STEWART & KEEVIL, L.L.C.
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1001 CHERRY STREET
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ORIGINAL

September 3, 1999

FILED

SEP 3 1999

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Re: Adelphia Business Solutions Operations, Inc.
Basic Local Certificate Application

TA-2000-215

Dear Mr. Roberts:

Please find enclosed for filing an original and fourteen copies of Adelphia Business Solutions Operations, Inc.'s Application For Certificate of Service Authority And For Competitive Classification. Copies of this filing have been sent this date to the General Counsel's Office and the Office of the Public Counsel. Thank you.

Sincerely,

Brent Stewart
Brent Stewart

CBS/bt

Enclosure

cc: General Counsel's Office
Office of the Public Counsel
Jennifer Anderson, Esq.

FILED
SEP 3 1999
Missouri Public Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Adelphia Business Solutions Operations, Inc. for a Certificate of Service Authority to provide Basic Local Telecommunications Service in portions of the State of Missouri and for Competitive Classification.	))))))	Case No. TA-2000-215

APPLICATION FOR CERTIFICATE OF SERVICE AUTHORITY AND FOR COMPETITIVE CLASSIFICATION

Comes now Adelphia Business Solutions Operations, Inc. ("Applicant" or "Adelphia"), 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. 1998, and 4 CSR 240-2.060, for authority to provide resold and facilities-based basic local telecommunications service in portions of the State of Missouri and to classify said service and the company as competitive. In support of its Verified Application, Applicant states as follows:

1. Aldelphia is a corporation duly organized and existing under and by virtue of the laws of the State of Delaware and is duly authorized to do business in Missouri. Pursuant to the relevant provisions of 4 CSR 240-2.060, documents from the Missouri Secretary of State's Office are attached hereto and incorporated herein by reference as Appendix A. Applicant's principal place of business is Main at Water Street, Coudersport, Pennsylvania 16915 and its telephone number is (814) 274-9830.

2. All correspondence, communications, pleadings, notices, orders and decisions relating to this Application should be addressed to:

Charles Brent Stewart
Stewart & Keevil, L.L.C.
1001 Cherry Street
Suite 302
Columbia, Missouri 65201
(573) 499-0635
(573) 499-0638 (fax)

Jennifer Anderson, Esq.
Manager of Legal & Regulatory Affairs
DDI Plaza Two
500 Thomas Street, Suite 400
Bridgeville, Pennsylvania 15017-2838
(412) 220-5191
(412) 220-5162 (fax)

All inquiries or communications regarding Applicant's ongoing operations should be addressed to:

Janet Livengood, Esq.
Director of Legal & Regulatory Affairs
DDI Plaza Two
500 Thomas Street, Suite 400
Bridgeville, Pennsylvania 15017-2838
(412) 220-5082
(412) 220-5162 (fax)

3. By this Application, Applicant requests certificate authority to provide competitive facilities-based and resold basic local exchange services to customers throughout all the exchanges currently served by Southwestern Bell Telephone Company ("SWBT"), GTE Midwest, Inc. ("GTE"), and Sprint of Missouri ("Sprint"). The specific SWBT, GTE and Sprint exchanges within which Applicant proposes to offer service are listed in these incumbents' respective local exchange tariffs, relevant copies of which are attached hereto and are incorporated herein by reference as Appendix B. Applicant's proposed service areas will follow the respective exchange boundaries of the stated incumbent LECs and shall be no smaller than an exchange as required by Section 392.455(3) RSMo Supp. 1998. Applicant may seek authorization to provide service in exchanges served by other incumbent LECs in a subsequent proceeding.

4. Applicant intends to offer and provide resold and facilities-based its basic local

telecommunications services to business customers initially and may, in the future, additionally offer service to residential customers. Applicant's basic local services will include, but will not be limited to, the following: basic dial tone lines, payphones, basic private branch exchange ("PBX") trunks and direct inward dial trunks ("DID"), digital PBX and DID, and centrex -type system lines. Applicant initially plans to provide services on a resold basis and deploy its own facilities network soon thereafter. At such time as Applicant plans to construct its own network, Applicant will install fiber optic rings with Lucent 5ESS or equivalent switched and related electronics. Applicant will employ a regional switching architecture to serve its Missouri customers. The fiber optic ring will connect with the incumbent LEC's central offices. Applicant plans to deploy state-of-the-art transmission and multiplexor equipment in each of the incumbent LEC's central offices in which it is located.

Once Applicant's Application is granted, Applicant plans to commence offering basic local service upon receiving Commission approval of its interconnection agreement(s) and related tariffs.

5. Applicant possesses the technical and managerial expertise and experience necessary to provide the services it proposes as required by Section 392.455(1) RSMo Supp. 1998. Applicant's parent company, Hyperion Telecommunications, Inc. ("Hyperion"), through its affiliates, provides facilities-based and resold local and interexchange telecommunications services in 46 cities [1] over 15,000 route miles of fiber optic cable. Applicant will draw upon the

[1] Hperion, through its affiliates, provides facilities-based and resold local and long distance telecommunications services in Alabama, Connecticut, Delaware, District of Columbia, Florida, Georgia, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia and West Virginia.

management and technical experience of the individuals currently responsible for operations of Hyperion's affiliates. A description of the telecommunications and managerial experience of Applicant's personnel is attached hereto and incorporated herein as Appendix C.

6. Applicant possesses the necessary financial qualifications to provide the services it proposes as required by Section 392.455(1) RSMo Supp. 1998 and has the necessary capital to conduct its proposed operations in Missouri by virtue of the full support and backing of its parent company. Applicant is a wholly owned subsidiary of Hyperion. As a newly formed corporation,[2] Applicant will rely upon the substantial financial resources of its parent, Hyperion, to provide the initial capital investment and to fund Applicant's operating costs. The telecommunications services Applicant proposes to provide in Missouri will complement the growing family of cities and states in which Hyperion, through its operating affiliates (collectively referred to as "Company"), provides telecommunications services. The Company will continue to invest capital for the installation of electronics for switched services in its networks, the expansion and improvement of its NOCC and existing networks and the design, construction and development of additional networks, including new networks.

