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November 11, 1998

981590-T1

**BY FEDERAL EXPRESS**

Ms. Blanca Bayo  
Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

**Re: Frontier Reorganization -- Phase II**

Dear Ms. Bayo:

Frontier Corporation ("Frontier"), Allnet Communication Services d/b/a Frontier Communications Services ("FCS"), and Frontier Communications International Inc. ("FCI") (collectively, the "Companies"), by their attorneys, hereby respectfully notify the Florida Public Service Commission ("Commission") of their intention to transfer the retail interexchange customer assets of FCI to FCS, with FCI thereafter providing only wholesale services.<sup>1</sup> When the proposed transactions are approved and completed, FCS will become the

<sup>1</sup> Organizational charts depicting the corporate structure of the Frontier companies involved in this transaction and illustrating the proposed transfer are appended hereto as Attachment A.

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FCS 43

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primary retail interexchange operating company of the Frontier family of companies, thereby allowing for more efficient and streamlined provision of billing and other customer services, and, ultimately, for provision of a higher quality of telecommunications services to the Frontier customers in Florida.

Frontier is the ultimate corporate parent of the entire Frontier family of companies, including FCS and FCI. 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. Frontier is a publicly held New York corporation whose principal offices are located at 180 South Clinton Avenue, Rochester, New York 14646.

FCS, formerly Allnet Communications Services, Inc., is a nationwide interexchange carrier that provides a full range of long distance services. FCS was acquired by Frontier in 1995. FCS is authorized to provide resale interexchange services in Florida. FCI, formerly RCI Long Distance, Inc., is a nationwide interexchange carrier that provides a full range of long distance services. FCI was formed as a subsidiary of Frontier, then known as Rochester Telephone Corporation, in 1984. The Commission granted FCI authority to provide interexchange services in Florida on May 24, 1994 in Docket No. 940307-TI, Order No. PSC-94-0621-FOF-TI.

This proposed transaction is the second phase of a nationwide reorganization of the Frontier companies; the Commission approved the transactions involved in Phase I of the reorganization by order dated May 4, 1998 in Docket No. 980466-TI. As the Companies stated therein, this reorganization will simplify and streamline Frontier's organizational structure, thereby allowing for more efficient and effective administration of Frontier's telecommunications businesses. A key aspect of the reorganization is the consolidation of Frontier's retail interexchange operations into FCS so that Frontier may achieve greater functional efficiencies and streamline its operations. Ultimately, the reorganization will enable the Frontier companies to provide a higher quality of service to its customers in Florida.

In order to accomplish the consolidation of the retail interexchange operations of the Frontier family of companies into one operating entity, the Companies plan to transfer to FCS selected FCI assets related to its retail interexchange business in Florida, in exchange for shares of FCS common stock.<sup>2</sup> After the transfer FCI will continue to operate as a provider of wholesale interexchange services to other telecommunications services providers.

The transfer of assets will be transparent to consumers in Florida and will not adversely affect the provision of telecommunications services in Florida. After the transfer current FCI retail interexchange customers will be served by the experienced and highly qualified team of telecommunications personnel of FCS, at rates, terms, and conditions comparable to those currently available. Every effort will be made to guarantee that customers do not receive a material change in their service or an increase in rates.

The transaction proposed herein is in the public interest. Since 1993 the Frontier family of companies has been engaged in a series of strategic purchases of and mergers with other telecommunications services providers, each of which has enabled Frontier to continue its transformation from a regional provider of local and long distance services to a nationwide provider of integrated communications services. Throughout this expansion process, maintaining the highest standard of customer service has been of paramount concern to the Frontier family. Accordingly, this series of transactions has made it desirable for Frontier to consolidate its provision of retail interexchange telecommunications services into one primary operating entity, and to service its retail interexchange customers with a single billing system. Consolidating its retail operations and streamlining its billing systems will enable Frontier to operate more efficiently and more effectively. By becoming more efficient, the Frontier family will be positioned to become an even more effective competitor in the market for telecommunications services in Florida.

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<sup>2</sup> See Attachment A.

