

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-5132
of Citizens Telecommunications)
Company of Nebraska dba Frontier)
Communications of Nebraska, and)
Frontier Communications of) GRANTED
America, Inc., Mound, Minnesota,)
seeking approval of a Transfer of)
Control Associated with the)
Chapter 11 Plan of Reorganization)
of Frontier Communications)
Corporation and its subsidiaries.) Entered: July 14, 2020

BY THE COMMISSION:

On May 26, 2020 an application was filed by Frontier Communications Corporation ("Frontier"), Citizens Telecommunications Company of Nebraska ("CTCN"), and Frontier Communications of America, Inc. ("FCA"), Mound, Minnesota, (jointly referred to herein as "Applicants") seeking approval of a transfer control associated with the Chapter 11 Plan of reorganization of Frontier Communications Corporation and its subsidiaries. Notice of the application was published in The Daily Record, Omaha, Nebraska, on May 29, 2020. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N A N D F I N D I N G S

Frontier is a publicly traded Delaware corporation, with headquarters in Norwalk, Connecticut. Frontier, in connection with its subsidiaries, are authorized by the Federal Communications Commission ("FCC") to provide interstate and international telecommunications.

CTCN is a Delaware corporation with a principal address located in Mound, Minnesota. CTCN is a wholly owned subsidiary of Frontier and is an incumbent local exchange carrier authorized to provide local exchange service in Nebraska. CTCN furnishes services in 36 exchanges in the State of Nebraska including Albion, Alma, Amherst, Battle Creek, Beaver City, Bertrand, Bloomington, Brunswick, Columbus, Duncan, Edison, Franklin, Greeley, Heartwell, Hildreth, Kearney, Leigh, Lindsay, Madison, Miller, Monroe, Naponee, Neligh, Newman Grove, Orchard, Ord, Orleans, Palmer,

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Platte Center, Pleasanton, Republican City, Riverdale, Stamford, Sumner, Tilden, and Wilsonville.

FCA is a Delaware corporation with principal offices located in Mound, Minnesota. FCA is a wholly owned subsidiary of Frontier. In Nebraska, The Commission authorized Frontier to provide resold interexchange telecommunications services on August 1, 1989, in Application No. 772, as restructured with its subsidiaries in Application No. C-1939 on January 13, 1999, and as a competitive local exchange carrier in Nebraska in Application No. C-1814. Presently, FCA does not provide local exchange service to any Nebraska customers.

Description of the Transaction:

Frontier has commenced a Chapter 11 bankruptcy proceeding in order to effectuate a transaction that would improve their financial structure and position them more securely for future growth. Following extensive negotiations with affected parties, including creditors and lenders, and under the observation of the Bankruptcy Court, a final reorganization plan (the "Plan") is being considered by the Bankruptcy Court. Frontier believes that they will emerge from Chapter 11 protection in August 2020. As a consequence, Frontier will emerge financially stronger and in a materially better position to compete effectively in the U.S. telecommunications and cloud services markets. The Parties believe that the Plan is in the best interests of Frontier and their respective employees, suppliers, vendors, creditors and other key constituencies.

As of the date of filing with the Bankruptcy Court, Frontier had outstanding funded debt of approximately \$17.5 billion and was paying approximately \$1.5 billion in annual interest expense. The Plan proposes converting more than \$10 billion of Frontier's unsecured notes into stock in the post-emergence Reorganized Frontier. Consequently, Frontier's funded debt obligations are expected to be reduced to approximately \$6.6 billion at emergence, exclusive of any additional debtor-in-possession or revolving credit facility financing Frontier may obtain. Frontier anticipates that its annual interest obligations will decrease from approximately \$1.5 billion to \$500 million, thereby freeing up substantial capital for operating the business post emergence.

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As a part of the deleveraging of more than \$10 billion in debt will be converted into stock. Under the plan, Frontier will be dissolved and replaced by a new parent company, Reorganized Frontier. Following emergence from Chapter 11 and as contemplated by the Plan, each Senior Noteholder will receive its pro rata share of the new common stock of Reorganized Frontier. None of the Senior Noteholders currently holds a 10% or greater direct or indirect equity interest in Frontier. Upon emergence, the Senior Noteholders will initially own, in the aggregate, the new common stock of Reorganized Frontier, though none of them is anticipated to individually hold, directly or indirectly, a 10% or greater equity of the common stock of Reorganized Frontier. The primary change resulting from the Restructuring is a change of the stock ownership of Frontier from its existing public shareholders to the Senior Noteholders. Further, it is intended that the new common stock of Reorganized Frontier will be publicly traded and listed on a recognized U.S. stock exchange as promptly as reasonably practical after the Company's emergence from Chapter 11.

The Applicants stated the proposed transaction will affect only the ultimate ownership of Frontier and will not result in any changes in rates, terms, or conditions of service for retail customers. Frontier is not seeking to cancel or assign its Certificate. No customer transfers are planned. Following the transaction, Frontier will continue to offer the same services as offered prior to the transaction.

According to the Applicants, the proposed transfer of control serves the public interest because the Plan, which improves the financial condition of Frontier, will ensure that they continue the offer competitive, high-quality communications and cloud services offerings to customers. At the same time, the proposed Transaction will have no adverse impact on the current customers of Frontier.

The proposed Transaction will have no adverse effects upon the Nebraska telecommunications market. Frontier has a small share of this market and, significantly, the Transaction will not eliminate any market participants nor will it, in any respect, reduce the services choices available to consumers. Moreover, while conveying all of the previously-noted benefits, the Transaction holds no adverse effects for Nebraska customers of Frontier. The Plan ensures that Frontier is able to continue providing services to their customers without any interruption or

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diminishment of service quality. Upon the consummation of the Transaction, these customers will continue to receive the same services as they do today, pursuant to the same rates, terms and conditions.

Based on the evidence, we find the application to be fair and reasonable and in the public interest. The application should be granted.





O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-5132 be, and it is hereby, granted.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 14th day of July, 2020.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:


Chair

ATTEST:


Executive Director