The Company's consolidated financial documents show an increase of 166% to $13.5 million in revenues for the fiscal year ended March 31, 1998 from $5.1 million in the prior fiscal year. Growth in revenues of $8.4 million resulted primarily from affiliates' revenues which increased approximately $6.8 million as compared to the prior fiscal year due to increases in customer base. The Company continues to strive for an increased presence in its markets and

[2] Applicant was incorporated in the State of Delaware on July 29, 1999.

allocates its expenses and revenues accordingly. A review of the Company's financial documents show its solid financial standing as a business. The Company's cash on hand, as of June 30, 1999, totals at $305,638,000. Monthly operating expenses, including network operations, selling, general and administrative, interest expense and taxes, are $88,150,000 for a four month period.[3]

Copies of Hyperion's 10Q for the period ended June 30, 1999, 10Q for the quarterly period ended March 31, 1999, 10K for April 1, 1998 to December 31, 1998, 10K for the fiscal year ending March 31, 1998 and the 1998 Annual Report are attached hereto and incorporated herein by reference as Appendix D.

7. Pursuant to this Application, Applicant also seeks classification of itself and of its new basic local telecommunications service offerings as competitive, with accompanying reduced regulation pursuant to Sections 392.361 and 392.420 RSMo 1994 and 4 CSR 240-2.060(4)(F). The existing monopoly services of SWBT, GTE and Sprint will make the basic local markets Applicant seeks to enter sufficiently competitive to make a lesser degree of regulation for Applicant and its proposed services in the public interest, consistent with the legislative policies established by the federal Telecommunications Act of 1996 and the recent revisions to Chapter 392 RSMo. This Commission already has approved numerous applications to provide resold and facilities-based basic local telecommunications services filed by new market entrants and has classified those new entrants and their services as competitive.

8. Applicant will offer basic local telecommunications service as a separate and distinct service in accordance with Section 392.455(4) RSMo Supp. 1998. Applicant will provide

[3] The four (4) months of operating expenses were calculated by annualizing the June 1999 quarterly expenses and then dividing by three (3) to arrive with the estimate for four (4) months.

equitable access for all customers in Missouri, without regard to their income or where they might reside, to affordable telecommunications services in Applicant's proposed service areas in accordance with Section 392.455(5) RSMo Supp. 1998.

9. 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. Consistent with the Commission's treatment of other certificated competitive local exchange telecommunications companies, Applicant requests that, at minimum, the following statutes and regulations for Applicant and its proposed basic local exchange service offerings be waived at this time:

STATUTES	REGULATIONS
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	

10. 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 agreement with the incumbent LECs. At such time as all facts necessary for the development of such tariffs are known to Applicant, it will promptly file same bearing a forty-five day effective

date with the Commission in a manner consistent with what Applicant believes to be recent Commission practice in similar cases.

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 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. Customers will benefit by having alternatives from which to choose and from general improvements in price, features and options that are generated by competitive market pressures.

WHEREFORE, Applicant Adelphia Business Solutions Operations, Inc. respectfully requests that the Commission grant it a certificate of service authority to provide resold and facilities-based basic local telecommunications service as herein requested, classify Applicant and Applicant's proposed basic local services as competitive, and grant waivers of the aforesaid statutes and regulations, as expeditiously as possible.

Respectfully submitted,

Charles Brent Stewart

Charles Brent Stewart #34885
STEWART & KEEVIL, L.L.C.
1001 Cherry Street, Suite 302
Columbia, Missouri 65201
(573) 499-0635

ATTORNEY FOR APPLICANT
ADELPHIA BUSINESS SOLUTIONS
OPERATIONS, INC.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Application, along with its verification and appendices, was sent to the PSC's General Counsel's Office and the Office of the Public Counsel by placing same in the United States Mail, first class postage prepaid, or by hand-delivery, this 3rd day of September, 1999.

Charles Brent Stewart

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF Allegheny

I, John B. Glicksman, being duly sworn, declare that I am the Vice President, General Counsel and Assistant Secretary of Adelphia Business Solutions Operations, Inc., that I am authorized to make this Verification on behalf of Adelphia Business Solutions Operations, Inc., the Applicant, in the subject proceeding; that I have read the foregoing Application and any exhibits, documents and statements thereto attached; and that same are true and correct to the best of my knowledge, information or belief.

John B. Glicksman
Vice President, General Counsel
and Assistant Secretary

Subscribed and sworn to before me on the 26th day of August, 1999.

Mary V. Rhodes
Signature of Notary Public

MARY V. Rhodes
Name of Notary Public (Typed or Printed)

My Commission Expires:

Notarial Seal
Mary V. Rhodes, Notary Public
Collier Twp., Allegheny County
My Commission Expires March 4, 2002
Member, Pennsylvania Association of Notaries

APPENDIX A

Missouri Secretary of State's Office Documents

No. F00472871

STATE OF MISSOURI

Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION

CERTIFICATE OF CORPORATE GOOD STANDING - FOREIGN CORPORATION

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

ADELPHIA BUSINESS SOLUTIONS OPERATIONS, INC.

USING IN MISSOURI THE NAME

ADELPHIA BUSINESS SOLUTIONS OPERATIONS, INC.

A DELAWARE CORPORATION FILED ITS EVIDENCE OF INCORPORATION WITH THIS STATE ON THE 10TH DAY OF AUGUST, 1999, 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 25TH DAY OF AUGUST, 1999.

Rebecca McDowell Cook

Secretary of State

S.O.S. #30

No. F00472871

STATE OF MISSOURI

SEAL OF THE SECRETARY OF STATE MISSOURI

Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION - CERTIFICATE OF AUTHORITY

WHEREAS,
ADELPHIA BUSINESS SOLUTIONS OPERATIONS, INC.

