

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

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IN RE:  GLOBAL CROSSING LTD. AND FRONTIER CORPORATION	DOCKET NO. SPU-99-16
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**ORDER DENYING REQUEST FOR REHEARING**

(Issued July 30, 1999)

On May 7, 1999, Global Crossing Ltd. (Global Crossing) and Frontier Corporation (Frontier) (collectively, Applicants) filed a "Proposal For Reorganization" pursuant to IOWA CODE § 476.77 (1999) (the Application). The Applicants request Board approval to transfer control of Frontier's Iowa operating subsidiaries to Global Crossing.

On May 26, 1999, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a "Motion To Dismiss And To Reject Defective And Insufficient Filing" (the Motion to Dismiss). Consumer Advocate argued that many of the material allegations contained in the Applicants' Application, even if true when made, were substantially changed as a result of the announcement of a proposed merger between Global Crossing and U S West Inc. (U S West), making the Application defective and insufficient.

On June 25, 1999, the Board granted Consumer Advocate's motion and dismissed the Application. The Applicants were given the option of either re-filing

their application with additional information about the anticipated impact of the proposed U S West merger or re-filing in conjunction with any proposed reorganization involving U S West.

On July 15, 1999, the Applicants filed an application for rehearing, asking the Board to withdraw the order granting the motion to dismiss and to establish a procedural schedule for the expeditious completion of this docket. In support of their requests, the Applicants argue that the Board's dismissal was in violation of Board rules (OWA ADMIN. CODE 199-32.6) and wrongfully denied the Applicants their right to consideration of the Frontier-Global Crossing transaction as a stand-alone proposal. They also argue the potential U S West transaction is irrelevant to this docket and should be considered in a separate docket at the appropriate time. In the alternative, the Applicants supply additional information for the record concerning the anticipated impacts of the U S West transaction. Finally, the Applicants request expedited consideration of their application, as supplemented.

On July 20, 1999, the Applicants filed an amendment to their application for rehearing, informing the Board that the merger agreement between Global Crossing and U S West has been canceled and there is no longer any significant effect from that transaction to be considered in connection with the Frontier operations in Iowa. Applicants renew their request for rehearing, for withdrawal of the order granting the motion to dismiss, and for an order setting an expedited procedural schedule.

On July 22, 1999, Consumer Advocate filed a resistance to the application for rehearing. Consumer Advocate argues that the Applicants' request for rehearing is inappropriate; that the Board rule relied upon by Applicants does not apply to rulings on motions to dismiss; and that the Board's order dismissing the Application was correct on the merits. Consumer Advocate joins in the Applicants' request for a procedural schedule. However, Consumer Advocate argues the Board should do so in a new docket, considered to have commenced with the filing of the amended application for rehearing on July 20, 1999.

The Board will deny the application for rehearing. The Applicants' reliance on Board rule IOWA ADMIN. CODE 199-32.6 as a source of Board error (application for rehearing at page 3) is misplaced. That rule provides that the Board may on its own motion reject a defective proposal for reorganization within 30 days of the date of filing. It has no application to a Board ruling on a motion to dismiss.

The Applicants' claims that they are being denied their right to consideration of the reorganization proposal specific to Frontier and Global Crossing (application for rehearing at page 3) and that the potential U S West transaction was irrelevant are moot. In another order being issued this same date, the Board is docketing the Application, as amended, as a new Docket No. SPU-99-24 and taking official notice of the entire record in this docket, so the Applicants will still have an opportunity for hearing on their proposed reorganization in its present form. The Board finds that it will be more appropriate to consider the Application in a new docket, which initially

offers an earlier deadline for Board action (albeit with the possibility of an extension of that deadline, if necessary).

**IT IS THEREFORE ORDERED:**

The "Amendment To Application For Rehearing" filed on July 15, 1999, by Global Crossing Ltd. and Frontier Corporation is denied.

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.  
Executive Secretary

Dated at Des Moines, Iowa, this 30<sup>th</sup> day of July, 1999.