

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7062

Joint Petition of Lightship Holding, Inc. and)
CTC Communications Group, Inc., for)
Approval of a Transfer of Control)
)

Order entered: 5/11/2005

I. INTRODUCTION

On March 25, 2005, Lightship Holding, Inc. ("Lightship Parent") and CTC Communications Group, Inc. ("CTC Parent") (jointly referred to as the "Petitioners"), filed a Telecommunications Merger and/or Acquisition Request for Approval Form ("Application") requesting authority from the Vermont Public Service Board ("Board"), pursuant to 30 V.S.A. § 107, for approval of a transfer of control of a Vermont operating subsidiary resulting from a merger of Lightship Parent and CTC Parent.

On April 25, 2005, 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 Application, petition and accompanying documents, we hereby make the following findings of fact.

1. Lightship Telecom, LLC ("Lightship"), was issued a Certificate of Public Good ("CPG") to provide telecommunications services in Vermont on August 27, 1999, in Docket No. 6238. Lightship is a wholly-owned subsidiary of Lightship Parent. Application at 1 and Exh. A.

2. CTC Communications Corp. ("CTC"), was issued CPG No. 378 to provide telecommunications in Vermont on January 6, 1998. CTC is a wholly-owned subsidiary of CTC Parent. Application at 1 and Exh. A.

3. Pursuant to a proposed merger between Lightship Parent and CTC Parent, control of Lightship will be transferred from Lightship Parent to CTC Parent. The merger will result in Lightship becoming an indirect subsidiary of CTC Parent. CTC will remain a wholly-owned subsidiary of CTC Parent. Application at 1.

4. Following the transaction, both CTC and Lightship will continue to operate under their respective current names and tariffs. Accordingly, the transfer will not cause any inconvenience for Vermont consumers. Application at 2-3.

5. The proposed transaction will promote the public interest by allowing the combined organization to operate more efficiently, thereby enhancing the ability of the combined companies to compete in the telecommunications market and ensuring the continued existence of telecommunications competition in Vermont. Application at 3.

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).

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).

After reviewing the petition, we conclude that 30 V.S.A. § 107 applies because the holding company level transaction contemplated will result in the transfer of controlling interest of Lightship. We further conclude that the transfer of control will not affect the services that Lightship or CTC currently provide to customers in Vermont. Lightship will continue to offer service at the same rates, terms and conditions. The proposed transaction will also allow the combined companies to operate more efficiently, 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 Lightship 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 Lightship Telecom, LLC, will promote the public good and, therefore, 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 11th day of May, 2005.

<u>s/James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

Filed: May 11, 2005

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.