

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of)
DSLNET COMMUNICATIONS, LLC)
For Approval of the Indirect)
Transfer of Control.)
_____)

DOCKET NO. 01-0442

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CIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

DECISION AND ORDER NO. 19522

Filed August 14, 2002
At 12:00 o'clock P.M.

Karen Higashi
Chief Clerk of the Commission

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

K. Higashi

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of))	
DSLNET COMMUNICATIONS, LLC)	Docket No. 01-0442
)	
For Approval of the Indirect)	Decision and Order No.19522
Transfer of Control.)	
_____)	

DECISION AND ORDER

I.

By an application filed on November 6, 2001, DSLNET COMMUNICATIONS, LLC (Applicant or DSLnet) requests commission approval for the indirect transfer of control of DSLnet, an authorized provider of intrastate telecommunications service in the State of Hawaii. Applicant makes its request pursuant to Hawaii Revised Statutes (HRS) chapter 269.

Applicant served copies of the application on the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs (Consumer Advocate). On May 10, 2002, the Consumer Advocate filed its statement of position indicating it does not oppose the commission approving the instant application with a qualification that Applicant should provide a copy of the contract or agreement causing the indirect transfer of control over DSLnet.

II.

Applicant is a Delaware limited liability company. Applicant is authorized to provide facilities-based and resold intrastate telecommunications services in the State of Hawaii.¹ Applicant's sole member and managing entity is DSL.net, Inc., a Delaware corporation, which is a holding company with no direct authorization to provide telecommunications service in Hawaii.

VantagePoint Venture Partners (VPVP) is a private investment firm, comprised of four affiliated private investment funds: VantagePoint Venture Partners III(Q), L.P., VantagePoint Venture Partners III, L.P., VantagePoint Communications Partners, L.P., and VantagePoint Venture Partners 1996, L.P. VPVP has more than \$2.5 billion under management.

III.

VPVP plans to acquire additional shares of DSL.net, Inc. Pursuant to the Stock Purchase Agreement entered into between DSL.net, Inc. and VPVP, VPVP will invest \$15 million in DSL.net, Inc. convertible preferred stock in three installments. As a result of the first installment, VPVP's ownership interest in DSL.net, Inc. will increase from 33.9 per cent to 56.3 per cent. Following the second and third installments, VPVP's ownership interest in DSL.net, Inc. will be 64.3 per cent and 71.1 per cent respectively.

¹See Decision and Order No. 17095, filed on July 26, 1999, in Docket No. 99-0112.

IV.


The commission has jurisdiction to review the sale of stock and all similar corporate transactions of a parent entity of a regulated public utility under HRS § 269-7. Under HRS § 269-7, the commission will approve the instant stock transaction if it is reasonable and consistent with the public interest. We find that the instant stock transaction to be reasonable and in the public interest on the basis that: (1) it will not affect Applicant's fitness, willingness, and ability to provide telecommunication services in the State of Hawaii, and (2) it will not have any adverse impact on Applicant's operations, management, or customers, particularly because Applicant has not yet commenced service in Hawaii. Accordingly, the commission concludes that Applicant's request for approval of the indirect transfer of control of DSLnet should be approved.

V.

THE COMMISSION ORDERS that Applicant's request for approval of the indirect transfer of control of DSLNet, as described in the application, is approved.

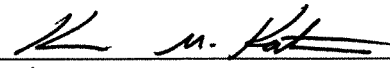
DONE at Honolulu, Hawaii this 14th day of August,
2002.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Wayne H. Kimura, Chairman

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Kevin M. Katsura
Commission Counsel
01-0442.ac

CERTIFICATE OF SERVICE


I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 19522 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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DATED: August 14, 2002