



PUBLIC NOTICE

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**APPLICATIONS FILED FOR THE ASSIGNMENT AND TRANSFER OF CONTROL OF
AUTHORIZATIONS HELD BY FRONTIER COMMUNICATIONS CORPORATION,
DEBTOR-IN-POSSESSION AND ITS WHOLLY-OWNED SUBSIDIARIES**

PLEADING CYCLE ESTABLISHED

WC Docket No. 20-197

Comments Due: August 24, 2020
Reply Comments Due: September 8, 2020

By this Public Notice, the Wireline Competition Bureau, International Bureau, and Wireless Telecommunications Bureau (Bureaus) seek comment from interested parties on applications filed by Frontier Communications Corporation, Debtor-in-Possession (Frontier) and its wholly-owned operating subsidiaries (Operating Subsidiaries) (collectively, Applicants).¹ The applications request Commission consent under sections 214 and 310(d) of the Communications Act of 1934, as amended (the Act),² and sections 1.948, 63.03-04, 63.18, and 63.24 of the Commission's rules,³ to "effectuate a pre-arranged plan of reorganization (the Plan, and the transactions contemplated thereunder, the Restructuring) under Chapter 11 (Chapter 11) of the United States Code (the Bankruptcy Code)" to transfer control of the authorizations held by the Operating Subsidiaries from Frontier as debtor-in-possession to a newly formed parent company, Frontier

¹ See Joint Application of Frontier Communications Corporation, Debtor-in-Possession, and its Wholly-Owned Operating Subsidiaries for Consent to Assign and Transfer Control of Domestic and International Section 214 Authorizations Holders, WC Docket No. 20-197 (filed June 24, 2020) (Lead Application).

² See 47 U.S.C. §§ 214, 310(d).

³ 47 CFR §§ 1.948, 63.03-04, 63.18, 63.24. The Commission licenses and authorizations subject to the applications are listed in Attachment A and include existing domestic and international section 214 authorizations and wireless licenses. Pursuant to Commission practice, these applications are being referred to the relevant Executive Branch agencies for their views on any national security, law enforcement, foreign policy or trade policy concerns related to the foreign ownership of the Applicants. See *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market; Market Entry and Regulation of Foreign-Affiliated Entities*, IB Docket Nos. 97-142 and 95-22, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891, 23919, paras. 61-63 (1997) (*Foreign Participation Order*), recon. denied, 15 FCC Rcd 18158 (2000).

Communications Parent (Reorganized Frontier).⁴ Frontier and the Operating Subsidiaries, as debtors-in-possession, also filed applications to assign their respective licenses and authorizations to the same entities upon emergence from bankruptcy. Frontier filed a petition for declaratory ruling (Petition) on behalf of the Operating Subsidiaries holding common carrier wireless licenses to permit post-emergence foreign ownership above the 25% benchmark in section 310(b)(4) of the Act and section 1.5000(a)(1) of the Commission's rules.⁵

Applicants

Frontier, a Delaware corporation, is a holding company that currently owns and operates incumbent local exchange carriers (LECs) located in 25 states.⁶ Through its interexchange carrier subsidiaries, it also provides intrastate, interstate, and international long distance service on a resale basis in each of the states where Frontier operates as an incumbent LEC.⁷ Applicants state that Frontier and the Operating Subsidiaries provide local and long distance services, data and Internet services, video services, Voice-over-Internet Protocol, and other services throughout their operating territories.⁸

Description of the Transaction

The Plan, as described by Applicants, proposes to pay in full all non-funded debt owed to Frontier's employees, contractors, vendors, suppliers, carriers, and other third parties and provides for the conversion of more than \$10 billion of Frontier's unsecured notes into equity in Reorganized

⁴ Lead Application at 1-2. On April 14, 2020, Frontier and all of its direct and indirect subsidiaries, including the Operating Subsidiaries, filed voluntary petitions with the Bankruptcy Court for the Southern District of New York to comprehensively restructure Frontier under Chapter 11. Lead Application at n.3 (citing *In re Frontier Communications Corporation, et al.*, Case No. 20-22476 (RDD)). Applicants state that they filed the Plan with the Bankruptcy Court on May 15, 2020, to implement the terms of a Restructuring Support Agreement (RSA) with Frontier's senior unsecured noteholders holding more than 75% of its unsecured bonds (such noteholders, the Consenting Noteholders, and all holders of Frontier's unsecured senior notes, the Senior Noteholders). Lead Application at Exh. 1 (Description of the Parties, Description of the Transaction, Public Interest Statement (Public Interest Statement)) at 1-2, 9-13, and Attach. B (Restructuring Plan).

