

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6204

Joint Petition of Frontier Corporation, Allnet Communication)
Services d/b/a Frontier Communications Services, and Frontier)
Communications International, Inc. for Authority to Transfer)
Selected Assets)

Order entered: 3/16/99

INTRODUCTION

On October 26, 1998, Frontier Corporation ("Frontier"), Allnet Communication Services d/b/a Frontier Communications Services ("FCS"), and Frontier Communications International, Inc. ("FCI") (collectively "Petitioners") jointly filed a petition seeking authority pursuant to 30 V.S.A. § 109 to transfer selected assets, namely the retail interexchange customer assets, from FCI to FCS. FCI would thereafter provide wholesale services.

By letter dated March 3, 1999, the Vermont Department of Public Service ("Department") notified the Board that the Department recommends approval of the proposed asset transfer.

The Board has reviewed the petition and the accompanying documents and agrees that approval should be granted without hearing.

FINDINGS OF FACT

Based upon the petition and accompanying documents, we hereby make the following findings of fact.

1. Frontier is a publicly-held New York corporation and is the ultimate corporate parent of the entire Frontier family of companies, including FCS and FCI. Frontier, with its subsidiaries, offers 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. Petition at 2.

2. 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. The Board granted FCS authority to provide resale telecommunications services in Vermont on October 10, 1995, C.P.G. No. 204. Petition at 2.

3. FCI, formerly RCI Long Distance, Inc., is a nationwide interexchange carrier that provides a full range of long distance services, including certain operator services. FCI was

formed as a subsidiary of Frontier, then known as Rochester Telephone Corporation, in 1984. The Board granted FCI authority to provide interexchange and operator services in Vermont on November 11, 1994, in Docket No. 5741. Petition at 2-3.

4. The Petitioners seek authority to transfer the retail exchange customer assets of FCI to FCS in order to consolidate its provision of retail interexchange telecommunications services into one primary operating entity. Specifically, Petitioners wish to transfer retail customer assets to FCS from FCI, allowing FCI to concentrate on the wholesale provision of telecommunications services. Petition at 1, 4.

5. In consideration of the transfer of these assets, FCI will receive shares of FCS common stock. After the transfer, FCI will continue to operate as a provider of wholesale interexchange services to other telecommunications services providers. Petition at 4.

6. The transfer of assets will be transparent to consumers in Vermont and will not adversely affect the provision of telecommunications services in Vermont. After the transfer, current FCI retail interexchange customers will be served by the 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. Petition at 4.

DISCUSSION

The proposed transaction requires approval by the Board under 30 V.S.A. § 109. The statute conditions approval upon a finding that the transfer of assets will promote the public good. The standard is met in this case. The proposed transfer of assets will promote the public good because it will enable both FCI and FCS to provide telecommunications services to Vermonters in a more efficient manner by allowing them to allocate resources and services among them in an efficient manner. In this way, the Petitioners' customers should, over time, receive improved, more competitive service.

CONCLUSIONS

1. The transfer of assets from FCI to FCS should be approved because it will not obstruct or prevent competition in the market for telecommunications services in Vermont. 30 V.S.A. § 109.

- 2. This transfer will not result in any inconvenience or confusion to Vermonters who have previously used services provided by FCI and/or FCS.
- 3. Petitioners should file a letter notifying the Board of the completion of the transfer, within one week of such completion.
- 4. At the same time that it notifies the Board of the completion of the transfer, FCI should also notify any customers affected by the transaction by mail.

ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

- 1. The transfer of selected assets from Frontier Communications International, Inc. to Allnet Communication Services d/b/a Frontier Communications Services is approved.
- 2. A certificate of consent to the transfer shall be issued, pursuant to 30 V.S.A. § 109.
- 3. Petitioners shall file a letter notifying the Board of the completion of the transfer, within one week of such completion.
- 4. At the same time that it notifies the Board of the completion of the transfer, FCI shall also notify any customers affected by the transaction by mail.

DATED at Montpelier, Vermont, this 16th day of March, 1999.

<u>s/ Richard H. Cowart</u>)	PUBLIC SERVICE
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<u>s/ Suzanne D. Rude</u>)	BOARD OF VERMONT
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<u>s/ David C. Coen</u>)	

OFFICE OF THE CLERK

Filed: March 16, 1999

Attest: s/ Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board of any technical errors, in order that any necessary corrections may be made.

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.