

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6245

Joint Petition of Zenex Long Distance,)
Inc., and Prestige Investments, Inc. for)
Approval of a Transfer of Control)
through a Stock Purchase Agreement)

Order entered: 11/15/99

I. INTRODUCTION

This case involves a petition filed on April 12, 1999, by Zenex Long Distance, Inc., ("Zenex"), certain shareholders of Zenex, and Prestige Investments, Inc. ("Prestige") (collectively the "Petitioners"), seeking Vermont Public Service Board ("Board") approval, pursuant to 30 V.S.A. § 107, of a stock purchase agreement whereby Prestige will acquire all of the issued and outstanding common stock and controlling interest in Zenex. As a result of the transaction, Zenex will become a wholly-owned subsidiary of Prestige.

On September 20, 1999, 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 of Zenex to Prestige. The Department noted that Zenex has provided information regarding consumer protection issues to the Department which meet with its satisfaction. 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 OF FACT

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

1. Prestige is an Oklahoma corporation headquartered at 821 S.W. 66th, Oklahoma City, Oklahoma 73139. Petition at 2.
2. Zenex is an Oklahoma corporation with principal offices at 3705 W. Memorial, Suite 101-A, Oklahoma City, Oklahoma 73134. Zenex has been a certified telecommunications reseller in Vermont since January 6, 1998 (CPG No. 289). Petition at 1.
3. Zenex and Prestige have determined that they will realize significant economic and marketing efficiencies by establishing Zenex as a wholly-owned subsidiary of Prestige. Accordingly, Zenex and Prestige have entered into a Stock Purchase Agreement ("Agreement") to

become effective pending all necessary approvals. Pursuant to the Agreement, Prestige will acquire all issued and outstanding shares of the common stock of Zenex. Petition at 2 - 3.

4. Following completion of the transaction, Zenex will become a wholly-owned subsidiary of Prestige. Zenex will continue to operate in all respects as it currently operates, pursuant to its present operating authority and tariff rate structure, and will continue to provide service to its current customers in Vermont as a wholly-owned subsidiary of Prestige. Accordingly, neither the name of, nor the terms and conditions of service offered by Zenex, will be affected by the transaction. The proposed transaction will simply change the corporate parent of Zenex. As such, the transaction should not cause inconvenience or confusion to Zenex's customers and in fact should be virtually transparent to such customers in terms of the services that they receive. Accordingly, the transaction should not have inconvenienced customers within the State of Vermont. Petition at 3.

5. Upon completion of the transaction, Zenex will continue to rely on its existing management and operations staff to provide service. Zenex will be able to draw upon the financial, marketing and technical expertise of its new parent company, Prestige. Petition at 4.

6. Prestige's acquisition of Zenex will allow it to pursue its marketing and business plans more effectively. Petition at 4.

7. Completion of the proposed transaction will serve the public interest in that it will promote competition among long distance carriers by providing Zenex with the opportunity to strengthen its competitive position and to pursue its marketing and business plans more effectively. Petition at 4.

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.¹ 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 Zenex will have access to a larger pool of managerial, technical and financial resources due to the relatively larger resources of its new owner, Prestige. In the competitive arena of telecommunications, the overall effect of this merger may promote more customer choice in terms of services, with stronger competitors in

1. Approval under 30 V.S.A. §§ 231 and 311 is not required because the current holder of the Certificate of Public Good, CFL, will continue to be the entity providing telecommunications service in Vermont.

the Vermont telecommunications market. It should also be noted that the transfer of control will not result in any rate increase to existing customers of Zenex.

For all of the above reasons, the proposed transfer of control of Zenex to Prestige, through their Stock Purchase Agreement, should be approved.

ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The acquisition of control through a stock purchase agreement of Zenex Long Distance, Inc. by Prestige Investments, Inc., is approved.

DATED at Montpelier, Vermont, this 15th day of November, 1999.

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

OFFICE OF THE CLERK

Filed: November 15, 1999

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 of any technical errors, in order that any necessary corrections may be made.

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.