

2. Frontier Communications of the West, Inc. (“Frontier”), is a wholly-owned subsidiary of Global Crossing. Frontier (under the name West Coast Telecommunications, Inc.) was issued a Certificate of Public Good (CPG No. 136) to provide intrastate telecommunications services,

on May 17, 1994. Petition at 1-2.

3. Global Crossing North American Networks, Inc. (“GCNAN”), is a wholly-owned subsidiary of Global Crossing. GCNAN (formerly known as Frontier Communications International, Inc.) was issued a CPG to provide intrastate telecommunications services, in Docket No. 5741, on November 8, 1994. Petition at 1-2.

4. Global Crossing Telecommunications, Inc. (“GCTI”), is a wholly-owned subsidiary of Global Crossing. GCTI (formerly known as Allnet Communications Services, Inc.) was issued a CPG in Docket No. 6367, on June 22, 2000, to provide intrastate telecommunications services. Petition at 1-2.

5. Global Crossing Telemangement, Inc. (“GC Telemangement”), is a wholly-owned subsidiary of Global Crossing. GC Telemangement (formerly known as Frontier Telemangement, Inc.) was issued a CPG to provide intrastate telecommunications services, in Docket No. 6368, on May 19, 2000. Petition at 1-2.

6. Carso Global and its affiliates under common ownership have recently begun acquiring Global Crossing’s voting securities on the open market. Carso Global estimates that these stock purchases will ultimately result in Carso Global and its affiliates owning between 10% and 20% of Global Crossing voting securities. Petition at 2.

7. Global Crossing’s Vermont operating subsidiaries will continue to operate under their respective current names and tariffs. Accordingly, the transfer will not cause any inconvenience for Vermont consumers. Petition at 2.

8. The proposed transaction will promote the public interest in that it will provide access to greater financial resources to Global Crossing and its Vermont operating subsidiaries, thereby enabling its operating subsidiaries to continue providing telecommunications service in Vermont. Petition at 4.

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 acquisition of between 10% and 20% of the stock of Global Crossing, by Carso Global and its affiliates will result in the transfer of controlling interest of Global Crossing and, thus, the indirect transfer of control of its Vermont operating subsidiaries. We further conclude that the transfer of control will not affect the services that these subsidiaries currently provide to customers in Vermont. Global Crossing's Vermont operating subsidiaries will continue to operate under their current respective names and tariffs. The proposed transaction will also allow Global Crossing and its subsidiaries increased access to financial resources. 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 indirect transfer of control of Global Crossing's Vermont operating subsidiaries 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 indirect transfer of control of Global Crossing's Vermont operating subsidiaries will promote the public good and, therefore, is approved.
2. Petitioners shall file a letter notifying the Board of the completion of the transaction

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).

within one week of such completion.

DATED at Montpelier, Vermont, this 21st day of July, 2004.

s/Michael H. Dworkin)
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s/David C. Coen)
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s/John D. Burke)

PUBLIC SERVICE

BOARD

OF VERMONT

OFFICE OF THE CLERK

Filed: July 21, 2004

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.