USING IN MISSOURI THE NAME
ADELPHIA BUSINESS SOLUTIONS OPERATIONS, INC.

HAS COMPLIED WITH THE GENERAL AND BUSINESS CORPORATION LAW WHICH GOVERNS FOREIGN CORPORATIONS; BY FILING IN THE OFFICE OF THE SECRETARY OF STATE OF MISSOURI AUTHENTICATED EVIDENCE OF ITS INCORPORATION AND GOOD STANDING UNDER THE LAWS OF THE STATE OF DELAWARE.

NOW, THEREFORE, I, REBECCA MCDOWELL COOK, SECRETARY OF STATE OF THE STATE OF MISSOURI, DO HEREBY CERTIFY THAT SAID CORPORATION IS FROM THIS DATE DULY AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE, AND IS ENTITLED TO ALL RIGHTS AND PRIVILEGES GRANTED TO FOREIGN CORPORATIONS UNDER THE GENERAL AND BUSINESS CORPORATION LAW OF MISSOURI.

IN TESTIMONY WHEREOF, I HAVE SET MY HAND AND IMPRINTED THE GREAT SEAL OF THE STATE OF MISSOURI, ON THIS, THE 10TH DAY OF AUGUST, 1999.

THE GREAT SEAL OF THE STATE OF MISSOURI MDCCCXX

Rebecca McDowell Cook

Secretary of State

$155.00

S.O.S. #30

APPENDIX B

Telephone Exchanges
to be Served

No supplement to this
tariff will be issued
except for the purpose
of canceling this tariff.

LOCAL EXCHANGE TARIFF
42nd Revised Sheet 9
Replacing 41st Revised Sheet 9

RECEIVED
FEB 29 1996
MISSOURI
Public Service Commission

LOCAL EXCHANGE TARIFF

1.3 EXCHANGES BY RATE GROUP-(Continued)

1.3.4 Rate Group D(1)

Kansas City Metropolitan Exchange

Principal Zone(2)

Metropolitan
<u>Calling Area-1 Zones</u>
Gladstone(2)
Independence(2)
Parkville(2)
Raytown(2)
South Kansas City(2)

Metropolitan
<u>Calling Area-2 Zones</u>
Belton(2)
Blue Springs(2)
East Independence(2)
Lee's Summit(2)
Liberty(2)
Nashua(2)
(CP) Tiffany Springs(2)

St. Louis Metropolitan Exchange

Principal Zone (2)

Metropolitan
<u>Calling Area-1 Zones</u>
Ferguson(2)
Ladue(2)
Mehlville(2)
Overland(2)
Riverview(2)
Sappington(2)
Webster Groves(2)

Metropolitan
<u>Calling Area-2 Zones</u>
Bridgeton(2)
Creve Coeur(2)
Florissant(2)
Kirkwood(2)
(CP) Oakville(2)
Spanish Lake(2)

FILED
MAR 30 1996
MO. PUBLIC SERVICE COMM

(1) See Paragraph 1.1.3, preceding.
(2) One-party service only available.

Issued: FEB 29 1996 Effective: MAR 30 1996

By HORACE WILKINS, JR., President-Missouri
Southwestern Bell Telephone
St. Louis, Missouri

P.S.C. Mo.-No. 24

No supplement to this tariff will be issued except for the purpose of canceling this tariff.

LOCAL EXCHANGE TARIFF
32nd Revised Sheet 8
Replacing 31st Revised Sheet 8

LOCAL EXCHANGE TARIFF

RECEIVED

DEC 13 1994

MO. PUBLIC SERVICE COMM.

(AT) 1.3 EXCHANGES BY RATE GROUP-(Continued)

(FC) 1.3.3 Rate Group C(2)

Springfield Metropolitan Exchange

Principal Zone
-Principal Zone Base Rate Area(3)

Metropolitan Calling Area-1 (MCA-1) Zones

Fair Grove(3)
Nixa(1)(3)
Republic(1)(3)
Rogersville(3)
Strafford(3)
Willard(3)

(1) Extended Area Service - See Paragraph 1.4.
(2) See Paragraph 1.1.3, preceding.
(3) One-party service only available.

FILED

JAN 11 1995

MISSOURI
Public Service Commission

Issued: DEC 12 1994 Effective: JAN 11 1995

By HORACE WILKINS, JR., President-Missouri
Southwestern Bell Telephone
St. Louis, Missouri

P.S.C. Mo.-No. 24

No supplement to this
tariff will be issued
except for the purpose
of canceling this tariff.

LOCAL EXCHANGE TARIFF
65th Revised Sheet 7
Replacing 64th Revised Sheet 7

RECEIVED

FEB 29 1996

MISSOURI
Public Service Commission

LOCAL EXCHANGE TARIFF

1.3 EXCHANGES BY RATE GROUP-(Continued)

1.3.2 Rate Group B(4)

Camdenton(1)(2)(5)
Cape Girardeau(1)(2)(5)
Carthage(2)(5)
Cedar Hill(1)(2)(5)
Chesterfield(1)(5)
Chillicothe(2)(5)
DeSoto(1)(2)(5)
Dexter(1)(2)(5)
Eldon(1)(3)(5)
Excelsior Springs(5)
(CP) Farmington(1)(2)(5)
Fenton(1)(5)
Festus-Crystal City(1)(2)(5)
Flat River(1)(2)(5)
Fulton(2)(5)
Gravois Mills(1)(2)(5)
Hannibal(2)(5)
Harvester(1)(5)
High Ridge(1)(5)
Imperial(1)(2)(5)
Jackson(1)(2)(5)
Joplin(1)(2)(5)
Kennett(1)(2)(5)
Kirksville(2)(5)
Lake Ozark-Osage Beach(1)(2)(5)
Manchester(1)(5)
Marshall(2)(5)
Maxville(1)(5)
Mexico(2)(5)
Monett(1)(3)(5)
Moberly(1)(2)(5)
Neosho(2)(5)
Nevada(1)(2)(5)
Pacific(1)(2)(5)
Perryville(1)(2)(5)
Pond(1)(5)
(CP) Poplar Bluff(1)(2)(5)
St. Charles(1)(2)(5)
St. Clair(3)(5)
St. Joseph(1)(5)
Sedalia(2)(5)
Sikeston(1)(2)(5)
Union(1)(2)(5)
Valley Park(1)(5)
Washington(3)(5)
Webb City(1)(2)(5)

FILED

MAR 30 1996

MO. PUBLIC SERVICE COMM

(1) Extended Area Service - See Paragraph 1.4.
(2) Message Rate Business Service obsolete-limited to existing customers.
(3) Message Rate Business Service not offered.
(4) See Paragraph 1.1.3, preceding.
(5) One-party service only available.

