STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6341

Petition of CoreComm Vermont, Inc. for	)
Approval of Agreement of Sale, Granting of	)
Certificate of Public Good, and Revocation	)
of Certificate of Public Good	)

Order entered: 5/26/2000

INTRODUCTION

On November 15, 1999, CoreComm Vermont, Inc. ("CoreComm VT") filed a petition ("Petition") on behalf of itself and USN Communications, Inc. ("USNC") requesting authority from the Vermont Public Service Board ("Board"), pursuant to 30 V.S.A. §§ 109 and 231, for approval of (1) a sale and transfer of assets of USN Communications Long Distance, Inc. ("USNC-LD"), the Vermont operating subsidiary of USN, to CoreComm Limited ("CoreComm"), CoreComm VT's ultimate parent company; (2) revocation of USNC-LD's Certificate of Public Good ("CPG") to provide telecommunications services in Vermont; and (3) issuance of a CPG to provide telecommunications services in Vermont to CoreComm VT.

On April 6, 2000, the Vermont Department of Public Service ("Department") filed a letter with the Board recommending the Board approve the petition conditioned on CoreComm VT filing a tariff similar to the USNC-LD tariff currently on file with the Board within 30 days of the issuance of a Board order approving the transaction.[1] The Department's letter stated that the transactions described in the Petition should not cause inconvenience or confusion to Vermont customers of USNC-LD and will be transparent in terms of services they receive. Further, the Department recommended the transactions described in the Petition be approved by the Board without hearing or further investigation.

The Board has reviewed the Petition and the accompanying documents and agrees that approval should be granted without hearing.

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1. USNC-LD entered into the above described transactions prior to filing the required amended tariff to reflect a name change pursuant to the Board's Order in Docket No. 6190, consequently the current tariff on file with the Board still reflects USNC-LD's previous name: United Telecom of America.

FINDINGS OF FACT

Based upon the Petition and accompanying documents, we hereby make the following findings of fact.

1. CoreComm VT, a Delaware corporation, is an indirect, wholly owned subsidiary of CoreComm. CoreComm VT has received a Certificate of Authority to transact business in Vermont. In addition, CoreComm VT should have the financial, managerial and technical ability to provide telecommunications services in Vermont. Petition at 2 and Exhibits 1, 2 and 3.

2. USNC-LD is a wholly -owned subsidiary of USNC incorporated in Delaware. USNC-LD received a Certificate of Public Good to operate as a telecommunications carrier on February 16, 2000. CPG No. 228 was originally issued to United Telecom of America and later amended (Docket No. 6190) on February 16, 2000, to reflect a name change to USNC-LD. Petition at 1 and 3.

3. On February 19, 1999, USNC and CoreComm executed an Asset Purchase Agreement ("Agreement") under which CoreComm agreed to acquire substantially all of USNC's assets and subsidiaries. The Agreement provided that CoreComm would then transfer those assets to its operating subsidiaries in the respective states. Thus, the assets of USNC-LD will be sold to CoreComm and subsequently transferred to CoreComm VT. As a result of the sale of assets and subsequent transfer, USNC-LD will no longer operate as a telecommunications provider in Vermont and consequently requests revocation of its CPG. In addition, CoreComm VT requests issuance of a CPG to provide services to USNC-LD customers under the terms and conditions of United Telecom of America's current tariff in Vermont. USNC-LD has informed its customers in Vermont of the transaction between USNC and CoreComm. Petition at 5-6.

4. Concurrently with the execution of the Agreement on February 19, 1999, USNC and twelve of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101, in the United States Bankruptcy Court for the District of Delaware. With their Chapter 11 petitions, USNC and its subsidiaries filed a motion for the Bankruptcy Court's approval of the sale of their assets to CoreComm. On April 2, 1999, the Bankruptcy Court approved USNC's motion for authorization of the proposed sale to CoreComm. Petition at 5.

5. Following Board approval of the transaction, CoreComm VT will continue serving current customers of USNC-LD under existing service arrangements pursuant to the terms and conditions of United Telecom of America's tariff. Accordingly, the transaction should be virtually transparent to customers of USNC-LD. Petition at 5-6.

