

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of Emergency Joint Application of)
TELIGENT SERVICES, INC. and TAC LICENSE)
CORP. for grant of the Authority Necessary to)
Consummate a Chapter 11 "Re-Emergence" Plan)

DOCKET NO. 01-2248-01
REPORT AND ORDER
Certificate No. 2248

ISSUED: October 15, 2001

SYNOPSIS

No detriment to the public interest appearing, the Commission granted the petition.

By The Commission:

PROCEDURAL HISTORY

On September 6, 2001, the above-named joint petitioners filed their pleading seeking Commission approval for a transfer of operating authority from Teligent Services, Inc., the current holder of Certificate of Convenience and Necessity No. 2248, to TAC License Corp., a new corporate entity. Purpose of the transfer is to facilitate a resumption of operations as part of bankruptcy proceedings.

The matter was referred for review and recommendation to the Division of Public Utilities, Utah Department of Commerce (DPU), which filed its memorandum recommending approval September 27, 2001. Said memorandum is annexed hereto and incorporated herein by this reference.

We agree with DPU and adopt as our Findings of Fact the factual matter asserted in DPU's memorandum. We conclude as a matter of law that inasmuch as there appears to be no detriment to the public interest, the authority transfer should be approved. Accordingly, we enter the following

ORDER

WHEREFORE, IT IS HEREBY ORDERED that:

Effective the date of this Order, Certificate of Convenience and Necessity No. 2248, and the operating authority represented thereby, be, and it is, transferred to TAC License Corp., and that the Commission records be amended accordingly.

Any person aggrieved by this Order may petition the Commission for review within 20 days of the date of this Order. Failure so to do will forfeit the right to appeal to the Utah Supreme Court.

Dated at Salt Lake City, Utah, this 15th day of October, 2001.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

G#26696

September 24, 2001

TO: PUBLIC SERVICE COMMISSION

FROM: DIVISION OF PUBLIC UTILITIES

Lowell Alt, Director

Ingo Henningsen, Manager, Telecommunications

Judith Hooper, Rate Analyst

Bart Croxford, Regulatory Analyst

Re: Emergency Joint Application of Teligent Services, Inc. and TAC License Corp. for grant of the Authority Necessary to Consummate a Chapter 11 "Re-Emergence" Plan in Docket No. 01-2248-01

Issues:

Teligent Services, Inc. ("TSI") and TAC License Corp. ("TAC") request that the Commission grant such authority as may be necessary or required to enable TSI to consummate a transaction arising out of its Chapter 11 status which will enable its current Utah operations to continue without further interruption through a new "Teligent" corporate entity. This transaction contemplates the assignment of all Utah operations and assets including the associated operating authority, an authorization to provide resold and facilities-based local exchange telecommunications services held by TSI to TAC, a wholly-owned subsidiary of Teligent Acquisition Corp. ("New Teligent"). TAC and New Teligent were recently formed to acquire the domestic core telecommunications business of Teligent, Inc. ("Teligent"), the parent company of TSI.

TAC will have both the managerial and technical resources necessary to operate TSI's Utah operations. Because certain key members of Teligent's senior management team will assume comparable management positions with TAC upon closing of the transaction, TAC will have the same managerial qualifications as TSI - qualifications which the Commission has previously found to exist and TSI has demonstrated.

New Teligent is currently obtaining the financing necessary to complete the transaction, to release these assets and operations from the Bankruptcy Court's jurisdiction, and to permit New Teligent to continue the efforts of current Teligent management to refocus its going-concern operations to be a stronger competitor in the telecommunications and broadband data services market. Because the proposed acquisition is conditioned upon obtaining the required funding as well as Bankruptcy Court approval, the transaction cannot proceed unless sufficient capital is raised. New Teligent expects to raise more than \$300 million to fund the acquisition and ongoing operational expenses needed to bring these assets and operations out of Chapter 11 and will be financially qualified to provide telecommunications service.

The Applicants assert that Commission approval of this transaction "further the public interest by fostering competition. The transaction will remove the financial and operational factors that currently constrain Old Teligent and effectively give 'Teligent' a second chance. This 'chance,' facilitated by the expeditious grant of this emergency request by the Commission, will enable the re-emerged 'Teligent' to offer alternative high-quality, competitively priced telecommunications service to a substantial number of potential customers in its operating areas, without debt, under a refocused business plan and with an ability to compete effectively with the incumbents and other competitive service providers."

Recommendation:

The Division has reviewed the Emergency Joint Application and believes that the new Teligent will have a better chance to compete in the telecommunications and broadband data services markets because of its lack of debt if it is able to raise the \$300 million to fund the acquisition. If, for some reason, it is unable to raise the \$300 million, it will still have a better chance of competing in the marketplace and, thereby, not necessitate a displacement of customers to a new provider. The Division, therefore, recommends that the Commission approve this Emergency Joint Application.

cc: Brian McDermott, Swidler Berlin Shereff Friedman
Terri B. Natoli, Teligent
Division of Public Utilities
Michael Ginsberg, Assistant Attorney General
Committee of Consumer Services