Issued: FEB 29 1996 Effective: MAR 30 1996

By HORACE WILKINS, JR., President-Missouri
Southwestern Bell Telephone Company
St. Louis, Missouri

P.S.C. Mo.-No. 24

No supplement to this tariff will be issued except for the purpose of canceling this tariff.

LOCAL EXCHANGE TARIFF
39th Revised Sheet 6.01
Replacing 38th Revised Sheet 6.01

RECEIVED

JAN 19 1996

MISSOURI
Public Service Commission

LOCAL EXCHANGE TARIFF

1.3 EXCHANGES BY RATE GROUP-(Continued)

1.3.1 Rate Group A-(Continued)(4)

(MT)
Montgomery City(1)(2)(5)
Morehouse(1)(3)(5)
New Franklin(1)(3)(5)
New Madrid(1)(2)(5)
Oak Ridge(1)(3)(5)
Old Appleton(1)(3)(5)
Oran(1)(2)(5)
(MT)
Patton(2)(5)
Paynesville (1)(2)(5)
Pierce City(1)(2)(5)
Pocohontas-New Wells(1)(3)(5)
(MT)
Portage Des Sioux(2)(5)
Portageville(1)(2)(5)
Puxico(2)(5)
Qulin(1)(3)(5)
Richmond(2)(5)
Richwoods(2)(5)
Risco(1)(2)(5)

Rushville(1)(5)
Ste. Genevieve(1)(2)(5)
St. Marys(1)(3)(5)
San Antonio(1)(5)
Scott City(1)(3)(5)
Senath(1)(3)(5)
Slater(2)(5)
Smithville(1)(3)(5)
Stanberry(2)(5)

Trenton(1)(3)(5)
Tuscumbia(1)(3)(5)
Versailles(1)(3)(5)
Vienna(2)(5)
Walnut Grove(2)(5)
Wardell(1)(2)(5)
Ware(1)(3)(5)
Wellsville(2)(5)
Westphalia(2)(5)
Wyatt(1)(2)(5)

(1) Extended Area Service - See Paragraph 1.4.
(2) Message Rate Business Service not offered.
(3) Message Rate Business Service obsolete - limited to existing customers.
(4) See Paragraph 1.1.3, preceding.
(5) One-party service only available.

FILED

FEB 20 1996

MO. PUBLIC SERVICE COMM

Issued: JAN 20 1996 Effective: FEB 20 1996

By HORACE WILKINS, JR., President-Missouri
Southwestern Bell Telephone Company
St. Louis, Missouri

P.S.C. Mo.-No. 24

No supplement to this tariff will be issued except for the purpose of canceling this tariff.

LOCAL EXCHANGE TARIFF
55th Revised Sheet 6
Replacing 54th Revised Sheet 6

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FEB 29 1996
MISSOURI
Public Service Commission

LOCAL EXCHANGE TARIFF

1.3 EXCHANGES BY RATE GROUP

1.3.1 Rate Group A(4)

Adrian(1)(2)(5)
Advance(1)(2)(5)
Agency(1)(5)
Altenburg-Frohna (1)(2)(5)
Antonia(1)(3)(5)
Archie(1)(2)(5)
Argyle(2)(5)
Armstrong(1)(2)(5)
Ash Grove(2)(5)
Beaufort(2)(5)
Bell City(1)(2)(5)
Benton(1)(3)(5)
Billings(1)(2)(5)
Bismarck(1)(3)(5)
Bloomfield(1)(3)(5)
Bloomsdale(1)(2)(5)
Bonne Terre(1)(3)(5)
Boonville(1)(2)(5)
Bowling Green(2)(5)
Brookfield(2)(5)
Campbell(2)(5)
Cardwell(1)(2)(5)
Carl Junction(1)(3)(5)

Carrollton(2)(3)(5)
Caruthersville(1)(3)(5)
Center(2)(5)
Chaffee(1)(3)(5)
Charleston(1)(3)(5)
Clarksville(1)(2)(5)
Clever(1)(3)(5)
(CP) Climax Springs(2)(5)
Deering(1)(3)(5)
DeKalb(1)(5)
Delta(1)(2)(5)
Downing(2)(5)
East Prairie(1)(5)
Edina(2)(5)
Elsberry(1)(2)(5)
Essex(1)(3)(5)
Eureka(1)(5)
(CP) Farley(2)(5)
Fayette(1)(2)(5)
Fisk(1)(3)(5)
Frankford(2)(5)
(CP) Fredericktown(2)(5)
Freeburg(2)(5)
Gideon(1)(2)(5)
Glasgow(1)(3)(5)

Grain Valley (1)(3)(5)
Gray Summit(1)(3)(5)
(CP) Greenwood(1)(3)(5)
Hayti(1)(3)(5)
Herculaneum-Pevely (1)(3)(5)
Higbee(1)(3)(5)
Hillsboro(1)(3)(5)
Holcomb(1)(3)(5)
Hornersville (1)(2)(5)
Jasper(2)(5)
Knob Noster(2)(5)
Lamar (2)(5)
LaMonte(2)(5)
Lancaster(2)(5)
Leadwood(1)(3)(5)
Lilbourn(1)(2)(5)
(CP) Linn(2)(5)
Lockwood(2)(5)
Louisiana(1)(2)(5)
Macks Creek(2)(5)
Malden(1)(2)(5)
(CP) Marble Hill(2)(5)
Marceline(2)(5)
Marionville(2)(5)
Marston(1)(2)(5)
Meta(2)(5)

(1) Extended Area Service - See Paragraph 1.4.
(2) Message Rate Business Service not offered.
(3) Message Rate Business Service obsolete - limited to existing customers.
(4) See Paragraph 1.1.3, preceding.
(5) One-party service only available.