⁵ 47 U.S.C. § 310(b)(4); 47 CFR § 1.5000(a)(1). Frontier Communications Corporation, Debtor-in-Possession and Its Licensee Subsidiaries, Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as amended, IBFS File No. ISP-PDR-20200624-00005 (filed June 24, 2020) (Petition).

⁶ Lead Application at Attach. A (Frontier Subsidiaries and Section 214 Authorizations); Public Interest Statement at 4 and Attach. A (FCC Licensees). Frontier's current service territories are located in Alabama, Arizona, California, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Utah, West Virginia, and Wisconsin. Frontier also serves a *de minimis* number of customers in Virginia. Lead Application at n.6. On May 1, 2020, Frontier closed the sale of its local exchange operating companies in Idaho, Montana, Oregon, and Washington to Northwest Fiber, LLC. See Letter from Wayne D. Johnsen, Counsel to Northwest Fiber, LLC, to Marlene Dortch, Secretary, FCC, WC Docket No. 19-188 (May 4, 2020) (providing notice of consummation).

⁷ Public Interest Statement at 4.

⁸ *Id.* at 4-5.

Frontier.⁹ Applicants state that upon emergence from Chapter 11, the Senior Noteholders, which are primarily controlled by U.S.-based investment funds, will initially own, in the aggregate, 100% of the new common stock of the Reorganized Frontier, though they do not anticipate that any single Senior Noteholder would hold a 10% or greater direct or indirect interest in Reorganized Frontier.¹⁰ Applicants intend that the new common stock of Reorganized Frontier will be publicly traded.¹¹ They explain that the proposed transition would not create any new majority shareholders of Frontier, and the Senior Noteholders will not exercise day-to-day control over the company.¹²

Further pursuant to the Plan, the Operating Subsidiaries will be held through a new corporate structure consisting of three newly-formed holding companies, all Delaware entities: Reorganized Frontier, Frontier Communications Intermediate (Frontier Intermediate), and Frontier Communications Holdings (Frontier Holdings).¹³ These three companies will replace Frontier (the current publicly-traded parent holding company) in the ownership structure.¹⁴ As part of the Chapter 11 emergence process, Frontier will transfer all of the stock of its direct first-tier subsidiaries and any other assets held by Frontier to Frontier Holdings.¹⁵ All outstanding and issued stock of Frontier will be cancelled, and the legal entity will dissolve.¹⁶ According to Applicants, upon emergence, all existing direct, first-tier subsidiaries will be directly owned by Frontier Holdings, and Frontier's indirect subsidiaries will continue to be held by the existing intermediate holding company entities.¹⁷ Through the new holding company corporate structure at the parent company level, Reorganized Frontier will continue to indirectly own the stock of the Operating Subsidiaries.¹⁸

⁹ *Id.* at 10.

¹⁰ Lead Application at 3-4; Public Interest Statement at 2-3, 9-12. Applicants state that some of the Senior Noteholders that will obtain a pro rata share of the equity in Reorganized Frontier are domiciled in foreign jurisdictions or have entities in their control chains that are domiciled in foreign jurisdictions. Public Interest Statement at 19; Petition at 3.

¹¹ Lead Application at 3; Public Interest Statement at 3, 12.

¹² Public Interest Statement at 12.

¹³ Lead Application at 3; Public Interest Statement at n.2, 12-13 and Attach. C (Pre- and Post-Restructuring Corporate Structure); Petition at 2-3. The stockholders of Reorganized Frontier will be the Senior Noteholders; however, the specific holding company structure and names of the holding company entities may be modified during the course of the bankruptcy proceeding. In the event of a material modification of the Plan during the course of the bankruptcy proceeding, Applicants state that they will advise the Commission. Lead Application at n.4; Public Interest Statement at n.15.

¹⁴ Public Interest Statement at 12; Petition at 2-3.

¹⁵ Public Interest Statement. at 12-13.

¹⁶ *Id.*

¹⁷ *Id.* and Attach. C.