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It is the Companies' understanding that prior Commission approval is not required to consummate the transactions described herein. If this understanding is incorrect, the Companies respectfully request that the Commission notify them as soon as possible. Absent written notice to the contrary within 30 days of the date of this letter, the Companies will assume that their understanding is correct and will proceed with their plans as contemplated.

Please do not hesitate to contact Winifred Brantl if you have any questions regarding this proposed transaction.

Respectfully submitted,

**FRONTIER CORPORATION, ALLNET COMMUNICATION  
SERVICES D/B/A FRONTIER COMMUNICATIONS SERVICES,  
and FRONTIER COMMUNICATIONS INTERNATIONAL INC.**

By: 

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Their Attorneys

VERIFICATION

I am authorized to represent Frontier Corporation and each of its subsidiaries and to make this verification on their behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

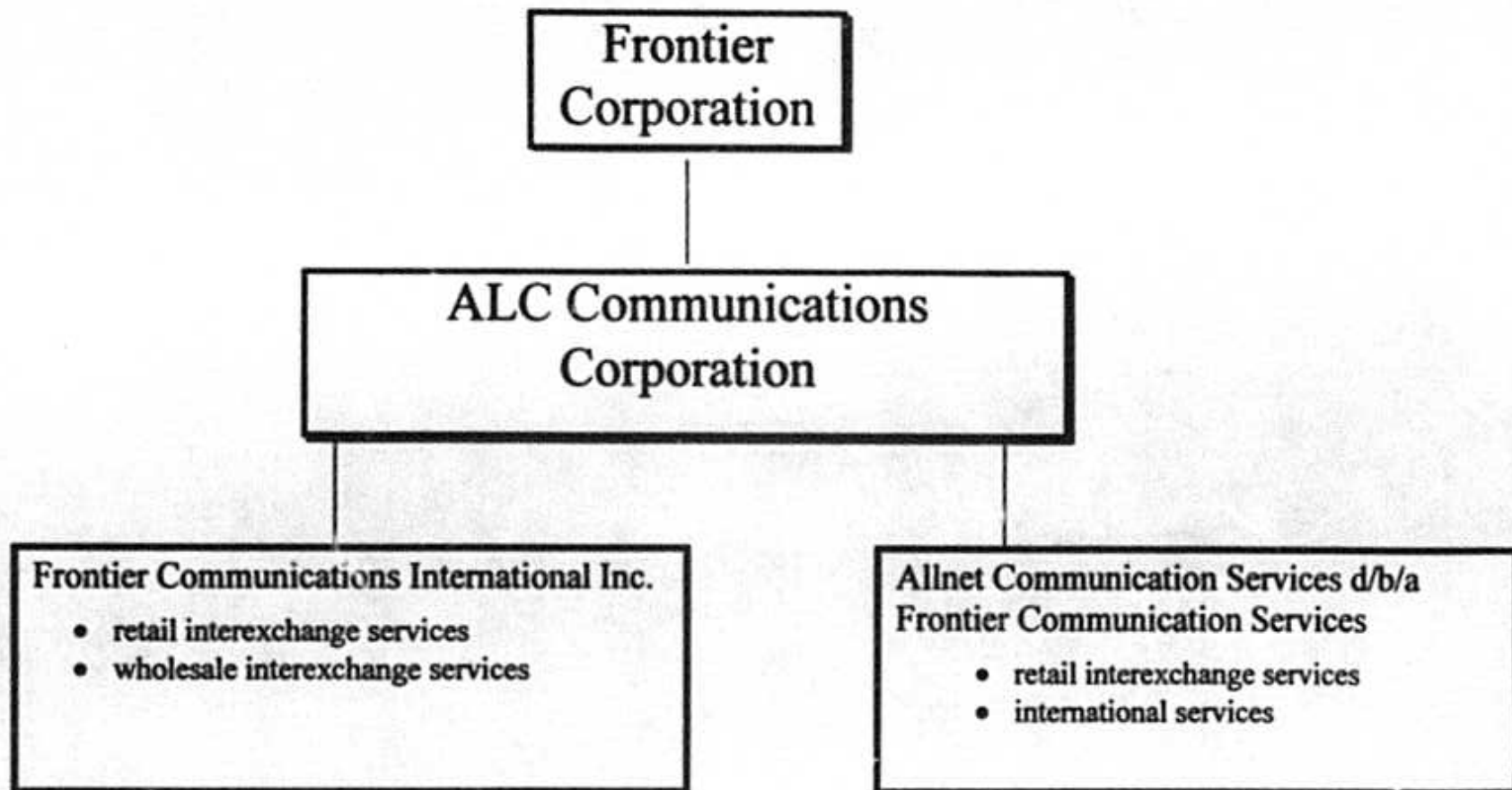
By: *M. J. Shortley, III*  
Michael J. Shortley, III  
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DISTRICT OF COLUMBIA

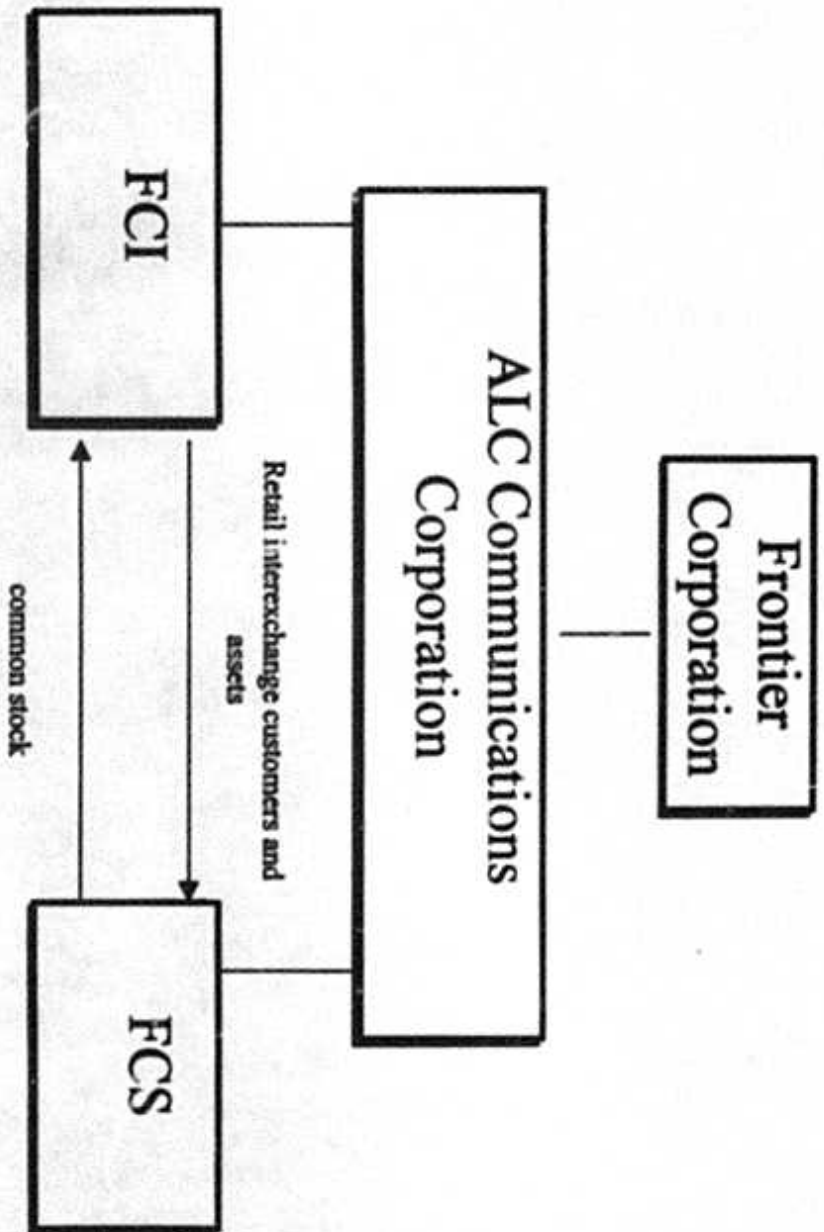
Sworn and subscribed to before  
me this *17<sup>th</sup>* day of *November*, 1998

*Cynthia Laison 6/14/02*  
Notary Public

## Before the Phase II Reorganization



# The Proposed Transfer



## After the Phase II Reorganization