FILED
MAR 30 1996
MO. PUBLIC SERVICE COMM

Issued: FEB 29 1996 Effective: MAR 30 1996

By HORACE WILKINS, JR., President-Missouri
Southwestern Bell Telephone Company
St. Louis, Missouri

GENERAL AND LOCAL EXCHANGE TARIFF

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AUG 31 1994
MISSOURI
Public Service Commission

LOCAL EXCHANGE SERVICE

G. Local Exchange Listings (Cont'd)

1. Exchange Listings (Includes EAS Points, EAS Rate Component, Rate Schedule and Rate Group) (Cont'd)

Exchange Name	EAS Points	EAS Rate Component Bus.	EAS Rate Component Res.	Rate Sch./Group
Walker	Eldorado Springs, Schell City	$3.65	$3.65	A-1
Warrenton	-	-	-	A-3
Washburn	Cassville, Exeter	3.65	3.65	A-1
Wasola	Gainesville, Theodosia	3.65	3.65	A-1
Wayland(*)	Kahoka	.90	.50	A-1
Weaubleau	-	-	-	A-1
Wentzville	-	-	-	Metro
West Plains	-	-	-	A-4
West Quincy	Quincy	3.65	3.65	A-1
Wheatland	-	-	-	A-2
Whitesville	Bolckow, Rosendale, Savannah	10.55	5.70	A-1
Willow Springs	-	-	-	A-2
Winfield	Foley, Old Monroe	2.35	2.35	A-2
Winona	-	-	-	A-1
Wooldridge	-	-	-	A-1
Wright City	Foristell	1.90	1.90	A-2

(*) Includes customers in Base Rate Area Alexandria.

Issued: July 1, 1994 Effective: September 15, 1994

Gerald D. Harris
Regional Director-External Affairs
Wentzville, Missouri

FILED
SEP 15 1994
93 - 1
MO. PUBLIC SERVICE COMM.

GENERAL AND LOCAL EXCHANGE TARIFF

LOCAL EXCHANGE SERVICE

G. Local Exchange Listings (Cont'd)

1. Exchange Listings (Includes EAS Points, EAS Rate Component, Rate Schedule and Rate Group) (Cont'd)

Exchange Name	EAS Points	EAS Rate Component Bus.	EAS Rate Component Res.	Rate Sch./Group
Sparta	-	-	-	A-2
Stewartsville	-	-	-	A-1
Stoutsville	-	-	-	A-1
Sturgeon	Centralia, Clark	$1.95	$1.05	A-1
Summersville	-	-	-	A-2
Thayer	Koshkonong, Mammoth Springs, AR	2.35	2.35	A-2
Theodosia	Gainesville, Wasola	3.65	3.65	A-1
Thomasville	Alton	3.20	3.20	A-1
Timber	-	-	-	A-1
Trimble	Plattsburg	4.15	2.25	A-1
Troy	Hawk Point, Moscow Mills	2.50	2.50	A-3
Truxton	-	-	-	A-1
Turney	Plattsburg	5.15	2.80	A-1
				(D)
Urbana	-	-	-	A-2
Van Buren	-	-	-	A-2
Vanzant	-	-	-	A-1
Vichy	-	-	-	A-1

Issued: July 1, 1996 Effective: August 1, 1996

Gerald D. Harris
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Wentzville, Missouri

GENERAL AND LOCAL EXCHANGE TARIFF

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LOCAL EXCHANGE SERVICE

G. Local Exchange Listings (Cont'd)

1. Exchange Listings (Includes EAS Points, EAS Rate Component, Rate Schedule and Rate Group) (Cont'd)

Exchange Name	EAS Points	EAS Rate Component Bus.	EAS Rate Component Res.	Rate Sch./Group
Raymondville	Houston	$3.30	$3.30	A-1
Reeds Spring	-	-	-	A-2
Revere	Kahoka	2.90	2.90	A-1
Roby	Houston	3.45	3.45	A-1
Rocheport	Columbia	6.15	3.35	A-1
Rockaway Beach	-	-	-	A-2
Rockville	Schell City	2.00	2.00	A-1
Rosendale	Bolckow, Fillmore, Savannah, Whitesville	7.90	4.25	A-1
St. James	Safe	.10	.10	A-3
St. Peters	Harvester	1.00	1.00	Metro
Safe	St. James	.75	.75	A-1
Santa Fe	-	-	-	A-1
Sarcoxie	-	-	-	A-2
Savannah	Amazonia, Avenue City, Bolckow, Cosby, Fillmore, Helena, Rosendale, Whitesville	2.60	1.40	A-3
Schell City	Eldorado Springs, Rockville, Walker	3.65	3.65	A-1
Seymour	-	-	-	A-2
Shelbina	-	-	-	A-2
Shelbyville	-	-	-	A-1
Sheldon	Milo	2.60	2.60	A-1
Shell Knob	-	-	-	A-2

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LOCAL EXCHANGE SERVICE

G. Local Exchange Listings (Cont'd)

1. Exchange Listings (Includes EAS Points, EAS Rate Component, Rate Schedule and Rate Group) (Cont'd)

Exchange Name	EAS Points	EAS Rate Component Bus.	EAS Rate Component Res.	Rate Sch./Group
Nebo	-	-	-	A-1
New Melle	-	-	-	Metro
Niangua	-	-	-	A-1
Norwood	-	-	-	A-1
Oates	-	-	-	A-1
O'Fallon	-	-	-	Metro
Old Monroe	Foley, Winfield	$3.30	$3.30	A-1
Osborn	-	-	-	A-1
Osceola	-	-	-	A-2
Ozark	Highlandville	2.15	2.15	A-3
Palmyra	-	-	-	A-2
Paris	-	-	-	A-2
Perry	-	-	-	A-1
Pittsburg	-	-	-	A-1
Plattsburg	Gower, Trimble, Turney	1.80	1.00	A-2
Potosi	-	-	-	A-3
Prairie Home	-	-	-	A-1
Preston	-	-	-	A-1
Protem	Forsyth	.75	.75	A-1

