

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6344

Joint Petition of Easton Telecom Services, Inc., )  
and Teligent, Inc. for Approval of a Transfer of )  
Control )

Order entered: 3/15/2000

I. INTRODUCTION

This case involves a joint petition filed on December 20, 1999, by Easton Telecom Services, Inc. ("Easton") and Teligent, Inc. ("Teligent") (jointly "Petitioners"), seeking Vermont Public Service Board ("Board") approval, under 30 V.S.A. §§ 107, 109 and 311, of a transfer of control of Easton to Teligent. The request is made pursuant to the terms of a proposed agreement whereby Teligent will ultimately acquire indirect ownership and control of 100 percent of the equity of Easton. As a result of the transaction, Easton will become an indirect wholly-owned subsidiary of Teligent.

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 Easton to Teligent. The Department noted that the transaction did not appear to affect the services received by customers of Easton or cause inconvenience or confusion to the customers of Easton. 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.

2. Teligent is a Delaware corporation which, through its wholly-owned subsidiary, Teligent Services, Inc. ("TSI"), is authorized to provide interexchange services in Vermont. TSI received CPG No. 449 on February 2, 1999. Petition at 1-2.

3. Easton and Teligent have determined that they will realize significant economic and marketing efficiencies by establishing Easton as a wholly-owned subsidiary of TSI. Accordingly, Easton and Teligent are negotiating terms of a proposed merger agreement ("Merger Agreement") which will be accomplished through a reverse triangular merger involving Winston I Corp. ("Merger Sub"), a wholly-owned subsidiary of TSI created solely to effectuate the merger. Pursuant to the proposed Merger Agreement, Merger Sub will be merged with and into Easton, with Easton the surviving entity, and wholly owned by Teligent. Teligent will then contribute stock to TSI, resulting in Easton becoming a wholly-owned subsidiary of TSI and an indirect wholly-owned subsidiary of Teligent. Petition at 2.

4. Following completion of the transaction, Easton 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 an indirect subsidiary of Teligent. Accordingly, neither the name of, nor the terms and conditions of service offered by Easton will be affected by the transaction. The proposed transaction will simply change the ultimate corporate parent of Easton. As such, the transaction should not cause inconvenience or confusion to Easton'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 3.

### III. CONCLUSIONS OF LAW AND DISCUSSION

The proposed transaction requires approval by the Board under 30 V.S.A §§ 107, 109 and 311. These statutes condition approval of a proposed transfer of control upon findings that the transfer of control will promote the public good (30 V.S.A § 107). The statutes also condition approval of a merger upon a finding that the merger will promote the public good (30 V.S.A. § 109) and will not obstruct or prevent competition (30 V.S.A § 311). These standards are met in this case.

Under 30 V.S.A. § 107(a), "[n]o company shall directly or indirectly acquire a controlling interest in any company subject to the jurisdiction of the [Board] . . . without the approval of the [Board]." "Controlling interest" is defined as "ten percent or more of the outstanding voting securities of a company" or such other interest as the Board determines "to constitute the means to direct or cause the direction of the management or policies of a company." 30 V.S.A. § 107(c)(1).<sup>1</sup> In order to approve the acquisition of such a controlling interest, the Board must first find that it will "promote the public good." 30 V.S.A. § 107(b).

After reviewing the Joint Petition of Easton and Teligent, we conclude that 30 V.S.A. § 107 applies because the merger involves the transfer of controlling interest of Easton, which will become an indirect wholly-owned subsidiary of Teligent, into the control of Teligent, and thus results in the transfer of more than ten percent of the shares of Easton to another company. We further conclude that the merger will allow both companies to operate more efficiently in the current telecommunications marketplace and that the reorganization will not affect the services that Easton provides to customers in Vermont. The reorganization, therefore, will promote the public good. For all of these reasons, we conclude that the proposed transaction meets the standards set forth in 30 V.S.A. §§ 107, 109 and

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 Easton Telecom Services, Inc. by Teligent, Inc., is approved.
2. Petitioners shall notify the Board, within one week, upon completion of the transfer of control.
3. Petitioners shall file a copy of the final merger agreement and a report outlining the details of the transaction with the Board, within ten days of the completion of the transfer of control.
4. A Certificate of Consent to the merger of Easton with and into Winston I Corp. shall be issued.

DATED at Montpelier, Vermont, this 15<sup>th</sup> day of March, 2000.

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

