

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6385

Joint Petition of Zenex Long Distance, Inc.,)
Prestige Investments, Inc., Shareholders of)
Prestige Investments, Inc., and Lone Wolf)
Energy, Inc. for Approval of a Transfer of)
Control)

Order entered: 6/30/2000

I. INTRODUCTION

This case involves a joint petition filed on April 24, 2000, by Zenex Long Distance, Inc. ("Zenex"), Prestige Investments, Inc. ("Prestige"), Shareholders of Prestige Investments, Inc. ("Sellers"), and Lone Wolf Energy, Inc. ("Lone Wolf") (jointly "Petitioners"), seeking Vermont Public Service Board ("Board") approval, under 30 V.S.A. § 107, of a holding company level transaction whereby Prestige, the parent company of Zenex, will merge with and into a wholly-owned subsidiary of Lone Wolf, with Prestige as the surviving entity. The proposed transaction will result in the indirect transfer of control of Zenex, a certified telecommunications carrier in Vermont, from Prestige to Lone Wolf.

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 Zenex to Lone Wolf. 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. Zenex is a wholly-owned subsidiary of Prestige organized under the laws of the state of Oklahoma and authorized to provide telecommunications services in Vermont. A Certificate of Public Good (CPG No. 289) was issued to Zenex on January 6, 1998. Petition at 2.

2. Prestige is an Oklahoma corporation with headquarters in Oklahoma City, Oklahoma. Petition at 2.

3. Lone Wolf is a publicly-held Colorado corporation with principal offices in Oklahoma City, Oklahoma. Petition at 2.

4. Prestige and Lone Wolf have entered into a merger agreement whereby Prestige will be merged into a to-be-formed wholly-owned subsidiary of Lone Wolf, with Prestige as the surviving entity and a wholly-owned subsidiary of Lone Wolf. The merger will result in a change in the ultimate parent company of Zenex from Prestige to Lone Wolf. Petition at 2-3.

5. Following completion of the transaction, Zenex 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 Zenex, will be affected by the transaction. Accordingly, the transaction should not inconvenience customers within the State of Vermont. Petition at 3.

6. Completion of the proposed transaction will serve the public interest in that it will promote competition among long distance carriers by providing Zenex with the opportunity to strengthen its competitive position and to pursue its marketing and business plans more effectively. Petition at 3-4.

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.¹ 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

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

transfer of control of Zenex from Prestige to Lone Wolf, 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 Zenex will continue to operate according to its present authority.

For all of the above reasons, the proposed transfer of control of Zenex to Lone Wolf, through the above described merger arrangement, should be approved.

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 Zenex Long Distance, Inc. from Prestige Investments, Inc., to Lone Wolf Energy, Inc. is approved.
2. Petitioners shall notify the Board, within one week, upon completion of the transfer of control.

DATED at Montpelier, Vermont, this 30th day of June, 2000.

s/Michael H. Dworkin)
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s/Suzanne D. Rude)
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)
s/David C. Coen)

PUBLIC SERVICE
 BOARD
 OF VERMONT

OFFICE OF THE CLERK

Filed: June 30, 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.