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GENERAL AND LOCAL EXCHANGE TARIFF

LOCAL EXCHANGE SERVICE

G. Local Exchange Listings (Cont'd)

1. Exchange Listings (Includes EAS Points, EAS Rate Component, Rate Schedule and Rate Group) (Cont'd)

Exchange Name	EAS Points	EAS Rate Component Bus.	EAS Rate Component Res.	Rate Sch./Group	
LaBelle	-	-	-	A-1	
Laddonia	-	-	-	A-1	
LaGrange	-	-	-	A-1	
La Plata	Elmer	$1.80	$1.80	A-2	
Lawson	-	-	-	A-2	
Leasburg	-	-	-	A-1	
Lesterville	-	-	-	A-1	
Lewistown	-	-	-	A-1	
Licking	-	-	-	A-2	
Louisburg	-	-	-	A-1	
Lowry City	-	-	-	A-1	
Macon	-	-	-	A-3	
Manes	Grovespring, Hartville	3.65	3.65	A-1	
Mano	Cassville	3.65	3.65	A-2	
Mansfield	-	-	-	A-2	
Marshfield	Elkland	.90	.90	A-3	
Marthasville	-	-	-	A-1	
Maysville	-	-	-	A-2	
					(D)
					(D)
Milo	Nevada, Sheldon	3.65	3.65	A-1	
Monroe City	-	-	-	A-2	
Montauk Park	-	-	-	A-1	
Monticello	-	-	-	A-1	
Morrison	-	-	-	A-1	
Moscow Mills	Troy	3.65	3.65	A-1	
Mount Sterling	-	-	-	A-1	
Mt. Vernon	-	-	-	A-3	
Mtn. Grove	-	-	-	A-3	
Mtn. View	-	-	-	A-2	

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LOCAL EXCHANGE SERVICE

G. Local Exchange Listings (Cont'd)

1. Exchange Listings (Includes EAS Points, EAS Rate Component, Rate Schedule and Rate Group) (Cont'd)

Exchange Name	EAS Points	EAS Rate Component Bus.	EAS Rate Component Res.	Rate Sch./Group
Hermann	-	-	-	A-2
Hermitage	-	-	-	A-1
High Hill	-	-	-	A-1
Highlandville	Ozark	$2.65	$2.65	A-2
Holstein	-	-	-	A-1
Houston	Raymondville, Roby	2.80	2.80	A-2
Humansville	-	-	-	A-2
Hunnewell	-	-	-	A-1
Hurley	-	-	-	A-1
Irondale	-	-	-	A-1
Ironton	-	-	-	A-3
Jamestown	-	-	-	A-1
Jenkins	Cassville	3.65	3.65	A-1
Jerico Springs	-	-	-	A-1
Jonesburg	-	-	-	A-1
Kahoka	Luray, Revere, Wayland	.95	.50	A-2
Keytesville	Dalton	2.35	2.35	A-1
Kidder	Cameron, Hamilton	6.10	3.30	A-1
Kimberling City	-	-	-	A-2
Kingston	Hamilton	1.40	.75	A-1
Koshkonong	Thayer	3.15	3.15	A-1

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Regional Director-External Affairs
Wentzville, Missouri

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GENERAL AND LOCAL EXCHANGE TARIFF

LOCAL EXCHANGE SERVICE

G. Local Exchange Listings (Cont'd)

1. Exchange Listings (Includes EAS Points, EAS Rate Component, Rate Schedule and Rate Group) (Cont'd)

Exchange Name	EAS Points	EAS Rate Component Bus.	EAS Rate Component Res.	Rate Sch./Group	
Fillmore	Rosendale, Savannah	$5.60	$3.05	A-1	
Foley	Old Monroe, Winfield	3.45	3.45	A-1	
Fordland	-	-	-	A-2	
Foristell	Wright City	1.00	1.00	Metro	
Forsyth	Bradleyville, Cedar Creek, Protem	1.75	1.75	A-3	
Fremont	-	-	-	A-1	
Gainesville	Caulfield, Dora, Theodosia, Wasola	3.65	3.65	A-2	
Galena	-	-	-	A-2	
					(D)
Golden City	-	-	-	A-1	
Gorin	-	-	-	A-1	
Gower	Easton, Plattsburg	2.00	1.10	A-1	
Greenfield	Arcola	1.80	1.80	A-2	
Grovespring	Hartville, Manes	3.65	3.65	A-1	
Hallsville	Columbia	3.70	2.00	A-2	
Hamilton	Kidder, Kingston	.80	.45	A-2	
Hartville	Grovespring, Manes	2.95	2.95	A-2	
Hawk Point	Troy	3.65	3.65	A-1	
Helena	Avenue City, Cosby, Savannah	5.75	3.10	A-1	

