GREENSFELDER, HEMKER & GALE, P.C.

ATTORNEYS AT LAW

2000 EQUITABLE BUILDING
10 SOUTH BROADWAY
ST. LOUIS, MISSOURI 63102-1774
TELEPHONE (314) 241-9090
TELEFAX (314) 241-8624

AFFILIATE OFFICE
GREENSFELDER, HEMKER & GALE
BELLEVILLE, ILLINOIS

August 26, 1999

Mr. Dale Roberts
Chief Regulatory Law Judge
Missouri Public Service Commission
301 West High Street, Room 530
Jefferson, City, MO 65102

FILED 2
AUG 2 6 1999
Missouri Public Service Commission

Re: Application for Certificate of Service Authority and for Competitive Classification

TA 2000-192

Dear Mr. Roberts,

Enclosed please find two (2) separate sets of an original and fourteen (14) copies of the Application for Certificate of Service Authority and for Competitive Classification each filed on behalf of Fidelity Communication Services I, Inc., and Fidelity Cablevision, Inc., respectively. In addition, I have included an extra copy of each Application which I request be file stamped and returned to me in the enclosed self-addressed envelope.

In the event you need any additional information or have any questions concerning any of the information set forth in these Applications, please contact the undersigned.

Yours very truly,

GREENSFELDER, HEMKER & GALE, P.C.

By Sheldon K. Stock

Sheldon K. Stock

SKS/kka
Enclosures
336665.1

cc: Office of Public Counsel
Mr. John T. Davis

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of the Application of Fidelity Cablevision, Inc. for a certificate of service authority to provide Basic Local Telecommunications Service in portions of the State of Missouri and to classify said services and the company as competitive	)	Case No. TA2000-192

APPLICATION FOR CERTIFICATE OF SERVICE AUTHORITY AND FOR COMPETITIVE CLASSIFICATION

Comes now Fidelity Cablevision, Inc. ("Applicant"), by its undersigned counsel, and hereby applies pursuant to Sections 392.361, 392.420, and 392.430 RSMo 1994, 392.410, 392.450 RSMo Supp. 1996, the federal Telecommunications Act of 1996, and 4 CSR 240-2.060, for authority to provide basic local telecommunications service in portions of the State of Missouri and to classify said service and company as competitive. In support of this application Applicant states as follows:

1. Applicant is a corporation duly organized and existing under and by virtue of the laws of the State of Missouri. The principal place of business of Applicant is:

Mr. John T. Davis, President
Fidelity Cablevision, Inc.
60 North Clark
Sullivan, Missouri 63080

A copy of the Applicant's Certificate of Incorporation is attached hereto as **Appendix 1.** A copy of the Applicant's current good standing certificate from the Missouri Secretary of State is attached hereto as **Appendix 2.**

2. All inquiries, correspondence, communications, pleadings, notices, orders and decisions relating to the case should be addressed to:

Sheldon K. Stock, Esq., MBE #18581
Greensfelder, Hemker & Gale, P.C.
10 South Broadway, Suite 2000
St. Louis, Missouri 63102-1774

3. Applicant proposes to provide basic local exchange telecommunications service on a facilities and resold basis throughout all exchanges currently served by the incumbent local exchange telecommunication company of Sprint/United Telephone Company (United). The specific United exchanges within which Applicant proposes to offer service are listed in the incumbent provider's local exchange tariffs. Applicant may seek authority to provide this service in other areas of the state in a subsequent proceeding.

4. Pursuant to this application Applicant seeks to offer and provide all forms of basic local telecommunications service and long distance telephone services and high speed Internet access by leasing inter-exchange and local facilities from local carriers and by constructing the facilities necessary to provide the proposed services.

5. Applicant possesses the technical and managerial expertise and experience necessary to provide the services it proposes. Description of backgrounds of Applicant's management, which demonstrate the extensive experience and expertise, are attached hereto and incorporated herein by reference as **Appendix 3**. Applicant also possesses the necessary financial resources. A copy of Applicant's balance sheet and income statement is attached as **Appendix 4**.

6. Applicant seeks classification of itself and its services as competitive.

7. Applicant will offer basic local telecommunications service as a separate and distinct service in accordance with applicable law. Applicant will give consideration to equitable access of all Missourians, regardless of where they might reside or their income, to affordable telecommunications services in Applicant's proposed service areas in accordance with applicable law.

8. Applicant is willing to comply with all applicable Commission rules and is willing to meet all relevant service standards, including, but not limited to billing, quality of service, and tariff filing and maintenance. Consistent with the Commission's treatment of other certificated competitive local exchange telecommunications companies, Applicant requests that the following statutes and regulations be waived for Applicant and its basic local exchange service offerings:

Statutes	Missouri Public Service Commission Rules
392.210.2	4 CSR 240-10.020
392.270	4 CSR 240-30.040
392.280	4 CSR 240-35
392.290.1	
392.300.2	
392.310	
392.320	
392.330	
392.340	

9. Applicant further requests a temporary waiver of 4 CSR 240-2.060(4)(H). This rule requires that an application for a certificate of service authority to provide interexchange, local exchange or basic local exchange service shall include a proposed tariff with a forty-five day effective date. Applicant finds it impossible at this time to develop tariffs to fully comply with this rule since Applicant has not yet executed or received Commission approval of any resale agreements with incumbent local exchange companies. At such time as all facts necessary for the development of such tariffs are known to Applicant, it will promptly file said tariffs bearing no less than a 30 day effective date with the Commission in a manner consistent with recent Commission practice in similar cases.