¹⁸ *Id.*

Statement of Public Interest

Applicants assert that the Restructuring is designed to ensure that Frontier will emerge from Chapter 11 as a financially stronger service provider and competitor and will result in public interest benefits for Frontier's customers.¹⁹ Applicants claim that "post-Restructuring, Reorganized Frontier will have greater financial capacity to continue to operate its business. The significant reduction of debt and interest obligations, and improved capital structure, resulting from the Plan will significantly improve Frontier's financial condition, which in turn will better position the Applicants to focus on improvements to services. In addition, consumers and businesses will benefit from the continued, strengthened presence of the Applicants in the marketplace, and the ongoing availability of local exchange and other services."²⁰ They further assert that after the Restructuring, customers will continue to receive service at the same rates, terms, and conditions as they did prior to the Restructuring, and that the Restructuring will not impede or eliminate competition in any area.²¹

Petition for Declaratory Ruling Under Section 310(b)(4)

Frontier requests a declaratory ruling, pursuant to section 310(b)(4) of the Act and section 1.5000(a)(1) of the Commission's rules,²² to permit foreign ownership of the Operating Subsidiaries' proposed, controlling U.S. parent, Frontier Intermediate, to exceed the 25% benchmark specified in section 310(b)(4) of the Act.

According to the Petition, Reorganized Frontier, Frontier Intermediate, and Frontier Holdings, all Delaware entities that are anticipated to be corporations, will be formed to replace Frontier, the current publicly traded parent company.²³ Upon emergence from bankruptcy, Reorganized Frontier will own directly 100% of the equity and voting interests of Frontier Intermediate.²⁴ In turn, Frontier Intermediate will own directly 100% of the equity and voting interests of Frontier Holdings which will directly or indirectly hold 100% of the equity and voting interests of the Operating Subsidiaries.²⁵ The licenses and authorizations held by each Subsidiary will continue to be held by the same entities upon emerging from bankruptcy.

Petitioner estimates that, upon emergence from bankruptcy, approximately 80% of the voting and 78% of the equity interests in Reorganized Frontier will be held directly or indirectly by

¹⁹ *Id.* at 15-16.

²⁰ *Id.* 16. Applicants state that the Restructuring will not change the terms and conditions under Frontier's agreements with other regulated service providers, including incumbent and competitive LECs, and that it will not alter Frontier's commitment to its broadband deployment obligations under the Connect America Phase II universal service program. *Id.* at 17-19.

²¹ *Id.* at 3, 18.

²² 47 U.S.C. § 310(b)(4); 47 CFR § 1.5000(a)(1).

²³ Petition, Exh. 2 at 5.

²⁴ *Id.*

²⁵ *Id.*

foreign individuals or entities.²⁶ The Petition states that, under the plan of reorganization, the Senior Noteholders would collectively hold the new common stock of Reorganized Frontier.²⁷ Petitioner claims that no single Senior Noteholder is anticipated to hold a 10% or greater direct or indirect equity or voting interest in Reorganized Frontier.²⁸ In addition, at emergence from bankruptcy, only four Senior Noteholders are expected to hold more than a 5%, but less than a 10%, equity and voting interest directly or indirectly in Reorganized Frontier, none of which will exercise day-to-day management of Reorganized Frontier.²⁹ The Petition states that only one of these four Senior Noteholders is a foreign entity or foreign-owned or -controlled.³⁰ Additionally, Petitioner asserts that Reorganized Frontier is intended to become a publicly traded company as promptly as reasonably practicable after Frontier's emergence from Chapter 11 bankruptcy.³¹

Specifically, Petitioner seeks Commission authorization for foreign investors to hold, in the aggregate, directly and/or indirectly, 100% of Frontier Intermediate's equity and/or voting interests, subject to the specific approval requirements in section 1.5004 of the Commission's rules.³² Pursuant to section 1.5001(i) of the rules, Petitioner requests specific approval for HG Vora Special Opportunities Master Fund, Ltd. (Cayman Islands) to hold 5.5% equity and voting interest in Reorganized Frontier, and thus indirectly in Frontier Intermediate, upon emergence from Chapter 11 bankruptcy.³³

Petitioner also requests advance approval, pursuant to section 1.5001(k), for HG Vora Special Opportunities Master Fund, Ltd. to increase its direct or indirect equity and/or voting interests in Reorganized Frontier, and thus indirectly in Frontier Intermediate, up to and including a 49.99% non-controlling interest.

Petitioner asserts that the public interest would be served by approving the proposed foreign ownership in Frontier Intermediate, as described in the Petition, and of the foreign entity for which Petitioner seeks specific approval pursuant to section 1.5001(i) of the rules.

