

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6376

Joint Petition of Convergent Communications, )  
Inc. and Texas Pacific Group for Approval of a )  
Transfer of Control )

Order entered: 6/14/2000

I. INTRODUCTION

This case involves a joint petition filed on April 12, 2000, by Convergent Communications, Inc. ("CCI") and Texas Pacific Group ("TPG") (jointly "Petitioners"), seeking Vermont Public Service Board ("Board") approval, under 30 V.S.A. § 107, of a transaction whereby TPG will acquire a 24% interest in CCI, which is the parent company of Convergent Communications Services, Inc. ("CCSI"), a certified interexchange reseller in Vermont.

On June 8, 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 CSI to TPG. The Department noted that the transaction would be transparent to Vermont consumers and should 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. CCI is a Colorado corporation which provides, through its subsidiary CCSI, telecommunications services. Petition at 1-2.

2. CCSI is a wholly-owned subsidiary of CCI, which is authorized by the Board to provide facilities-based and resold telecommunications service in Vermont. A Certificate of Public Good (CPG No. 493) to provide resold interexchange services was issued to CCSI on September 23, 1999. Petition at 2.

3. TPG is a private investment partnership, which invests in telecommunications and Internet companies. Petition at 2.

4. CCI has entered into an agreement with TPG, whereby TPG will invest \$150 million in CCI and will receive a 24% equity interest in CCI. This in turn will result in an indirect transfer of control of CCSI to TPG. Petition at 3.

5. Following completion of the transaction, CCSI will continue to operate in all respects as it currently operates, pursuant to present operating authority. Neither the name of, nor the terms and conditions of service offered by CCSI, will be affected by the transaction. Accordingly, the transaction should not inconvenience customers within the State of Vermont. Petition at 4.

6. Completion of the proposed transaction will serve the public interest in that it will promote competition among long distance carriers by providing CCSI with the opportunity to strengthen its competitive position and to pursue its marketing and business plans more effectively. Petition at 4.

### 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> Under Section 107 a "controlling interest" is defined as 10% or more of the outstanding voting securities of a company. 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 the indirect transfer of control of CCSI from CCI to TPG, will allow the Petitioners 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 competitors in the Vermont telecommunications market. It should also be noted that the transfer of control will not have an adverse impact on Vermont consumers as CCSI will continue to operate according to its present authority.

For all of the above reasons, the proposed transfer of control of CCSI to TPG, through the above described investment arrangement, should be approved.

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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, CCSI, 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 transfer of control of Convergent Communications Services, Inc. from Convergent Communications, Inc. to Texas Pacific Group is approved.
2. Petitioners shall notify the Board, within one week, upon completion of the transfer of control.

DATED at Montpelier, Vermont, this 14<sup>th</sup> day of June, 2000.

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

OFFICE OF THE CLERK

Filed: June 14, 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.*