10. Applicant is willing to comply with all applicable Commission rules and is willing to meet all relevant service standards including, but not limited to, quality of service, billing, and tariff filing and maintenance.

11. Applicant submits that the public interest will be served by Commission approval of this application because Applicant's proposed services will create and enhance competition and expand customer service options consistent with the legislative goals set forth in the federal Telecommunications Act of 1996 and Chapter 392 RSMo. Prompt approval of this application also will expand the availability of innovative, high quality, and reliable telecommunications services within the State of Missouri.

WHEREFORE, Applicant, Fidelity Cablevision, Inc. respectfully requests that the Commission grant it a certificate of service authority to provide basic local telecommunications services as herein requested, classify Applicant and its proposed services as competitive, and grant a waiver of the aforesaid statutes and regulations.

Respectfully submitted,

Sheldon K. Stock

Sheldon K. Stock, Esq., MBE #18581
Greensfelder, Hemker & Gale, P.C.
10 South Broadway, Suite 2000
St. Louis, Missouri 63102

ATTORNEY FOR APPLICANT

ATTACHED APPENDICES

Appendix 1	Certificate of Incorporation
Appendix 2	Missouri Good Standing Certificate
Appendix 3	Managerial Expertise
Appendix 4	Financial Information

AFFIDAVIT

Before me, the undersigned authority, personally appeared John T. Davis, who, being by me duly sworn, deposed as follows:

My name is John T. Davis, I am the President of Fidelity Cablevision, Inc. and of sound mind, capable of making this affidavit, and personally acquainted with the facts herein stated:

1. Fidelity Cablevision, Inc., a Missouri corporation, is in good standing and is authorized to conduct the business proposed in this application.

2. The undersigned has reviewed the above Application and certifies that the information set forth therein is true, accurate and complete, to the best of his knowledge and belief.

John T. Davis

STATE OF MISSOURI)
) ss.
COUNTY OF ~~CRAWFORD~~ St. Louis)

On this 26th day of August, 1999, before me personally appeared John T. Davis, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Debra J Spaethe
Notary Public

My term expires:

DEBRA J SPAETHE
Notary Public - Notary Seal
STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXP. JUNE 5,2003

No. 00357209

APPENDIX 1

STATE OF MISSOURI

Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION

CERTIFICATE OF CORPORATE RECORDS

FIDELITY CABLEVISION, INC.

I, REBECCA MCDOWELL COOK, SECRETARY OF STATE OF THE STATE OF MISSOURI AND KEEPER OF THE GREAT SEAL THEREOF, DO HEREBY CERTIFY THAT THE ANNEXED PAGES CONTAIN A FULL, TRUE AND COMPLETE COPY OF THE ORIGINAL DOCUMENTS ON FILE AND OF RECORD IN THIS OFFICE.

IN TESTIMONY WHEREOF, I HAVE SET MY HAND AND IMPRINTED THE GREAT SEAL OF THE STATE OF MISSOURI, ON THIS, THE 3RD DAY OF AUGUST, 1999.

Rebecca McDowell Cook

Secretary of State

S.O.S. #30

No. 00357209

STATE OF MISSOURI

ROY D. BLUNT
SECRETARY OF STATE

CORPORATION DIVISION

CERTIFICATE OF INCORPORATION

WHEREAS, DUPLICATE ORIGINALS OF ARTICLES OF INCORPORATION OF

FIDELITY CABLEVISION, INC.

HAVE BEEN RECEIVED AND FILED IN THE OFFICE OF THE SECRETARY OF STATE, WHICH ARTICLES, IN ALL RESPECTS, COMPLY WITH THE REQUIREMENTS OF THE GENERAL AND BUSINESS CORPORATION LAW;

NOW, THEREFORE, I, ROY D. BLUNT, SECRETARY OF STATE OF THE STATE OF MISSOURI, BY VIRTUE OF THE AUTHORITY VESTED IN ME BY LAW, DO HEREBY CERTIFY AND DECLARE THIS ENTITY A BODY CORPORATE, DULY ORGANIZED THIS DATE AND THAT IT IS ENTITLED TO ALL RIGHTS AND PRIVILEGES GRANTED CORPORATIONS ORGANIZED UNDER THE GENERAL AND BUSINESS CORPORATION LAW.

IN TESTIMONY WHEREOF, I HAVE SET MY HAND AND IMPRINTED THE GREAT SEAL OF THE STATE OF MISSOURI, ON THIS, THE 11TH DAY OF SEPTEMBER, 1991.

Roy D. Blunt
Secretary of State

$53.00

SOS #30

FILED AND CERTIFICATE OF INCORPORATION ISSUED

SEP 11 1991

Roy D. Blunt

ARTICLES OF INCORPORATION

OF

FIDELITY CABLEVISION, INC.

I, the undersigned, being a natural person of the age of eighteen (18) years or more, for the purpose of forming a corporation under "The General and Business Corporation Law of Missouri", do hereby adopt the following Articles of Incorporation:

ARTICLE ONE

The name of the corporation is Fidelity Cablevision, Inc.

ARTICLE TWO

The address of its initial registered office in the State of Missouri is 64 North Clark, Sullivan, Missouri 63080, and the name of its initial registered agent at such address is John T. Davis.

ARTICLE THREE

The aggregate number of shares which the corporation shall have authority to issue is Thirty Thousand (30,000) shares, all of a par value of One Dollar ($1.00) per share.

The preferences, qualifications, limitations, restrictions, and the special or relative rights, including convertible rights, if any, in respect of the shares of each class are as follows: None.