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Wentzville, Missouri

GENERAL AND LOCAL EXCHANGE TARIFF

LOCAL EXCHANGE SERVICE

G. Local Exchange Listings (Cont'd)

1. Exchange Listings (Includes EAS Points, EAS Rate Component, Rate Schedule and Rate Group) (Cont'd)

MISSOURI
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Exchange Name	EAS Points	EAS Rate Component Bus.	EAS Rate Component Res.	Rate Sch./Group	
Cosby	Avenue City, Helena, Savannah	$9.45	$5.10	A-1	
Crane	-	-	-	A-2	
					(D)
Cross Timbers	-	-	-	A-1	
Cuba	-	-	-	A-3	
Dadeville	-	-	-	A-1	
Dalton	Keytesville	2.35	2.35	A-1	
Dardenne/ Lake St. Louis	-	-	-	Metro	
Defiance	-	-	-	Metro	
Dora	Gainesville	3.65	3.65	A-1	
					(D)
					(D)
Easton	Gower	1.10	.60	A-1	
Edgar Springs	-	-	-	A-1	
Eldorado Springs	Schell City, Walker	2.45	2.45	A-3	
Elkland	Marshfield	1.90	1.90	A-1	
Ellsinore	-	-	-	A-1	
Elmer	La Plata	3.20	3.20	A-1	
Eminence	-	-	-	A-1	
Everton	-	-	-	A-1	
Ewing	-	-	-	A-1	
Exeter	Cassville, Washburn	3.65	3.65	A-1	

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95-163
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State Director-External Affairs
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LOCAL EXCHANGE SERVICE

G. Local Exchange Listings (Cont'd)

1. Exchange Listings (Includes EAS Points, EAS Rate Component, Rate Schedule and Rate Group) (Cont'd)

Exchange Name	EAS Points	EAS Rate Component Bus.	EAS Rate Component Res.	Rate Sch./Group	
Braymer	-	-	-	A-1	
Bronaugh-Moundville	-	-	-	A-1	
Brunswick (Triplett)	-	-	-	A-1	
Buffalo	-	-	-	A-3	
Bunker	-	-	-	A-1	
Cabool	-	-	-	A-2	
Caledonia	-	-	-	A-1	
Cameron	Kidder	$ .40	$ .20	A-3	
Canton	-	-	-	A-2	
Cape Fair	-	-	-	A-2	
Cassville	Exeter, Jenkins, Mano, Washburn	2.90	2.90	A-3	
Caulfield	Gainesville	3.10	3.10	A-2	
Cedar Creek	Forsyth	.75	.75	A-1	
Centerville	-	-	-	A-1	
Centralia	Clark, Sturgeon	.55	.30	A-2	
Chamois	-	-	-	A-1	
Clarence	-	-	-	A-1	
Clark	Centralia, Sturgeon	3.55	1.90	A-1	
Clarksdale	-	-	-	A-1	
					(D)
					(D)
Collins	-	-	-	A-1	
Columbia	Ashland, Hallsville, Rocheport	.30	.15	A-5	
Concordia	-	-	-	A-2	
Conway	-	-	-	A-2	

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Gerald D. Harris
State Director-External Affairs
Wentzville, Missouri

LOCAL EXCHANGE SERVICE

G. Local Exchange Listings

1. Exchange Listings (Includes EAS Points, EAS Rate Component, Rate Schedule and Rate Group)

MISSOURI
Public Service Commission

Exchange Name	EAS Points	EAS Rate Component Bus.	EAS Rate Component Res.	Rate Sch./Group	
Alton	Thomasville	$ 1.80	$ 1.80	A-2	
Amazonia	Savannah	4.50	2.45	A-1	
Annapolis	-	-	-	A-1	
Arcola	Greenfield	3.20	3.20	A-1	
Ashland	Columbia	2.85	1.55	A-2	
Augusta	-	-	-	Metro	
Aurora	-	-	-	A-3	
Ava	-	-	-	A-3	
Avenue City	Cosby, Helena, Savannah	4.90	2.65	A-1	
Avilla	-	-	-	A-1	
Belgrade	-	-	-	A-1	
Belle	-	-	-	A-2	
Belleview	-	-	-	A-1	
					(D)
Birch Tree	-	-	-	A-1	
Bland	-	-	-	A-1	
Blue Eye	-	-	-	A-2	
Bolckow	Rosendale, Savannah, Whitesville	6.95	3.75	A-1	
Boss	-	-	-	A-1	
Bourbon	-	-	-	A-2	
Bradleyville	Forsyth	.75	.75	A-1	
Branson	Branson West	1.65	1.65	A-4	
Branson West	Branson	2.65	2.65	A-2	

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State Director-External Affairs
Wentzville, Missouri

LOCAL EXCHANGE SERVICE RATE GROUPS

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1. ACCESS LIMITS AND EXCHANGES BY RATE GROUPS: (Cont'd)

B. EXCHANGES IN EACH RATE GROUP IN "A" ABOVE

I

Appleton City	Blackburn	Blairstown	Brazito	(MT)
Calhoun	Camden Point	Centertown	Centerview	
Chilhowee	Clarksburg	Coal	Craig	
Dearborn	Deepwater	Edgerton	Eugene	
Fairfax	Green Ridge	Hardin	Henrietta	
Holt	Hopkins	Houstonia	Ionia	
King City	Kingsville	Leeton	Lincoln	
Malta Bend	Missouri City	Montrose	New Bloomfield	
Newburg	Norborne	Orrick	Otterville	
Pickering	Russellville	St. Thomas	Smithton	
Strasburg	Sweet Springs	Syracuse	Taos	
Tarkio	Tipton	Urich	Waverly	
Wellington				(MT)

II

Buckner	Butler	California	Cole Camp	
Holden	Kearney	Lake Lotawana	Lexington	(MT)
Lone Jack	Mound City	Odessa	Platte City	
Pleasant Hill	Richland	St. Robert	Waynesville	
Weston	Windsor			(MT)

III

Clinton	Ferrelview	Ft. Leonard Wood	Harrisonville	(MT)
Lebanon	Maryville	Oak Grove	Rolla	
Salem	Warrensburg	Warsaw		(MT)

IV

Jefferson City

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FEB 21 1994
94-237
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Public Service Commission

ISSUED:
February 3, 1994

BY: John L. Roe
Vice President - Administration
5454 West 110th Street
Overland Park, Kansas 66211

EFFECTIVE:
[redacted]
FEB 21 1994

APPENDIX C

Personnel Experience

EXECUTIVE OFFICERS

John J. Rigas is the Chairman of the Board of the Company. He also is the founder, Chairman, Chief Executive Officer and President of Adelphia Communications Corporation [1] ("Adelphia Communications"). Mr. Rigas has owned and operated cable television systems since 1952. Among his business and community service activities, Mr. Rigas is Chairman of the Board of Directors of Citizens Bank Corp., Inc., Coudersport, Pennsylvania and a member of the Board of Directors of the Charles Cole Memorial Hospital. He is a director of the National Cable Television Association and a member of its Pioneer Association and a past president of the Pennsylvania Cable Television Association. He is also a member of the Board of Directors of C-SPAN and the Cable Advertising Bureau, and is a Trustee of St. Bonaventure University. He graduated from Rensselaer Polytechnic Institute with a B.S. in Management Engineering in 1950.