GENERAL INFORMATION

²⁶ Petition at 3 and Exh. 2 at 5 (stating that "Frontier estimates that approximately 42 percent of the voting and 40 percent of the equity interests of Reorganized Frontier will be held directly or indirectly by foreign individuals or entities. Under a cautious assumption that all other unknown ownership interests of the Senior Noteholders are foreign, an additional 38 percent of the voting and equity interests of Reorganized Frontier may be held directly or indirectly by foreign individuals or entities.").

²⁷ Petition at 3.

²⁸ *Id.*

²⁹ *Id.* at 3-4.

³⁰ *Id.* at 3.

³¹ *Id.* at 4.

³² 47 CFR § 1.5004.

³³ Petition, Exh. 2 at 6-7.

The applications identified herein has been found, upon initial review, to be acceptable for filing. The Commission reserves the right to return any application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies.

Interested parties may file comments and petitions **on or before August 24, 2020** and reply comments or oppositions to petitions **on or before September 8, 2020**. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by paper. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

- **Electronic Filers:** Comments may be filed electronically by accessing ECFS at <http://apps.fcc.gov/ecfs/>.
- **Paper Filers:** Parties who choose to file by paper must file an original and one copy of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit one additional copy for each additional docket or rulemaking number.
 - Filings can be sent by commercial overnight courier or by first-class or overnight U.S. Postal Service mail.³⁴ All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
 - Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.
 - U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW, Washington, DC 20554.

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at 202-418-0530 (voice), 1-888-835-5322 (tty).

In addition, e-mail one copy of each pleading to each of the following:

- 1) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, dennis.johnson@fcc.gov;
- 2) Kimberly Cook, Telecommunications & Analysis Division, International Bureau, kimberly.cook@fcc.gov;

³⁴ In response to the COVID-19 pandemic, the FCC has closed its current hand-delivery filing location at FCC Headquarters. We encourage outside parties to take full advantage of the Commission's electronic filing system. Any party that is unable to meet the filing deadline due to the building closure may request a waiver of the comment or reply comment deadline, to the extent permitted by law. *FCC Announces Closure of FCC Headquarters Open Window and Change in Hand-Delivery Filing*, Public Notice, DA 20-304 (rel. Mar. 19, 2020). <https://www.fcc.gov/document/fcc-closes-headquarters-open-window-and-changes-hand-delivery-policy>.

- 3) Kathy Harris, Mobility Division, Wireless Telecommunications Bureau, kathy.harris@fcc.gov;
- 4) Linda Ray, Broadband Division, Wireless Telecommunications Bureau, linda.ray@fcc.gov;
and
- 5) Jim Bird, Office of General Counsel, jim.bird@fcc.gov.

The proceeding in this Notice shall be treated as a “permit-but-disclose” proceeding in accordance with the Commission’s *ex parte* rules. Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter’s written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b), 47 CFR § 1.1206(b). Participants in this proceeding should familiarize themselves with the Commission’s *ex parte* rules.

To allow the Commission to consider fully all substantive issues regarding the application in as timely and efficient a manner as possible, petitioners and commenters should raise all issues in their initial filings. New issues may not be raised in responses or replies.³⁵ A party or interested person seeking to raise a new issue after the pleading cycle has closed must show good cause why it was not possible for it to have raised the issue previously. Submissions after the pleading cycle has closed that seek to raise new issues based on new facts or newly discovered facts should be filed within 15 days after such facts are discovered. Absent such a showing of good cause, any issues not timely raised may be disregarded by the Commission.

For further information, please contact Dennis Johnson, Wireline Competition Bureau, (202) 418-0809; Kimberly Cook, International Bureau, (202) 418-7532; Kathy Harris, Mobility Division, Wireless Telecommunications Bureau, (202) 418-0609; Linda Ray, Broadband Division, Wireless Telecommunications Bureau, (202) 418-0257.

³⁵ See 47 CFR § 1.45(c).

ATTACHMENT A

SECTION 214 AUTHORIZATIONS

A. International

The applications for consent to the transfer of control of certain international section 214 authorizations have been assigned the file numbers listed below.