ARTICLE FOUR

No holder of any shares of stock of the corporation, whether now or hereafter authorized or outstanding, shall have any preemptive or preferential right of any kind to acquire, subscribe for or have offered to him any shares of stock or any other securities of the corporation, whether such stock or other securities are now or hereafter authorized or issued.

ARTICLE FIVE

The name and place of residence of the incorporator is as follows:

NAME	RESIDENCE
Sheldon K. Stock	7120 Wydown Boulevard St. Louis, Missouri 63105

ARTICLE SIX

The number of directors to constitute the first Board of Directors shall be five (5). Thereafter the number of Directors to constitute the Board of Directors of the corporation shall be as fixed by, or as determined in the manner provided in, the Bylaws of the corporation. Any change in such number shall be reported to the secretary of State of Missouri within thirty (30) days after such change becomes effective.

ARTICLE SEVEN

The duration of the corporation is PERPETUAL.

ARTICLE EIGHT

The corporation is formed for the following purposes:

> To acquire, own and operate cable television systems and to operate, manage, supervise, advise, consult with, and render diverse services to cable television systems;
>
> To purchase, acquire, rent, manage, lease, sell and otherwise deal with and in real and personal property of every kind and description, wherever situated, including, but not by way of limitation, profits, concessions, rights, franchises, licenses, privileges, processes, trademarks, formulae, copyrights, and patents, for its own account and for the account of others, and furthermore to purchase, sell, mortgage, lease, take in exchange or trade, rent and otherwise to acquire, hold and generally deal in real estate, improved and unimproved, either

within or without the State of Missouri, and any interest or estate therein or appurtenant thereto including leaseholds, easements, rights-of-way, reversions, remainders, leases, tax liens or other estates created by State or Municipal authority for the purpose of buying, satisfying or otherwise discharging unpaid taxes; to own, hold, operate, improve, develop, manage, sell, exchange and build, alter, decorate, furnish, own, lease, operate, manage and maintain office buildings, factories, plants, shops, warehouses, offices, stores, garages, theaters, hotels, apartment buildings, houses and dwellings of any and all kinds and to conduct a general real estate and construction business, together with allied and interdependent lines of business connected with said real estate and construction business;

To manufacture, make, convert, buy or otherwise acquire, hold, sell, market, merchandise, distribute, warehouse, import, export, job and otherwise deal in either as principal or agent, upon commission or otherwise, at wholesale and retail, all such goods, wares, merchandise and property of every class and description as the corporation may see fit;

To buy, sell, own, operate, hire and lease trucks, conveyances, machinery, tools and equipment of any and all types;

To buy, sell, trade, acquire, dispose of, pledge, encumber and otherwise deal in stocks, bonds and securities of every nature, and evidences of indebtedness, on margin or otherwise, created by any other corporation or corporations of the State of Missouri or of any other state, the District of Columbia, country, nation or government, and to buy, sell, trade, acquire, dispose of, pledge, encumber and otherwise deal in commodities of every nature and contracts for the future delivery of commodities of every nature, on margin or otherwise, and while owner of said stocks, bonds, securities, evidences of indebtedness, commodities and contracts for the future delivery of commodities, to exercise all the rights, powers and privileges of ownership, including the right to vote therefor as the corporation may from time to time find to be for its advantage or in furtherance of its purposes, and to conduct all such business in the State of Missouri and all other states, the District of Columbia and territories of the United States and any foreign countries where the same can be done without violating the laws of such states, territories or foreign countries;

To borrow money and contract debts and issue and dispose of its notes or other obligations or evidences of indebtedness for any amount so borrowed, and to mortgage and pledge its property and franchises to secure the payment of such obligations and of any debts so contracted;

To conduct business in the State of Missouri and in all other States, the District of Columbia, the territories, possessions and dependencies of the United States, and in any and all foreign countries; and to have one or more offices outside the State of Missouri;

To purchase or otherwise acquire or obtain, hold, own, possess, sell, transfer, assign, convey or otherwise dispose of and deal in shares of its own capital stock, and the shares of the capital stock of any other corporation, but only to the extent and in the manner now or hereafter provided by law, provided that shares of its own capital stock belonging to the corporation shall not be voted by the corporation; and

To carry on any other lawful business or operation deemed advantageous or desirable, and to do any and every thing incidental to, growing out of or germane to any of the foregoing powers or objects, either for itself or as agent for any person, firm or corporation, either alone or in association with other corporations, or with any firm or individual, and to have and exercise all of the powers and rights conferred by the laws of the State of Missouri upon corporations formed under the law hereinabove referred to, and all acts amendatory thereof and supplemental thereto, it.being expressly provided that the foregoing clauses shall be construed both as objects and powers, and shall be in furtherance and not in limitation of the powers conferred by the laws of the State of Missouri, and that the foregoing enumeration of specific powers and objects shall not be held to alter or restrict in any manner the general powers of this corporation.

ARTICLE NINE

The Board of Directors shall have power to adopt, repeal, or amend the Bylaws of the corporation and to adopt new or additional Bylaws, subject to the paramount right of the shareholders to limit or divest such power and to assume such power to the exclusion of the Board of Directors as the shareholders may determine.

ARTICLE TEN

The corporation shall indemnify all its directors and officers as permitted by The General and Business Corporation law of Missouri, as amended.

IN WITNESS WHEREOF, I, the incorporator, have hereunto set my hand this 11th day of September, 1991.

