

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6336

Petition of Vitts Network, Inc. for approval        )  
of a Transfer of Control                                        )

Order entered: 1/28/2000

I. INTRODUCTION

This case involves a petition filed on December 8, 1999, by Vitts Network, Inc. ("Vitts" or "Petitioner") seeking Vermont Public Service Board ("Board") approval, under 30 V.S.A. § 107, of a transfer of control of Vitts to a newly formed holding company: Vitts Network Group, Inc. ("VNG"). The request is made pursuant to a holding company reorganization whereby all current holders of equity interests in Vitts will become holders of corresponding interests in VNG. As a result of the transaction, Vitts will become a wholly-owned subsidiary of VNG.

On January 20, 2000, 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 Vitts to VNG. The Department noted that the transaction did not appear to affect the services received by customers of Vitts or cause inconvenience or confusion to the customers of these subsidiaries, in that the rates and services offered do not appear to be affected by the transaction. 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. Vitts is a Delaware corporation authorized as a competitive local exchange telecommunications carrier by Board Order in Docket No. 6211 on April 29, 1999. Petition at 1.
2. VNG is a newly created holding company organized under the law of the State of Delaware. Petition at 2.

3. Vits and VNG have determined that they will realize significant economic and marketing efficiencies by establishing Vits as a wholly-owned subsidiary of VNG. Accordingly, they entered into a holding company reorganization whereby all of the holders of equity interests in Vits will exchange their interests for corresponding equity interests in VNG. Petition at 1.

4. Following completion of the transaction, Vits will become a wholly-owned subsidiary of VNG. Vits will continue to operate in all respects as it currently operates, pursuant to present operating authority and tariff rate structure, and will continue to provide service to current customers in Vermont as a subsidiary of VNG. Accordingly, neither the name of, nor the terms and conditions of service offered by Vits, will be affected by the transaction. The proposed transaction simply changes the ultimate corporate parent of Vits. As such, the transaction should not cause inconvenience or confusion to Vits' 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 1.

5. Vits' reorganization into a holding company structure will allow it to provide increased flexibility in the operation of its business. Petition at 1.

6. Completion of the proposed transaction will serve the public interest in that it will promote competition among long distance carriers by providing Vits with the opportunity to strengthen its competitive position and to pursue its marketing and business plans more effectively. Petition at 1.

### 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.<sup>1</sup> 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 Vits' reorganization will allow the Petitioner to operate in a more flexible manner. In the competitive arena of telecommunications, the overall effect of this merger may promote more customer choice in terms of services, with stronger

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

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 Vitts.

For all of the above reasons, the proposed transfer of control of Vitts to VNG, through the holding company reorganization, 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 of Vitts Networks, Inc. by Vitts Network Group, Inc. is approved.
2. Petitioner shall notify the Board, within one week, upon completion of the transfer of control.

DATED at Montpelier, Vermont, this 28<sup>th</sup> day of January, 2000.

s/Michael H. Dworkin )  
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s/Suzanne D. Rude )  
 )  
s/David C. Coen )

PUBLIC SERVICE  
 BOARD  
 OF VERMONT

OFFICE OF THE CLERK

Filed: January 28, 2000

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.*