

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION FOR AUTHORITY FOR	)	
ROCHESTER TELEPHONE CORPORATION TO	)	CASE NO.
ACQUIRE CONTROL OF WEST COAST	)	94-491
TELECOMMUNICATIONS, INC.	)	

O R D E R

On December 5, 1994, Rochester Telephone Corporation, which was renamed Frontier Corporation effective January 1, 1995 ("Frontier"), WCT Telecommunications, Inc. ("WCT"), and WCT's wholly-owned operating subsidiary, West Coast Telecommunications, Inc. ("West Coast"), (hereinafter collectively referred to as "Joint Applicants") filed with the Public Service Commission ("Commission") an application pursuant to KRS 278.020(4) and KRS 278.020(5) for necessary approvals for the acquisition by Frontier of all of the common stock of, and thus a controlling interest in, WCT (the "proposed transaction").

The proposed transaction will involve the creation of a new subsidiary of Frontier, Rochester Subsidiary Twenty-Eight, Inc., ("Sub") to merge into and with WCT, with WCT to be the surviving corporation.<sup>1</sup> Pursuant to the proposed transaction, Frontier will acquire all outstanding shares of the common stock of WCT and will

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<sup>1</sup> Joint Applicants state that, pursuant to the Agreement and Plan of Merger ("Agreement"), at Article I, Section 1.1, Frontier may elect to structure the merger so that [1] WCT is merged with and into Frontier, Sub, or any other direct or indirect subsidiary of Frontier, or [2] any direct or indirect subsidiary of Frontier other than Sub is merged with and into WCT. If the structure of the merger changes, the Applicants will execute an appropriate amendment to the Agreement. Should such amendment be executed, a copy should also be filed with the Commission.

become the ultimate corporate parent of West Coast. Subsequent to the proposed transaction, West Coast will continue to provide service to its current customers as a wholly-owned subsidiary of Frontier. Joint Applicants submit that the proposed transaction will be virtually transparent to West Coast's customers in terms of the services that they receive, since those services will continue to be provided pursuant to West Coast's tariff currently on file with the Commission.

Frontier is a New York corporation which is the parent company of a number of local telephone company subsidiaries in 13 states and long distance companies certificated in many states, including Kentucky. One such subsidiary, RCI Long Distance, Inc. ("RCI"), was authorized to provide services as a reseller of intrastate operator-assisted telecommunications services in Kentucky in Case No. 94-146.<sup>2</sup>

WCT is a California corporation whose wholly-owned subsidiary, West Coast, a California corporation, was authorized to provide services as a reseller of intrastate, long-distance telecommunications in Kentucky in Case No. 93-041.<sup>3</sup> West Coast is also authorized by the Federal Communications Commission to provide

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<sup>2</sup> Case No. 94-146, The Application of RCI Long Distance, Inc. for a Certificate to Resell Telecommunications Services, Order dated July 13, 1994. RCI notified this Commission by letter dated December 23, 1994, that its name would change to Frontier Communications International, Inc., effective January 1, 1995.

<sup>3</sup> Case No. 93-041, The Registration of West Coast Telecommunications, Inc. (WCT) as a Non-Facilities Based, Non-Dominant Telecommunications Carrier. Order dated July 29, 1993.

domestic interstate and international services as a non-dominant carrier in all 50 states and the District of Columbia.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to obtain Commission approval prior to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval.

The Commission finds that KRS 278.020(4) and (5) are applicable to the proposed transaction as described by Joint Applicants. Therefore, Commission approval is necessary.

The Commission, having determined that KRS 278.020(4) and (5) are applicable to the proposed transaction, finds that the proposed transaction will be made in accordance with law, for a proper purpose, and consistently with the public interest. The Commission further finds that the information submitted by the Joint Applicants in their application and pursuant to Case No. 94-146 establishes that Frontier has the financial, technical, and managerial abilities to provide reasonable service in Kentucky. Joint Applicants state that, subsequent to the proposed transaction, WCT and West Coast will rely upon many of their existing management and operational staff to provide service, and will also be able to draw upon the substantial expertise of their new parent company, Frontier. Consequently, the transaction is consistent with the requirements of KRS 278.020(4) and (5) and should be approved.

IT IS THEREFORE ORDERED that:

1. The proposed transaction, as described by the Joint Applicants, is hereby approved.

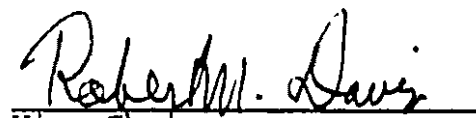
2. Joint Applicants shall notify the Commission within 10 days of the date of closing of the proposed transaction or, in the alternative, shall notify the Commission if the proposed transaction does not occur.


3. Joint Applicants shall file with the Commission, within 10 days of its execution, any amendment to their Agreement pursuant to which the structure of the proposed transaction has been changed from the structure described in paragraph 2 of this Order.

Done at Frankfort, Kentucky, this 2nd day of February, 1995.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director