Sheldon K. Stock

Sheldon K. Stock

STATE OF MISSOURI)
) ss.
COUNTY OF ST. LOUIS)

I, Diane M. Schneider, a Notary Public, do hereby certify that on this 11th day of September, 1991, personally appeared before me Sheldon K. Stock, who, being by me first duly sworn, declared that he is the incorporator of Fidelity Cablevision, Inc.; that he signed the foregoing instrument as such incorporator of the corporation, and that the statements therein contained are true.

My commission expires: March 17, 1994.

Diane M. Schneider

Notary Public

3118/207 **FILED AND CERTIFICATE OF INCORPORATION ISSUED**

SEP 11 1991

Roy D. Blunt

DIANE M. SCHNEIDER
NOTARY PUBLIC STATE OF MISSOURI
EXPIRES 3/17/94
ST. LOUIS COUNTY

STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE
JEFFERSON CITY 65102

314 / 751-4609

STATEMENT OF CHANGE IN NUMBER OF DIRECTORS

Sections 351.055(6), 351.085.1(4) and 351.315.3 RSMo

No filing fee - File one copy

Corporate Charter No. 00357209

1. The name of the corporation is Fidelity Cablevision, Inc.

   The name under which it was originally organized was Fidelity Cablevision, Inc.

2. Effective March 25, 1996, the number of persons constituting its board of directors was changed from 5 to 3.

Corporate Officer
John T. Davis, President

March 25, 1996
Date

STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE
JEFFERSON CITY 65102
March 29, 1996

Re: FIDELITY CABLEVISION, INC.(00357209)

Dear Corporation:

This is to advise that on the above date we have filed for record in this office a Statement of Change in the number of directors from five (5) to three (3). (Pursuant to Chapter 351.055(6) and 351.085.2(4) RSMo.)

Very truly yours,

REBECCA M. COOK
Secretary of State

Corporation Division
Amendment Desk

Ltr.#62

No. 00357209

APPENDIX 2

STATE OF MISSOURI

Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION

CERTIFICATE OF CORPORATE GOOD STANDING

I, REBECCA McDOWELL COOK, SECRETARY OF STATE OF THE STATE OF MISSOURI, DO HEREBY CERTIFY THAT THE RECORDS IN MY OFFICE AND IN MY CARE AND CUSTODY REVEAL THAT

FIDELITY CABLEVISION, INC.

WAS INCORPORATED UNDER THE LAWS OF THIS STATE ON THE 11TH DAY OF SEPTEMBER, 1991, AND IS IN GOOD STANDING, HAVING FULLY COMPLIED WITH ALL REQUIREMENTS OF THIS OFFICE.

IN TESTIMONY WHEREOF, I HAVE SET MY HAND AND IMPRINTED THE GREAT SEAL OF THE STATE OF MISSOURI, ON THIS, THE 26TH DAY OF AUGUST, 1999.

Rebecca McDowell Cook

Secretary of State

S.O.S. #30

JOHN T. DAVIS
PRESIDENT AND CHIEF EXECUTIVE OFFICER

John T. Davis is President and Chief Executive Officer of all Fidelity Corporations and acts as general manager of all of the Company's affairs. Mr. Davis and his family own all of the Company's common stock except for 25% which is owned by an Employee Stock Ownership Plan. Mr. Davis literally grew up in the telephone business as his parents owned and operated the Company during his childhood and they saw to it that he began helping out at the Company in various capacities starting at a very early age.

Mr. Davis attended Drury College in Springfield, Missouri and for a time was involved in the oil and gas business as a corporate owner before assuming control of the daily operations as President of Fidelity in 1986.

Since becoming President he has led the Company through a period of aggressive growth and diversification. Early in his tenure as President, he invested heavily in a complete modernization of the technologies employed by the Companies and in 1996 installed yet another generation of updated equipment to properly utilize emerging technological developments and meet competitive challenges.

JOHN E. COLBERT
VICE PRESIDENT – FINANCE

John E. Colbert is Vice President – Finance for all Fidelity Companies. He is responsible for all financial and accounting affairs of the Companies including financial reporting, budgeting, acquisitions/mergers and securing financing. Through subordinate staff, he ensures compliance with professional accounting practices, state and federal telecommunications reporting and governmental regulations.

Mr. Colbert has over 11 years experience in the communications industry which includes telephone, cable TV, cellular (wireless) and as an Internet service provider. In addition, he has worked on numerous acquisition projects in the communications field including international.

Mr. Colbert is a Certified Public Accountant and earned a B.S. - Accountancy from University of Missouri-Columbia. He is a member of both the Missouri Society of CPA and the American Institute of CPA's. He has been with Fidelity for almost nine years and before that worked for a regional public accounting firm.

KENNETH L. REEVES
VICE PRESIDENT – HUMAN RESOURCES

Kenneth L. Reeves is Vice President – Human Resources for all Fidelity Companies. He is responsible for recruitment and selection, salary administration, safety, benefits, training, labor relations and fair employment. He also administers the Companies' risk management and insurance matters.

Mr. Reeves has been with Fidelity for over 12 years. Previously he worked in executive positions in the insurance industry. He graduated St. Louis University, St. Louis, Missouri with an A.B. – Political Science.

JIM CUNNINGHAM
VICE PRESIDENT – OPERATIONS

Jim Cunningham is Vice President – Operations for all Fidelity Companies. He is responsible for planning, coordinating, and directing outside plant including forecasting, design, engineering, construction and maintenance, plus central office additions.

Mr. Cunningham has over thirty years of telephone company experience, all with Fidelity, having worked his way through the various operation functions and earned the top operations management position in the Company. He has completed extensive training in nearly every aspect of telephony from basic electricity to future technologies.

