

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6314

Joint Petition of The Associated Group and)
Liberty AGI, Inc. for Approval of a Transfer)
of Control of Teligent, Inc.)

Order entered: 12/20/99

I. INTRODUCTION

This case involves a petition filed on November 12, 1999, by The Associated Group, Inc. ("Associated") and Liberty AGI, Inc. ("LAGI") (jointly "Petitioners"), seeking Vermont Public Service Board ("Board") approval, under 30 V.S.A. § 107, of an indirect transfer of control of Teligent, Inc. ("Teligent") to LAGI.¹ The request is made pursuant to a proposed transaction, pursuant to which LAGI will acquire control of Associated, which holds approximately 39.5% equity interest in Teligent. As a result of the transaction, Teligent will become a subsidiary of LAGI.

On December 9, 1999, the Vermont Department of Public Service ("Department") submitted a letter to the Board indicating that the Department had no objection to the indirect transfer of control of Teligent to LAGI. The Department noted that the transaction did not appear to affect the services received by customers of Teligent and will, therefore, be transparent to its customers. 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.

1. On June 18, 1999, Teligent filed a petition in Docket No. 6232 requesting revocation of its CPG and issuance of a new CPG to Teligent Services, Inc. ("TSI"), a wholly-owned subsidiary. The petition was granted on 12/16/99 as a result of which Teligent's CPG was revoked and a new CPG was issued to TSI. Following the corporate reorganization described in Docket 6232, TSI will act as Teligent's operating company in Vermont.

II. FINDINGS OF FACT

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

1. Teligent is a Delaware corporation which was issued CPG No. 449 on February 2, 1999. Petition at 1-2.

2. Associated is a Delaware corporation which currently owns a 39.5% equity interest in Teligent. Petition at 2.

3. LAGI is a member of the Liberty Media Group, which is a tracking stock group of AT&T Corp. consisting principally of the assets and businesses of Liberty Media Corporation ("Liberty") and its subsidiaries, as well as certain indirect subsidiaries of AT&T Corp. ("AT&T"), including LAGI. Petition at 3.

4. Pursuant to an Agreement and Plan of Merger (the "Merger Agreement") by and among Associated, Liberty, AT&T, and a wholly-owned subsidiary of AT&T named A-Group Merger Corp. ("A-Group"), LAGI will, through a series of transactions including the merger of Associated with A-Group, acquire Associated, including Associated's 39.5% equity interest in Teligent. Petition at 4.

5. Following completion of the transaction, Associated will become a wholly-owned subsidiary of LAGI, which will acquire a minority stock interest in Teligent. Teligent will continue to operate in all respects as it currently operates, pursuant to present operating authority and tariff rate structure. Accordingly, neither the name of, nor the terms and conditions of service offered by Teligent, will be affected by the transaction. The proposed transaction simply changes the ultimate corporate parent of Associated, which is a minority shareholder in Teligent. As such, the transaction should not cause inconvenience or confusion to Teligent'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 inconvenience customers within the State of Vermont. Petition at 5-6.

6. Completion of the proposed transaction should serve the public interest in that it will promote competition among long distance carriers by providing Teligent with the opportunity to strengthen its management and ownership structure. Petition at 6.

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.² Pursuant to Section 107, "[n]o company shall directly or indirectly acquire a controlling interest in any company subject to the jurisdiction of the public service board, or in any company which, directly or indirectly has a controlling interest in such a company, without approval of the public service board." Under Section 107, a "controlling interest" is defined as ten percent or more of the outstanding voting securities of a company. Through the above described Merger Agreement, LAGI will acquire a greater than ten percent equity interest in Teligent, and therefore acquire a "controlling interest" in Teligent, a company subject to the jurisdiction of the Board. Section 107 also 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 Teligent will be able to strengthen its management and ownership structure. In the competitive arena of telecommunications, the overall effect of this transfer of control may promote more customer choice in terms of services, with stronger competitors in 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 Teligent.

For all of the above reasons, the proposed indirect transfer of control of Teligent to LAGI, through the mechanisms outlined in the Merger Agreement, should be approved.

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

IV. ORDER

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

1. The acquisition of control of Teligent, Inc. by Liberty AGI, Inc., is approved.
2. Petitioners shall notify the Board, within one week, upon completion of the transfer of control.

DATED at Montpelier, Vermont, this 20th day of December, 1999.

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

OFFICE OF THE CLERK

Filed: December 20, 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.