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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 11th
day of June, 1998.

In the Matter of the Application of Frontier)
Corporation, Allnet Communication Services)
d/b/a Frontier Communications Services, and)
Frontier Communications of the West for) Case No. TM-98-426
Authority to Reorganize and for Related)
Transactions.)
)

ORDER APPROVING REORGANIZATION
AND TRANSFER OF ASSETS

Frontier Corporation (Frontier), Allnet Communication Services,
d/b/a Frontier Communications Services (FCS), and Frontier Communications
of the West (FCW) (collectively referred to as Applicants), filed a joint
application on April 7, 1998, asking the Commission to approve its plans
for reorganization and the transfer of assets from FCW to FCS. FCS and FCW
are both certificated to provide telecommunications services in Missouri,
and therefore this transaction comes under Commission jurisdiction.

FCS was granted authority by the Commission to provide intrastate
interLATA and intraLATA interexchange telecommunications services in
Missouri on August 26, 1986, in Case No. TO-84-223. FCW was granted
authority by the Commission to provide intrastate interexchange
telecommunications services in Missouri on October 15, 1993, in Case
No. TA-94-52. Frontier is the parent corporation of both FCS and FCW.
Frontier is a New York corporation with its principal place of business at
180 South Clinton Avenue, Rochester, New York 14646.

The proposed reorganization will consolidate Frontier's retail interexchange operations into FCS. The consolidation will be accomplished by transferring selected FCW assets in exchange for shares of FCS common stock. The applicants state that after the transfer, most of the current FCW retail interexchange customers will be served by FCS and under FCS's tariffs which have comparable rates, terms and conditions to those currently available to FCW's customers. FCW will continue to operate as a provider of wholesale interexchange service. Applicants state that the reorganization will allow for more efficient and effective administration of Frontier's telecommunications businesses and it will thereby be able to provide a higher quality of service to its customers in Missouri.

The Applicants state 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 Applicants also state that there are no pending or final judgments or decisions against FCS from any state or federal agency which involve customer service or rates.

The Staff of the Commission (Staff) filed a Memorandum on May 20, 1998, recommending that the reorganization and transfer of assets be approved and that the applicants be required to provide notice to all Missouri customers of the transfer and any rate increase. According to Staff's Memorandum, the applicants will provide their Missouri customers with a bill insert informing them of the transfer following Commission approval and prior to the transfer actually taking place.

On June 2 the parties were notified that the Commission had placed this case on its regular agenda on June 9 for discussion and requested additional information. On June 9 the parties presented additional information to the Commission as requested. The parties indicated that

(twelve retail customers would be affected by the merger by being switched from FCW to FCS. The Applicants confirmed that there would be no increase in rates to Missouri consumers since the tariffs for FCW and FCS have comparable rates. Finally, the parties provided a copy of the proposed notice to be sent to Missouri consumers.

The Commission has reviewed the application, the customer notice, and Staff's recommendation, and determines that the proposed reorganization and transfer of assets will have no adverse impact on the Missouri customers of FCS or FCW. The Commission also determines that the reorganization and transfer of assets will increase the Applicants' efficiency and will benefit Missouri customers. Therefore, the Commission determines that the transaction is not detrimental to the public interest and should be approved.

(On June 9 the Applicants filed a joint Waiver of Ten Day Effective Date and requested that the if the Commission issued an order approving the transaction, that it become effective on or before June 15. The Commission determines that changing the effective date will not be prejudicial to any other party and is not detrimental to the public interest. Therefore, the Commission determines that the effective date of this order shall be June 15, 1998.

IT IS THEREFORE ORDERED:

1. That the application filed by Frontier Corporation, Allnet Communication Services, d/b/a Frontier Communications Services, and Frontier Communications of the West, on April 7, 1998, is approved.

(2. That the applicants are authorized to reorganize and to transfers assets of Frontier Communications of the West to Allnet Communication Services, d/b/a Frontier Communications Services.

3. That the parties are authorized to take any and all actions necessary to effect the reorganization and transfer authorized by this order.

4. That the applicants shall provide notice of the transfer and any rate increase to all Missouri consumers by placing an insert in their bill before the transfer takes effect.

5. That Allnet Communication Services, d/b/a Frontier Communications Services, shall file notification with the Commission no later than ten days after the closing date of the transaction authorized by this order.

6. That this order shall become effective on June 15, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Drainer,
Murray and Schemenauer, CC.,
concur.

Dippell, Regulatory Law Judge