SHELDON K. STOCK
ASSISTANT SECRETARY

Mr. Stock received his B.S./B.A. in Accounting in 1962 from Washington University and is J.D. in 1964 from Washington University. After graduation, he spent three years in the United States Marine Corps with his last post being Chief Defense Counsel for the 3rd Marine Division at Hue, RVN. In 1968, Mr. Stock was an attorney in the St. Louis County Counselor's Office, and he entered private practice in 1969. He has been a member of Greensfelder, Hemker & Gale, P.C. since 1986. Greensfelder is a 100 plus attorney firm located in St. Louis, Missouri with a satellite office in Belleville, Illinois.

Mr. Stock represents primarily privately held companies and provides assistance in virtually all areas of general business concerns including corporate structuring, financing arrangements, successor planning, and employee problems. He has served as a director of the American Bankers Association Law School and as director for 21 years of a publicly traded federal savings bank with assets of 8 billion dollars when it was sold.

In the communications field, Mr. Stock has dealt with acquisitions, reorganizations, and operations of telephone companies, cable TV companies, and related entities. He has negotiated and documented switch purchases, fiber optic leases, tower sites, billing agreements, Internet service provider documentation, channel leases and various other related types of transactions. He has worked on cellular licenses and joint venture agreements, equipment financing arrangements, regulatory issues, and copyright and system security problems. Mr. Stock is a director of Fidelity Communications Co. and its related subsidiaries. He has also participated in negotiations to establish cellular systems in Poland, the Ukraine, and China.

Mr. Stock is a member of the Missouri Bar (Chairman -- Property Law Committee 1986 and 1987), the American Bar Association (Member – Section of Business Law, Section of Real Property, Probate and Trust Law, and the Section of Public Utility, Communications and Transportation Law), and the St. Louis County Bar Association (President – 1978; Award as Outstanding Young Lawyer, 1973), and the Forum of Franchising.

APPENDIX 4

FIDELITY COMMUNICATIONS CO.

Consolidated Financial Statements

Years Ended December 31, 1998 and 1997

BDO

BDO Seidman, LLP
Accountants and Consultants

FIDELITY COMMUNICATIONS CO.

Consolidated Financial Statements

Years Ended December 31, 1998 and 1997

BDO

BDO Seidman, LLP
Accountants and Consultants

720 Olive Street, Suite 2300
St. Louis, Missouri 63101-2387
Telephone: (314) 231-7575
Fax: (314) 621-6891

Independent Auditors' Report

Board of Directors
Fidelity Communications Co.
Sullivan, Missouri

We have audited the accompanying consolidated balance sheets of Fidelity Communications Co. as of December 31, 1998 and 1997, and the related consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fidelity Communications Co. as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

BDO Seidman, LLP

St. Louis, Missouri
March 10, 1999

Consolidated Financial Statements

December 31,	1998	1997
Assets		
Current		
Cash	$ 5,202,930	$ 2,367,400
Subscriber and trade receivables, less allowance for doubtful accounts of $58,469 in 1998 and $30,577 in 1997	1,141,389	1,154,806
Other accounts receivable	1,240,880	1,125,923
Inventories	660,856	653,888
Refundable income taxes	-	394,530
Prepaid expenses	70,028	49,690
Deferred income taxes (Note 9)	54,170	107,476
Total Current Assets	8,370,253	5,853,713
Investments and Long-term Receivables		
Investment in limited partnership (Note 8)	6,746,258	4,974,383
Cash value of life insurance	157,339	136,056
Other long-term investments	200,000	200,000
	7,103,597	5,310,439
Property, Plant and Equipment (Notes 2 and 4)	45,705,238	42,096,711
Less accumulated depreciation	19,560,195	17,209,505
Net Property, Plant and Equipment	26,145,043	24,887,206
Other		
Deposits	4,898	4,898
Excess of cost over fair value of net assets acquired, net of amortization (Note 7)	582,404	427,894
Deferred long-term debt issuance expense, net of amortization	236,883	247,139
Organization costs, net of amortization	1,518	1,518
Franchise costs, net of amortization	906,567	1,017,939
	1,732,270	1,699,388
	$43,351,163	$37,750,746

Fidelity Communications Co.

Consolidated Balance Sheets

December 31,	1998	1997
Liabilities and Stockholders' Equity		
Current		
Accounts payable	$ 1,645,662	$ 1,386,810
Accrued expenses	815,710	729,956
Customer deposits	45,821	58,756
Deferred revenue	25,414	25,105
Income taxes payable	730,899	-
Current maturities of obligation under capital lease (Note 6)	772,136	798,276
Current maturities of long-term debt (Note 4)	63,116	63,116
Total Current Liabilities	4,098,758	3,062,019
Obligation under Capital Lease, less current maturities (Note 6)	1,543,656	2,290,270
Long-term Debt, less current maturities (Note 4)	4,868,698	4,931,814
Deferred Credits and Other Liabilities		
Deferred income taxes (Note 9)	4,294,235	4,156,534
Unamortized investment tax credits	88,110	118,401
Total Deferred Credits and Other Liabilities	4,382,345	4,274,935
Minority Interest in Consolidated Subsidiary (Note 10)	58,700	58,700
Total Liabilities	14,952,157	14,617,738
Commitments and Contingencies (Notes 5, 6 and 11)		
Stockholders' Equity (Notes 3 and 5)		
Class A-1 – Common stock, $.01 par value; 1,500,000 shares authorized; 976.9249 shares issued at stated value	243	243
Class B-1 – Common stock, $.01 par value; 1,500,000 shares authorized; 2,724.7524 shares issued and outstanding, at stated value	757	757
Paid-in capital	296,657	296,657
Retained earnings	28,101,349	22,835,351
Total Stockholders' Equity	28,399,006	23,133,008
	$43,351,163	$37,750,746

See accompanying summary of accounting policies and notes to consolidated financial statements.

