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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 30th
day of December, 1998.

In the Matter of the Application of Frontier)
Corporation, Allnet Communication Services) Case No. TM-99-225
d/b/a Frontier Communications Services,)
and Frontier Communications International, Inc.)

ORDER APPROVING REORGANIZATION AND TRANSFER OF ASSETS

Frontier Corporation (Frontier), Allnet Communication Services
d/b/a Frontier Communications Services (FCS), and Frontier
Communications International, Inc. (FCI) (collectively, Applicants)
filed their application with the Commission on November 18, 1998,
requesting authorization to transfer the retail interexchange customer
assets of FCI to FCS. Upon approval and transfer, FCI will only
provide wholesale services, while FCS provides the retail customer
services.

The application stated that Frontier is the ultimate corporate
parent of the entire Frontier family of companies, including FCS and
FCI. The applicants also stated that Frontier is a publicly held
corporation whose principal offices are located at 180 South Clinton
Avenue, Rochester, New York 14646. The applicants continued by
stating that Frontier, with its subsidiaries, is one of the nation's
leading telecommunications companies, offering integrated long
distance, local, wireless, teleconferencing and value-added services
to over two million business, government, and residential customers,

as well as to other telecommunications companies, through its digital network.

The application also stated that FCS, formerly Allnet Communications Services, Inc., is a nationwide interexchange carrier that provides a full range of long distance services. The application also stated that FCS was acquired by Frontier in 1995 and that the Commission granted FCS authority to provide intrastate interLATA and intraLATA toll telecommunications services in Missouri on August 26, 1986, in Case No. TO-84-223.

The applicants stated that FCI, formerly RCI Long Distance, Inc., is a nationwide interexchange carrier that provides a full range of long distance services. In addition, the applicants stated that FCI was formed as a subsidiary of Frontier, then known as Rochester Telephone Corporation, in 1984. The application further stated that the Commission granted FCI authority to provide interexchange services in Missouri on July 20, 1994, in Case No. TA-94-317.

The applicants stated that the purpose of the proposed transaction, Phase II of the nationwide reorganization of the Frontier Companies, is to simplify and streamline Frontier's organizational structure. This reorganization will allow for more efficient and effective administration of Frontier's telecommunications businesses. The application stated that the consolidation of Frontier's retail interexchange operations into FCS is a key aspect of the reorganization so that Frontier may achieve greater functional efficiencies and streamline its operations. Ultimately, the applicants expect that the reorganization will enable the Frontier

companies to provide a higher quality of service to its customers in Missouri.

In exchange for transferring selected FCI assets related to its retail interexchange business in Missouri to FCS, the applicants propose to transfer shares of FCS common stock to FCI. After the transfer, FCI will continue to operate as a provider of wholesale interexchange services to other telecommunication services providers.

The applicants stated that the transaction will be transparent to consumers in Missouri and will not adversely affect the provision of telecommunications services in Missouri. The application stated that no current FCI customer that decides to receive interexchange services from FCS after the proposed reorganization will experience an increase in rates for retail interexchange services.

The applicants also stated that the proposed transfer of assets will have no impact on the tax revenues of any political subdivision in which FCS has facilities or equipment. The application stated that there are no pending or final judgments or decisions against FCS from any state or federal agency which involve customer services or rates. The proposed transaction is in the public interest because it makes the company a more efficient and more effective competitor in the market for telecommunications services in Missouri.

The applicants requested expedited consideration of their application due to timing of business plans. Specifically, the applicants requested that the Commission issue an order approving these transactions on or before December 31.

On December 11, the applicants filed a supplement to their application notifying the Commission that the applicants intend to send written notice to FCI customers before they are transferred to FCS. The customer notice will be sent after approval of the transaction by the Commission.

The Staff of the Commission (Staff) filed a memorandum on December 18, 1998, stating that Staff had no objection to the applicants' proposed reorganization and recommending that the Commission issue an order approving the proposed reorganization and transfer of assets requested. Staff stated that it is unaware of any other filing which affects or which would be affected by this proposal. Staff's memorandum stated that Missouri consumers will be served under approved tariff of FCS at rates, terms, and conditions comparable to those currently available. Staff noted that the applicants requested expedited approval in order to consummate the transaction no later than December 31.

The Commission has reviewed the application, and Staff's recommendation, and finds that the reorganization and transfer of assets related to the reorganization should be approved.

IT IS THEREFORE ORDERED:

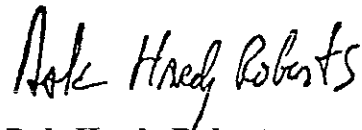
1. That the application filed by Frontier Corporation (Frontier), Allnet Communication Services d/b/a Frontier Communications Services (FCS), and Frontier Communications International, Inc. on November 18, 1998, is approved.

2. That Frontier Communications International, Inc. send a written notice to all of its Missouri customers within 30 days after

the completion of the reorganization and transfer transaction notifying its customers of the transfer of interexchange customer assets to Frontier Communications Services. A copy of the notice provided to customers shall be filed with the Commission by February 13, 1999.

3. That this order shall become effective on December 31, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Murray, chemenauer
and Drainer, CC., concur.
Crumpton, C., absent.

Register, Regulatory Law Judge

R E C E I V E D

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION