



Mailing Address:
Electric Lightwave, Inc.
4400 N.E. 77th Avenue
Vancouver, Washington 98662
(360) 816-3000 Fax: (360) 816-8934

98 DEC -4 AM 8:13
MAIL ROOM

December 1, 1998

Ms. Blanco Bayo
Director, Division of Records and Recording
Florida Public Service Commission
Capitol Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0859

981808-TI

Re: Notification of Transfer of Stock of Electric Lightwave Inc., and Citizens Telecommunications Company, d/b/a/ Citizens Telecom from Citizens Utilities Company to Citizens Newco Company

Dear Ms. Blanco

The purpose of this letter is to notify the Florida Public Service Commission ("Commission"), in accordance with any applicable statutes, of the proposed transfer of Citizen's Telecommunications Company's ("CTC") and Electric Lightwave, Inc.'s ("ELI") stock as a part of Citizens Utilities Company's ("Citizens") corporate reorganization. It is the ELI and CTC's understanding that, due to their classification, no prior approval of the transaction is required in the state of Florida. Accordingly, the undersigned is providing this letter as a courtesy to the Commission.

The corporate restructuring involves Citizens separating its telecommunications business from its public service business. A company, Citizens Newco Company ("NEWCO"), has been formed, and after separation, it will hold the stock of Citizens' communications subsidiaries. Citizens will continue to own the non-communications subsidiaries and operating divisions. The restructuring will not impair the parties' financial status, otherwise prevent them from attracting capital at fair and reasonable terms, or impair their ability to provide safe, reasonable and adequate service. The transaction will be transparent to customers. No Certificates of Convenience and Necessity will be transferred as a part of the transaction.

The following are parties to the corporate restructuring in the state of Florida:

Citizens is a Delaware corporation, with its principal place of business at Three High Ridge Park, Stamford, CT, 06905. Citizens is a publicly traded corporation whose common stock is traded on the New York Stock Exchange. Citizens and its subsidiaries operate two distinct lines of business: a public service business ("Citizens Public Services") and a communications business ("Citizens Communications"). Citizens does not hold a Certificate of Convenience and Necessity to provide services in the state of Florida.

Through operating divisions and wholly-owned subsidiaries, Citizens' Public Services provides electric, natural gas, synthetic natural gas, water and/or wastewater treatment services to approximately 860,000 customers in Arizona, California, Colorado, Hawaii, Illinois, Indiana, Louisiana, Ohio, Pennsylvania, and Vermont.

Citizens Communications' subsidiaries provide local exchange telecommunications services to customers in Arizona, California, Idaho, Montana, Nevada, New Mexico, New York, Oregon, Pennsylvania, Tennessee, Utah, and West Virginia. Currently, Citizens' telephone local exchange carriers ("LECs") provide services to approximately 900,000 access lines nationwide. The business is operated through several wholly owned LEC subsidiaries of Citizens. In addition, Citizens Communications provides nationwide long distance service through its subsidiary, Citizens Telecommunications Company. Citizens also owns 83% of capital stock of Electric Lightwave, Inc. ("ELI"), a competitive telecommunications carrier. In addition, Citizens has wholly-owned subsidiaries in the cellular telephone and cable businesses.

NEWCO, incorporated in Delaware, has its principal place of business at Three High Ridge Park, Stamford, CT, 06905. NEWCO is a company, which through its affiliates will provide telecommunications services. NEWCO does not directly provide telecommunications services and will not own or operate any telecommunications systems, works or plant in the state of Florida. Accordingly, NEWCO does not have a Certificate of Convenience and Necessity to provide telecommunications services in the state of Florida.

CTC, a wholly owned subsidiary of Citizens, is incorporated in Delaware and provides interstate and intrastate long distance services throughout the United States. On July 23, 1996, the Commission granted CTC a Certificate of Convenience and Necessity (Certificate No. 4465) to resell intrastate interexchange telecommunications services in Florida.

ELI is a Delaware corporation and has its principal place of business at 4400 NE 77th Avenue, Vancouver, WA 98662. ELI is a publicly traded corporation whose common stock is traded on NASDAQ. Citizens owns 83% of the capital stock of ELI. ELI provides interstate and intrastate long distance services throughout the United States and is also certified as a competitive local exchange carrier in Arizona, California, Idaho, Minnesota, Nevada, Oregon, Utah and Washington. On February 13, 1997, in Order No. PSC-97-0158-FOF-TI (Docket No. 961050-TI), the Commission granted ELI a Certificate of Authority (Certificate No. 4766) to provide interexchange telecommunications services in Florida.

Upon receipt of all necessary approvals, Citizens will: (1) split the existing capital stock of NEWCO; (2) distribute NEWCO shares to Citizens shareholders; and (3) convey all of its stock and ownership interests in the Citizens telecommunications subsidiaries, including its 83% of the capital stock of ELI, to NEWCO. After separation, Citizens will retain control of the utility businesses and will continue to provide electric, gas, water and wastewater service to the same customers it has always served. After separation, NEWCO will hold the stock of all of the telecommunications subsidiaries formerly owned by Citizens. Accordingly, this transaction does not involve the transfer of franchises, licenses, Certificates of Convenience and Necessity, or the assignment or transfer of assets from the communications subsidiaries to NEWCO.

It is the understanding of Citizens that prior approval of the Commission is (not) required to complete the transaction. This letter is being provided to the Commission for the purpose of notification of the impending transaction.

Please do not hesitate to contact the undersigned with any questions or comments regarding this transaction.

Respectfully Submitted,
CITIZENS UTILITIES COMPANY,
CITIZENS NEWCO COMPANY,
CITIZENS TELECOMMUNICATIONS COMPANY,
ELECTRIC LIGHTWAVE, INC.

By: 

Karen J. Johnson, Senior Attorney
Government Affairs
Electric Lightwave, Inc.
4400 NE 77th Avenue
Vancouver, WA 98662
Telephone: (360) 816-3725
Facsimile: (360) 816-0999