Fidelity Communications Co.

Consolidated Statements of Income

Years Ended December 31,	1998	1997
Operating Revenues		
Local network service	$ 3,302,410	$ 2,261,862
Network access service and long-distance service	13,385,323	12,056,632
Cable television revenues	2,196,476	2,175,527
Natural gas revenues	1,082,566	1,002,341
Sales, lease and repair income	1,063,511	776,967
Other	902,007	1,019,849
Write-off of uncollectible accounts	(449,607)	(168,156)
Total Operating Revenues	21,482,686	19,125,022
Operating Expenses		
Cost of products and service	8,249,289	7,216,929
Selling, general and administrative	6,025,983	4,818,302
Depreciation and amortization (Note 2)	2,976,602	2,973,926
Total Operating Expenses	17,251,874	15,009,157
Net Operating Income	4,230,812	4,115,865
Other Expense		
Interest, net	(208,901)	(112,522)
Other	(169,505)	(332,449)
Minority interest (Note 10)	(3,251)	(3,259)
Total Other Expense	(381,657)	(448,230)
Income before Equity in Earnings of Limited Partnership	3,849,155	3,667,635
Equity in Earnings of Limited Partnership (Note 8)	4,820,875	1,643,644
Income before Taxes on Income	8,670,030	5,311,279
Taxes on Income (Note 9)	3,315,205	1,953,916
Net Income	$ 5,354,825	$ 3,357,363

See accompanying summary of accounting policies and notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

Years Ended December 31,	1998	1997
Balance, beginning of year	$22,835,351	$19,566,876
Net income	5,354,825	3,357,333
Dividends	(88,827)	(88,858)
Balance, end of year	$28,101,349	$22,835,351

See accompanying summary of accounting policies and notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended December 31,	1998	1997
Operating Activities		
Net income	$ 5,354,825	$ 3,357,363
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,976,602	2,973,927
Amortization of investment tax credits	(30,291)	(33,932)
Loss on disposal of property and equipment	146,448	-
Equity in earnings of limited partnership	(4,820,875)	(1,643,644)
Deferred income taxes	191,007	633,598
Changes in assets and liabilities:		
Subscriber and trade receivables	13,417	(28,343)
Other accounts receivable	(114,957)	(36,265)
Inventories	(6,968)	(51,242)
Refundable income taxes	394,530	(394,530)
Prepaid expenses	(20,338)	(1,521)
Deposits	-	1,200
Accounts payable and accrued expenses	344,606	(664,908)
Customer deposits	(12,935)	(3,837)
Deferred revenue	309	5,776
Income taxes payable	730,899	(80,876)
Cash Provided by Operating Activities	5,146,279	4,032,766
Investing Activities		
Increase in cash value of life insurance	(21,283)	(22,176)
Distributions from investment in limited partnership	3,049,000	874,000
Construction and capital expenditures	(4,114,769)	(3,031,303)
Business acquisition	(299,000)	(500,000)
Cash Used in Investing Activities	(1,386,052)	(2,679,479)

Fidelity Communications Co.

Consolidated Statements of Cash Flows

Years Ended December 31,	1998	1997
Financing Activities		
Dividends paid	(88,827)	(88,858)
Repayment of long-term debt	(63,116)	(1,247,386)
Principal payments on capital lease obligations	(772,754)	(772,138)
Purchase of preferred stock	-	(200)
Cash Used in Financing Activities	(924,697)	(2,108,582)
Increase (Decrease) in Cash	2,835,530	(755,295)
Cash, beginning of year	2,367,400	3,122,695
Cash, end of year	$5,202,930	$2,367,400

See accompanying summary of accounting policies and notes to consolidated financial statements.

Summary of Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Fidelity Communications Co. (FCC) and Fidelity Telephone Company and the wholly-owned subsidiaries of FCC: Bourbeuse Telephone Company; Fidelity Systems Plus, Inc.; Cellutel, Inc.; Fidelity Networks, Inc.; Fidelity Communications International, Inc.; Fidelity Cablevision, Inc.; Fidelity Natural Gas, Inc.; Fidelity Energy, Inc.; and Fidelity Broadcasting, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

Regulatory Accounting

The financial statements have been prepared in accordance with generally accepted accounting principles, including certain accounting practices prescribed by the Federal Communications Commission, the Missouri Public Service Commission and the Federal Energy Regulatory Commission.

Investment in Limited Partnership

The Company's 50% interest in a limited partnership is accounted for using the equity method of accounting and is stated at amortized cost plus equity in the partnership's undistributed net income since acquisition.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. The cost of additions to utility plant includes contracted work, direct materials and labor, allocable overheads, interest on funds used during construction and certain other related costs.

The cost of maintenance and repairs to plant and the cost of replacing minor items, not affecting substantial betterments, are charged to operating expense.

Depreciation expense for financial reporting purposes for the telephone and natural gas companies is computed using the straight-line method at rates established by the Missouri Public Service Commission. Non-regulated property is depreciated on a straight-line basis over estimated useful lives.

The telephone and natural gas companies utilize mass asset accounting for depreciation charges, plant additions and retirements. When an asset is retired, the gross book value is charged against the accumulated depreciation account.

Inventories

Regulated telephone and natural gas material and supply inventories are valued at the lower of specific cost or market. Inventories of the deregulated subsidiaries are valued at the lower of cost or market with cost determined on a FIFO (first-in, first-out) basis.

Taxes on Income

Income taxes are accounted for under the asset and liability method. Deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

Intangibles

The excess of the purchase price of net assets acquired in business combinations over their fair value is being amortized on a straight-line basis over 15 years.

Deferred long-term debt issuance costs are being amortized on a straight-line basis over the terms of the related note obligations. Franchise costs are amortized on a straight-line basis over the terms of the related franchise agreement. Licensing costs and corporate organization costs are being amortized on a straight-line basis over five years.

Investment Tax Credits

Investment tax credits are accounted for under the deferral method, whereby tax credits are amortized to income over the estimated service lives of the related property. Amortization of deferred investment tax credits was $30,291 and $33,932 for 1998 and 1997, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

1. Business

Fidelity Communications Co. (the Company) is a holding company whose subsidiaries operate in the communications service industry, operate a cable television system in Rolla, Missouri and provide natural gas distribution to the City of Sullivan, Missouri. The Company's largest subsidiary, Fidelity Telephone Company, provides telecommunication services in and around the community of Sullivan, Missouri. The Company generally extends unsecured credit to its customers.

2. Property, Plant and Equipment

Property, plant and equipment at December 31, 1998 and 1997 consisted of the following:

Years Ended December 31,	1998	1997
Regulated plant and equipment:		
In-service	$ 38,497,513	$ 39,383,348
Less accumulated depreciation	(15,750,741)	(15,667,670)
	22,746,772	23,715,678
Non-regulated plant and equipment:		
Telephone, paging and computer equipment	7,207,725	2,713,363
Less accumulated depreciation	(3,809,454)	(1,541,835)
	3,398,271	1,171,528
	$ 26,145,043	$ 24,887,206

Total depreciation expense was $2,814,484 and $2,782,798 for 1998 and 1997, respectively.

3. Lines of Credit

The Company has a $1,000,000 unsecured line of credit agreement with a bank that expires on September 7, 1999. Interest on outstanding borrowings is at prime. There were no outstanding borrowings at December 31, 1998 and 1997.

The Company also has a $5,000,000 line of credit agreement secured by Fidelity Communications Co. stock that expires on February 1, 2000. Interest on outstanding borrowings is at a variable rate (7.88% at February 1998). The Company's shareholders' have guaranteed repayment of all borrowings. The line of credit contains certain covenants requiring minimum levels of net worth and cash flows. There were no outstanding borrowings at December 31, 1998 and 1997.

4. Long-term Debt

Long-term debt consists of:

Years Ended December 31,	1998	1997
8% note with Show-Me Power Electric Cooperative, payable in one installment of $126,232 and eight annual installments of $63,116 plus interest, maturing in July 2005	$ 441,814	$ 504,930
6.5% bonds with Missouri Economic Development, Export and Infrastructure Board, maturing on June 1, 2022, interest payable on a semi-annual basis. Secured by substantially all assets of Fidelity Natural Gas, Inc.	4,490,000	4,490,000
Total	4,931,814	4,994,930
Less current maturities	(63,116)	(63,116)
Total long-term debt	$4,868,698	$4,931,814

Aggregate annual maturities of long-term debt are as follows:

Year Ending December 31,	
1999	$63,116
2000	63,116
2001	63,116
2002	63,116
2003	63,116
Thereafter	4,616,234
	$4,931,814

5. Employee Retirement Benefits

Employee Stock Ownership Plan

Fidelity Communications Co. (FCC) has an Employee Stock Ownership Plan (ESOP) for all eligible employees not covered by a retirement plan pursuant to a collective-bargaining agreement. The Company makes contributions to the ESOP as determined by the Company's Board of Directors, limited to 25% of eligible employee compensation. Participants in the plan vest at the rate of 20% for each completed year of service starting with the third year of service. Also, regardless of years of service, 100% vesting occurs at age 60, permanent disability or death. Shares of FCC stock held by the ESOP are not distributed until employment is terminated. The total contribution to the plan for 1998 and 1997 was \$698,491 and \$618,242, respectively.

On June 15, 1987, Commerce Bank of St. Louis, N.A. loaned the ESOP \$2,750,000. The loan bears interest at the rate of 95% of the bank's prime rate. Semi-annual principal payments began January 4, 1988, with the final scheduled payment due on December 31, 1999. There is also provision for limited prepayments. As of December 31, 1998, the loan balance was \$204,235.

The loan agreement contains covenants for the Company to maintain certain financial ratios and tangible net worth above defined amounts. It also limits the amount of capital expenditures, additional borrowings and dividends. The loan is secured by the stock held by the ESOP and the personal guarantee of the Company's principal stockholders, who have pledged their FCC stock as collateral.

Deferred Compensation Plan

The Company has a nonqualified, unfunded deferred compensation plan for certain key employees providing for payments upon retirement, death or disability. Following retirement, certain employees will receive payments equal to the actuarial equivalent of their entire accrued benefit in the form of a single life annuity. The plan also provides for benefits upon death or disability. Deferred compensation expense was \$10,845 and \$15,141 for 1998 and 1997, respectively.

Defined Contribution Plan

All union employees of Fidelity Telephone Company were covered by The Communication Workers of America AFL-CIO Pension Plan after completing six months of service. The Plan is a defined contribution plan. In accordance with the Company's union contract the contribution rate is 5.25% of eligible wages in 1997, with a minimum of $.50 per hour. Total contributions were $-0- and $12,218 for 1998 and 1997, respectively. This plan was terminated on April 7, 1997.

6. Capital Lease

The Company leases a switching unit and related equipment under a capital lease which expires in 2001. The switching unit and related equipment is reflected in "property, plant and equipment" in the accompanying consolidated balance sheets at a value of $3,978,685 with related accumulated depreciation of $647,705 at December 31, 1998. Depreciation expense recorded in 1998 and 1997 for this equipment was $261,443 and $257,508, respectively.

Future minimum lease payments under the capital lease, together with the present value of the minimum lease payments at December 31, 1998, are as follows:

1999	$ 853,956
2000	853,956
2001	853,338
Total minimum lease payments	2,561,250
Less amount representing interest	245,458
Present value of minimum lease payments	**$2,315,792**

7. Business Acquisition

On August 6, 1997, the Company acquired substantially all of the assets of Meramec Valley Broadcasting Co. and Four Rivers Broadcasting Co. The Company also obtained certain licenses, permits and authorizations issued by the Federal Communications Commission for the operation of two radio stations. The purchase price for these assets was $500,000. The acquisition has been accounted for using the purchase method of accounting. The excess of the cost of the Company's investment in the acquired assets over the fair value of the assets at the date of acquisition is $396,120 and has been included in "excess of cost over fair value of net assets acquired" in the accompanying consolidated balance sheet.

8. Investment in Limited Partnership

On August 25, 1989, Cellutel, Inc. entered into a limited partnership agreement with Southwestern Bell Mobile Systems, Inc. (SBMS) for the development of cellular telephone service in two areas comprising several counties each. Under the agreement, Cellutel transferred certain license rights to the partnership as satisfaction of its initial capital contribution. The agreement sets an agreed upon value for the license rights equal to the value of cash and tangible property contributed by SBMS for the construction of the cellular system and provision of cellular mobile telephone service during the initial three year period, which began April 4, 1991.

Partnership income will be allocated equally, however, SBMS will absorb and be allocated 100% of any partnership losses during the initial three years of operations.

The Company's 50% interest in the partnership is accounted for using the equity method of accounting and is stated at amortized cost plus equity in the partnership's undistributed net income since acquisition. The equity in partnership net income is adjusted for the annual amortization of the difference ($5,624,000 at December 31, 1998 and 1997) between acquisition cost and the Company's proportionate share of the partnership's net assets. Amortization is computed on a straight-line basis over 20 years. Amortization was $281,004 for 1998 and 1997.

Financial position and results of operations of the limited partnership are summarized below:

Years Ended December 31,	1998	1997
Current assets	$ 7,539,000	$ 2,579,000
Property, plant and equipment, net of accumulated depreciation	8,287,000	9,994,000
Other assets, net of accumulated amortization	4,560,000	4,748,000
Total	$20,386,000	$17,321,000
Current liabilities	$ 1,153,000	$ 1,070,000
Partners capital	19,233,000	16,251,000
Total	$20,386,000	$17,321,000
Net revenues	$20,620,000	$15,607,000
Net income	$ 9,080,000	$ 2,725,000

9. Taxes on Income

Provisions for federal and state income taxes in the consolidated statements of income are made up of the following components:

Years Ended December 31,	1998	1997
Federal income taxes		
Current	$2,731,842	$1,162,375
Deferred	164,274	544,956
Amortization of investment tax credits	(30,291)	(33,932)
	2,865,825	1,673,399
State income taxes:		
Current	422,647	191,875
Deferred	26,733	88,642
	449,380	280,517
	$3,315,205	$1,953,916

Deferred income taxes have been recorded as a result of temporary differences between financial statements carrying amounts and the tax basis of assets and liabilities.

Deferred income tax assets relate primarily to deferred revenue, accrued payroll and accrued vacation pay. Deferred income tax liabilities relate primarily to differences in depreciation and amortization of the Company's investment in the limited partnership. The Company's total deferred income tax assets and total deferred income tax liabilities at December 31, 1998 and 1997 are as follows:

December 31,	1998	1997
Total deferred income tax assets	$ 54,170	$ 107,476
Total deferred income tax liabilities	(4,294,235)	(4,156,534)
	$(4,240,065)	$(4,049,058)

The Company's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from providing for state income taxes and from deducting certain expenses for financial statement purposes but not for federal income tax purposes.

10. Minority Interest in Consolidated Subsidiary

As of December 31, 1998 and 1997, the minority interest reported in the consolidated balance sheets of $58,700 represents 592 shares of 4.5% cumulative, nonvoting, nonparticipating, $100 par value preferred stock of Fidelity Telephone Company. The dividends paid on the preferred stock totalled $3,251 in 1998 and $3,259 in 1997 and are deducted on the consolidated statements of income.

11. Supplemental Cash Flow Information

The Company paid interest of $413,789 and $373,323 in 1998 and 1997, respectively, and paid income taxes of $2,029,059 and $1,649,442 in 1998 and 1997, respectively.

12. Litigation

The Company is a party to various legal proceedings, the outcome of which cannot be determined at this time. Management believes that the ultimate outcome of these legal matters will not have a material effect on the financial position of the Company.

13. Year 2000 Issues (Unaudited)

Like other companies, Fidelity Communications Co. could be adversely affected if the computer systems we, our suppliers or customers use do not properly process and calculate date-related information and data from the period surrounding and including January 1, 2000. This is commonly known as the "Year 2000" issue. Additionally, this issue could impact non-computer systems and devices. At this time, because of the complexities involved in the issue, management cannot provide assurances that the Year 2000 issue will not have an impact on the Company's operations.