

MEMORIALIZATION OF EX PARTE  
COMMUNICATION FROM INTERESTED PARTY

ICC Docket Number, or Docket Number or Case Number from Other Jurisdiction

(Please be specific): Frontier Case - Docket No. 09-0268

Subject of the Communication (Note - This field is limited to 8 lines of text):

E-mail from "Concerned Investor" indicating links to web sites that shows the areas within Illinois that will greatly impact according to the investor from the Frontier acquisition.

Name of the Commission Officer or Employee Making Report (first, then last name):

Lisa M. Tapia,

Job Title:

Administrative Law Judge

Names and Job Titles of Other Commission Employees Present:

None

Date of Communication: 7/31/2009

Location of Parties to Communication:

Electronic Mail

Mode of Communication (Please Check All That Apply):

e-Mail     FAX     In Person     Mail     Telephone

Nature and Substance of All Oral Communications (Note - This field is limited to 15 lines of text):

ILLINOIS  
COMMERCE COMMISSION  
2009 AUG 11 P 3:23  
CHIEF CLERK'S OFFICE

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Responses Made to Written or Oral Communications (Note - This field is limited to 8 lines of text):

See attached e-mail.

Please Check One:

- Submitted are copies of all written items received (optional).
- No written communications were received.
- Written communications were received but are not being submitted.

Please Check One:

- Submitted are copies of written responses (optional).
- No written responses were made.
- Written responses were made but are not being submitted.

Name of, Title of, and Entity Represented by Person Communicating to You:

E-mail sent by "Concerned Investor"

State What Action, If Any, the Person Requested or Recommended (Note - 11 lines of text):

Include Any Other Information You Deem Pertinent (Note - Limited to 8 lines of text):

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Instructions for Locking the Form and Submitting It to e-Docket:

Once you've completed this form and any other necessary documentation, please lock the form and submit it, together with any accompanying documents, to e-Docket. If you are submitting additional documents with the form, please convert those documents first to PDF files by following the instructions below. Using this method will ensure that the contents of the accompanying documents cannot later be changed.

Converting other documents to PDF files:

To save a Word or Excel document as a PDF, click on the Office button in the upper left-hand corner of the screen, move the cursor to "Save As," and select the "PDF or XPS" option. "Pdf" will appear as the default choice in the "save as type" pull down menu. Once you've converted the necessary documents and named them, please identify those additional documents in the "Other Pertinent Information" field above.

Locking the form:

Select this button to change all fields, including the docket number or case number field, to "read only." Once locked, no field in the document can be changed.

After you've completed and locked this form and converted any necessary documents to PDF files, please submit them to the pertinent case or proceeding on e-Docket. If no docketed proceeding has yet been opened in the matter, please submit them to the Chief Clerk with a brief explanatory note.

Under Section 5-50(b-5) of the State Officials and Employees Ethics Act, the information required by this form shall promptly be memorialized and made a part of the record.

A rectangular button with a textured background and a black border, containing the text "Print Form" in a bold, sans-serif font.

**Tapia, Lisa**

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**From:** Concerned Investor [ftr\_readthefineprint@yahoo.com]  
**Sent:** Friday, July 31, 2009 3:32 PM  
**To:** Tapia, Lisa  
**Cc:** @ Dale, Janice  
**Subject:** Fw: Frontier-VZ Case 09-0268

Hello members of the Illinois Public Utilities Commissions and Boards,

Recently, Frontier Communications proposed to triple in size through a pending acquisition of a very large swath of Verizon's rural territories.

The map found on the second page of the following link shows that rural and small burbs within Illinois will be greatly impacted by the proposed transaction.

<http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MzM3NTkzfENoaWxkSUQ9MzIyMjE5fFR5cGU9MQ==&t=1>

In the past few weeks I have read some eye-catching news articles which reveal that public utility regulators in the State of Ohio, and now recently, West Virginia, have taken a cautionary posture and have delayed approving the license transfers of Verizon to Frontier; and they have both scheduled public hearings to be held at distant dates.

Ref:

OH: <http://www.dsireports.com/shownews/Will-Regulators-Repeat-Fairpoint-Mistakes-With-Frontier-103006>

and

WV: <http://dailymail.com/Business/200907280837>

Century Tel recently completed a similar acquisition of larger Embarq, but as may be the case with Frontier, Century Tel may have bitten off more than it can chew. In this article, <http://stocks.investopedia.com/stock-analysis/2009/Century-Tel-Embarks-On-Wider-Path-CTL-EQ0623.aspx?partner=YahooSA>, it was mentioned that Citi bank and the investment community were unsure about the wisdom of that acquisition, partially due to Embarq's existing debt load. Frontier is also presently about a billion dollars in debt, (which CNBC's Cramer said will be coming due in 2011), and Frontier will be taking on more than \$3 Billion of Verizon's debt if the transaction completes. Yet rumors have floated within the Telecom industry that Frontier ran into an operating budget shortage this year and needed to furlough it's salaried employees for 2 weeks. It also asked it's hourly workers to take the furlough, but the Unions refused. Also, Frontier has yet to achieve financing for the Verizon debt it will be assuming. Finally, after the transaction, Verizon shareholders will own roughly 70% of Frontier's stock. CNBC's Cramer says that often is the case that these type newfound shareholders often sell off their shares shortly after they are issued. If Frontier's shares suffer a big sell-off how will the company ever meet dividend promises other than to drastically cut operating costs and manage more risks to service quality, (than are already likely being pushed to the limit by Verizon)?

I think that Ohio regulators were correct in questioning, "can Frontier really handle this proposed acquisition?" When one examines the map in the link above, and considers the size of small urban and rural telecommunications services coverage areas in the North Central states region that will be affected by the acquisition, well it would certainly probably be wise for regulators in each of the neighboring states, (IL, WI, IN, MI), to follow the cautionary postures set by Ohio and West Virginia.

I'll sign off as anonymous, though I will reveal that I am employed within the telecommunications industry.