6. Completion of the transactions as described in the Petition will serve the public interest by ensuring service to USNC-LD's customers will remain uninterrupted and USNC-LD's assets located in Vermont will not be lost or diminished in value. Further, CoreComm should have the experience, ability and resources necessary to continue, and substantially improve upon, the services currently provided by USNC-LD. These enhancements will inure directly to the benefit of Vermont customers. The sale of assets and associated transactions, therefore, should ensure the continued provision of telecommunications services to USNC-LD's existing customers and should promote competition in the Vermont telecommunications service market. In sum, the proposed transaction will benefit the public interest by enhancing the ability of CoreComm to offer competitively priced services in the Vermont interexchange telecommunications marketplace. Petition at 6.

DISCUSSION

The transfer of USNC-LD's assets requires the issuance of a certificate of consent and a finding by the Board that the transfer will promote the general good of the State pursuant to 30 V.S.A. § 109. The "general good" of the State requires that the Board ensure that the established service is not abandoned or curtailed. Joint Petition of Burlington Telephone Co. d/b/a Long Distance North to Sell its Assets to RCI Long Distance, Docket No. 5472, Order at 11-12 (Dec. 24, 1990) (herein "Docket No. 5472"). In this case no services will be abandoned or curtailed. The transfer of assets by USNC-LD and the operation of the services by CoreComm VT, will ensure that services are maintained.

As described above, CoreCommVT's financial, technical and management expertise are sufficient to sustain telecommunications services in Vermont. The terms and conditions for telecommunications services will reflect the existing practices of USNC-LD, which have been in effect in Vermont for several years. These practices are consistent with present statutory and regulatory requirements.

We conclude that the general good of Vermont would be promoted by the transfer of

USNC-LD's assets as proposed in the Petition. The public good is further promoted by the resources and technical expertise with which CoreComm VT will support its services. In conjunction with the issuance of a CPG to CoreComm VT, the Board should revoke USNC-LD's CPG. Because USNC-LD will cease operations, as a matter of law there is no genuine issue of material fact in revoking its CPG. See Docket No. 5391, Petition of Radio Telephone Systems, Inc., Order of 7/23/92; and Docket No. 5672, Joint Petition of The Hogan Company, Order of 12/8/93.

By purchasing USNC-LD's assets, CoreComm VT will operate a "business" in Vermont as defined in Chapter 5 of Title 30. In order to issue CPGs to CoreComm VT, pursuant to 30 V.S.A. § 231(a), the Board is required to find that CoreComm VT's operation of an intraLATA toll service will promote the general good of the State. 30 VSA §231(a).

CoreComm VT's services will be offered in a competitive market in which it will be a non-dominant carrier. Consumer protection is the basis for entry regulation of intraLATA service. CoreComm VT should have the managerial expertise to provide customers with service in Vermont. Its financial resources also support the proposition that its operation of a toll resale business will serve the general good. The general good will be served by CoreComm VT's operation of intraLATA services.

Therefore, the Board will grant the certificate of consent to USNC-LD to transfer its assets, and issue a CPG to CoreComm VT authorizing it to provide intraLATA long distance services in Vermont.

ORDER

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

1. The sale of assets of USNC-LD to CoreComm VT, through the Asset Purchase Agreement, is approved.

2. A Certificate of Consent to the acquisition of the assets of USNC-LD by CoreComm VT shall be issued.

3. CoreComm VT shall file with the Board a tariff identical to the existing United Telecom of America tariff in terms and conditions of service with the Board within 30 days of completion of the transaction.

4. The ownership and operation of an intraLATA toll telecommunications service by CoreComm VT will promote the general good of the State, subject to the conditions in the attached Certificate of Public Good issued to CoreComm VT.

5. The amended Certificate of Public Good (C.P.G. No. 228) issued to US NC-LD on February 16, 2000, is hereby revoked.

DATED at Montpelier, Vermont, this 26th day of May, 2000.

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

OFFICE OF THE CLERK

Filed: May 26, 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 (by e-mail, telephone, or in writing) of any technical 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.