| <u>File Number</u> | <u>Authorization Holder</u> | <u>Authorization Number</u> |
|------------------------|--|--|
| ITC-ASG-20200625-00095 | Citizens Telecommunications Company of California Inc., Debtor-in-Possession | ITC-214-20080219-00078 |
| ITC-ASG-20200625-00096 | Commonwealth Telephone Enterprises, LLC, Debtor-in-Possession | ITC-214-19960726-00343 |
| ITC-ASG-20200625-00097 | Frontier California Inc., Debtor-in-Possession | ITC-214-20080219-00063 |
| ITC-ASG-20200625-00098 | SNET America, Inc., Debtor-in-Possession | ITC-214-19930716-00119, ITC-214-19950215-00064, ITC-MOD-20041129-00487 |
| ITC-ASG-20200625-00099 | Frontier West Virginia Inc., Debtor-in-Possession | ITC-214-20080219-00071 |
| ITC-ASG-20200625-00100 | GVN Services, Debtor-in-Possession | ITC-214-20020225-00113 |
| ITC-ASG-20200625-00102 | Frontier Communications of America, Inc., Debtor-in-Possession | ITC-214-19971202-00753, ITC-214-20001121-00680 |
| ITC-ASG-20200625-00103 | Frontier Communications of the Carolinas LLC, Debtor-in-Possession | ITC-214-20090528-00564 |
| ITC-ASG-20200625-00104 | Frontier Communications Online and Long Distance Inc., Debtor-in-Possession | ITC-214-20090528-00565 |
| ITC-ASG-20200625-00105 | Frontier Florida LLC, Debtor-in-Possession | ITC-214-20080219-00064 |
| ITC-ASG-20200625-00106 | Frontier Communications of the Southwest Inc., Debtor-in-Possession | ITC-214-20090528-00563 |
| ITC-ASG-20200625-00107 | Frontier Southwest Incorporated, Debtor-in-Possession | ITC-214-20080219-00077 |
| ITC-ASG-20200625-00108 | Frontier Midstates Inc., Debtor-in-Possession | ITC-214-20080219-00081 |
| ITC-ASG-20200625-00109 | Frontier North Inc., Debtor-in-Possession | ITC-214-20080219-00082 |

B. Domestic

The Applicants filed an application to transfer control of domestic section 214 authority in connection with the proposed transaction – WC Docket No. 20-197. In light of the multiple applications pending before the Commission with respect to this transaction and the public interest

review associated with them, the domestic transfer of control application is not subject to streamlined treatment.³⁶

SECTION 310(d) APPLICATIONS

The applications for consent to the assignment and transfer of control of licenses under section 310(d) have been assigned the file numbers listed below.

WIRELESS LICENSES

| <u>ULS File Number</u> | <u>Licensee</u> | <u>Lead Call Sign</u> |
|------------------------|--|-----------------------|
| 0009091707 | Citizens Telecommunications Company of California Inc., Debtor-in-Possession | KLR825 |
| 0009093123 | Citizens Telecommunications of Nevada, Debtor-in-Possession | KYJ80 |
| 0009093138 | Citizens Telecommunications Company of New York, Inc., Debtor-in-Possession | KEH87 |
| 0009093193 | Citizens Telecommunications Company of Tennessee L.L.C., Debtor-in-Possession | WAU236 |
| 0009093219 | Citizens Telecommunications Company of the White Mountains, Inc., Debtor-in-Possession | KPR50 |
| 0009093247 | Citizens Telecommunications Company of Utah, Debtor-in-Possession | KFI82 |
| 0009093259 | Citizens Utilities Rural Company, Inc., Debtor-in-Possession | KNLW337 |
| 0009093314 | Frontier California Inc., Debtor-in-Possession | KF5881 |
| 0009094735 | Frontier Communications Corporation, Debtor-in-Possession | WQKA212 |
| 0009093324 | Frontier Communications of the Carolinas LLC, Debtor-in-Possession | KCG60 |
| 0009093343 | Frontier Communications of the Southwest Inc., Debtor-in-Possession | KNB36 |
| 0009097212 | Frontier Communications of Wisconsin LLC, Debtor-in-Possession | WXS416 |
| 0009097218 | Frontier Florida LLC, Debtor-in-Possession | WQIX281 |
| 0009097222 | Frontier North Inc., Debtor-in-Possession | KGH31 |
| 0009097224 | Frontier Southwest Incorporated, Debtor-in-Possession | KG4012 |
| 0009097236 | Frontier West Virginia Inc., Debtor-in-Possession | WREH823 |
| 0009097245 | Navajo Communications Company, Inc., Debtor-in-Possession | KNKL556 |
| 0009097254 | NCC Systems, Inc., Debtor-in-Possession | WPRB360 |
| 0009097259 | Southern New England Telephone Company, Debtor-in-Possession | KCB95 |

³⁶ 47 CFR § 63.03.

Petition for Declaratory Ruling Under Section 310(b)(4)

The Petition has been assigned File No. ISP-PDR-20200624-00005.

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