

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6377

Joint Petition of Teleglobe USA, Inc., Telco )  
Holdings, Inc., Excel Telecommunications, Inc., )  
Long Distance Wholesale Club, Inc. and BCE, )  
Inc. for Approval of a Transfer of Control )

Order entered: 6/21/2000

I. INTRODUCTION

This case involves a joint petition filed on April 14, 2000, by Teleglobe USA, Inc. ("TUSA"), Telco Holdings, Inc. d/b/a Dial & Save ("Telco"), Excel Telecommunications, Inc. ("Excel"), Long Distance Wholesale Club, Inc. ("LDWC"), and BCE, Inc. ("BCE") (jointly "Petitioners"), seeking Vermont Public Service Board ("Board") approval, under 30 V.S.A. § 107, of a transaction whereby BCE will acquire indirect control of affiliated companies TUSA, Telco, Excel and LDWC (collectively, the "Teleglobe Affiliates") through its acquisition of their parent company, Teleglobe, Inc. ("Teleglobe"). The transaction will occur at the holding company level only and will not affect the Vermont operations of the Teleglobe Affiliates.

On June 16, 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 the Teleglobe Affiliates to BCE. The Department noted that the transaction would be transparent to Vermont consumers and should not cause any changes in services or rates, since Board approval of the proposed transaction would permit the Teleglobe Affiliates to continue operating in Vermont under their respective current names and service offerings. 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. TUSA, a wholly-owned subsidiary of TeleGlobe, is authorized by the Board to provide telecommunications service in Vermont. A Certificate of Public Good (CPG No. 417) was issued to TUSA on November 18, 1998. Petition at 2.

2. Telco is also wholly owned by Teleglobe, and authorized to provide telecommunications services in Vermont. A Certificate of Public Good (CPG No. 182) was issued to Telco on May 21, 1996. Telco was recently granted approval of a name change to Teleglobe Business Solutions, Inc. in Docket No. 6361, on April 18, 2000. Petition at 3.

3. Excel is also a wholly-owned subsidiary of Teleglobe, authorized to provide telecommunications services in Vermont. A Certificate of Public Good was issued to Excel in Docket No. 5989 on September 29, 1998. Petition at 3.

4. LDWC is also a wholly-owned subsidiary of Teleglobe, authorized to provide telecommunications services in Vermont. A Certificate of Public Good (CPG No. 252) was issued to LDWC on September 19, 1996. Petition at 3.

5. Teleglobe is a Canadian telecommunications company which owns majority shares of many telecommunications companies and provides telecommunications services through its operating subsidiaries worldwide. Petition at 4.

6. BCE is a Canadian holding company which owns majority shares of many telecommunications companies and provides telecommunications services through its operating subsidiaries in Canada. Petition at 4-5.

7. BCE and Teleglobe have entered into a transaction whereby BCE will acquire 77% of Teleglobe's common shares through a tender offer made to Teleglobe's shareholders. The remaining 23% of Teleglobe's shares are held by BCE subsidiary Bell Canada. As a result of the transaction, control of the Teleglobe Affiliates will transfer from Teleglobe to BCE. Petition at 5.

8. Following completion of the transaction, the Teleglobe Affiliates will continue to operate in all respects as they currently operate, pursuant to present operating authority. Neither the name of, nor the terms and conditions of service offered by the Teleglobe Affiliates will be affected by the transaction. Accordingly, the transaction should not inconvenience customers within the State of Vermont. Petition at 5-6.

9. Completion of the proposed transaction will serve the public interest in that it will promote competition among telecommunications providers by providing the Teleglobe Affiliates with the opportunity to strengthen their respective competitive positions and to pursue their marketing and business plans more effectively. Petition at 8.

### 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 the Teleglobe Affiliates from Teleglobe to BCE will allow the petitioners to operate in a more flexible manner. In the competitive arena of telecommunications, the overall effect of this transfer 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 the Teleglobe Affiliates will continue to operate according to their respective present authority.

For all of the above reasons, the proposed indirect transfer of control of the Teleglobe Affiliates to BCE, should be approved.

### IV. ORDER

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

1. The indirect transfer of control of Telco Holdings, Inc. d/b/a Dial & Save, Excel Telecommunications, Inc., and Long Distance Wholesale Club, Inc. from Teleglobe, Inc. to BCE, Inc., is approved.

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

2. Petitioners shall notify the Board, within one week, upon completion of the transfer of control.

DATED at Montpelier, Vermont, this 21<sup>st</sup> day of June, 2000.

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

OFFICE OF THE CLERK

Filed: June 21, 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.*