

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6342

Petition of Lightship Telecom, LLC)
for Approval of a Transfer of Control)

Order entered: 3/15/2000

I. INTRODUCTION

This case involves a petition filed on November 19, 2000, by Lightship Telecom, LLC ("Lightship" or "Company"), seeking Vermont Public Service Board ("Board") approval *nunc pro tunc*, under 30 V.S.A. § 107, of a transaction whereby J. P. Morgan & Co. Incorporated ("JPM") has acquired a 49 percent interest in Lightship's parent company: Lightship Holdings, LLC ("Lightship Holdings").¹

On February 18, 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 Lightship to JPM. The Department noted that the transaction was transparent to the customers of Lightship and did not cause any changes in services or rates. 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. Lightship is authorized to provide resold and facilities-based local exchange and interexchange telecommunications services throughout the State of Vermont pursuant to a Certificate of Public Good granted by this Board in Docket No. 6238 on August 27, 1999. Petition

3. On September 27, 1999, Lightship Holdings, the parent corporation of Lightship, issued Series A membership units totaling 49% of Lightship Holdings' post money valuation. Petition at 4.

4. All of the shareholders that previously had ownership interests in Lightship have retained their ownership interests. Therefore, the same group of investors that possessed a majority of the shares of Lightship prior to the stock issuance continue to possess majority control. The transaction was completed to facilitate the accelerated expansion of the Company throughout the Commonwealth of Massachusetts and the State of Vermont and to upgrade its network for the provisioning of data services. Petition at 4.

5. JPM's investment in Lightship's parent company serves the public interest in promoting competition among providers of telecommunications services and by providing Lightship with the additional financial resources needed to serve its customers. The transaction with JPM, therefore, will allow Lightship to provide telecommunications services to its Vermont customers, thus improving and furthering competition in the State of Vermont. Petition at 5.

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 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 Lightship will have access to a larger pool of managerial, technical and financial resources due to the relatively larger resources of JPM. 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 the Vermont telecommunications market. It should also be noted that the transfer of control will not

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

- 1. The acquisition of control of Lightship Telecom, LLC by J. P. Morgan & Co. Incorporated, is approved.

DATED at Montpelier, Vermont, this 15th day of March, 2000.

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

OFFICE OF THE CLERK

Filed: March 15, 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 mail) 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.