John J. Rigas is the father of Michael J. Rigas, Timothy J. Rigas and James P. Rigas, each of whom currently serves as a director and executive officer of the Company.

James P. Rigas is Vice Chairman, Chief Executive Officer and a Director of the Company, Executive Vice President, Strategic Planning and a Director of Adelphia Communications and a Vice President and Director of Adelphia Communications' other subsidiaries. Mr. Rigas currently spends substantially all of his time on concerns of the Company. He has been with Adelphia Communications since 1986. Mr. Rigas graduated from Harvard University (magna cum laude) in 1980 and received a Juris Doctor degree and an M.A. degree in Economics from Stanford University in 1984. From June 1984 to February 1986, he was a consultant with Bain & Co., a management consulting firm.

Michael J. Rigas is Vice Chairman and a Director of the Company, Executive Vice President, Operations and a Director of Adelphia Communications and a Vice President and Director of Adelphia Communications' other subsidiaries. He has been with Adelphia Communications since 1981. From 1979 to 1981, he worked for Webster, Chamberlain & Bean, a Washington, D.C. law firm. Mr. Rigas graduated from Harvard University (magna cum laude) in 1976 and received his Juris Doctor degree from Harvard Law School in 1979.

Timothy J. Rigas is Vice Chairman, Chief Financial Officer, Treasurer and a Director of the Company, Executive Vice President, Chief Accounting Officer, Treasurer and a Director of Adelphia Communications, and a Vice President and Director of Adelphia Communications' other subsidiaries. He has been with Adelphia Communications since 1979. Mr. Rigas graduated from the University of Pennsylvania, Wharton School, with a B.S. degree in Economics (cum laude) in 1978.

Daniel R. Milliard is Vice Chairman, President, Secretary and a Director of the Company, and Senior Vice President and Secretary and a Director of Adelphia Communications and its other subsidiaries. Mr. Milliard currently spends substantially all of his time on concerns of the Company. He has been with Adelphia Communications since 1982. He served as outside general counsel to Adelphia Communications' predecessors form 1979 to 1982. Mr. Milliard graduated from American University in 1970 with a B.S. degree in Business Administration. He received an M.A. degree in Business from Central Missouri State University in 1971, where he was an Instructor in the Department of Finance, School of Business and Economics, from 1971-73, and received his Juris Doctor degree from the University of Tulsa School of Law in 1976. He is a member of the Board of Directors of Citizens Bank Corp., Inc. in Coudersport, Pennsylvania and is President of the Board of Directors of the Charles Cole Memorial Hospital.

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[1] Adelphia Communications Corporation is the majority shareholder of Hyperion Telecommunications, Inc. Adelphia Business Operations, Inc. is a wholly owned subsidiary of Hyperion Telecommunications, Inc.

OTHER OFFICERS

Edward E. Babcock, Jr., CPA, is Vice President, Finance of Hyperion. Mr. Babcock joined Adelphia Communications in May 1995 and previously held the position of Director of Financial Administration and Chief Accounting Officer of Adelphia Communications. Prior to joining Adelphia Communications, Mr. Babcock was the Vice President of Finance and Administration of Pure Industries. Before joining Pure Industries, Mr. Babcock spent eight years with the Pittsburgh office of Deloitte & Touche LLP. Mr. Babcock received his B.S. degree in Accounting from The Pennsylvania State University in 1984.

Thomas W. Cady, Vice President of Sales and Marketing, joined Hyperion in March 1998. His responsibilities include the development of marketing and sales programs for all of Hyperion's end user products and services. Prior to joining Hyperion, Mr. Cady spent seven years with Xerox, five years with IBM/ROLM and two years with Sprint/Telenet in a variety of sales, marketing and management positions. Most recently, Mr. Cady held the position of Senior Vice President of Marketing and Business Development for Cadmus Communications. Mr. Cady graduated from Virginia Tech with a B.S. in Business Administration in 1977, and received an MBA from the University of Richmond in 1984.

Mark Erickson, Vice President of Operations, joined Hyperion in June 1998. Prior to joining Hyperion, Mr. Erickson spent 25 years with Bell of PA and Bell Atlantic in a variety of technical and management positions. Mr. Erickson graduated from the Pennsylvania Technical College in 1973.

John B. Glicksman is Vice President, General Counsel and Assistant Secretary. Mr. Glicksman joined Adelphia Communications in February 1992 and previously held the position of Deputy General Counsel for Operations. Prior to joining Adelphia Communications, Mr. Glicksman was in private practice with Washington, D.C. law firms of Leventhal, Senter & Lerman; Fleischman and Walsh; and Howrey & Simon. Mr. Glicksman received his J.D. degree, with honors, from the National Law Center, George Washington University, Washington, D.C. and his B.A. degree, with high honors, from Trinity College, Hartford, Connecticut.

Theodore A. Huf, has served as Vice President of Engineering since March 1998, with responsibilities for both network and switch engineering. Mr. Huf previously served as Director of Operations and Engineering for Hyperion since December 1991, and was responsible for all city operations and network engineering. Prior to joining Hyperion, Mr. Huf worked for Adelphia Communications since 1971 in various engineering and operations management positions.

John D. Lasater, Vice President of National Accounts, joined Hyperion in January 1998 and is responsible for national account marketing and sales. Mr. Lasater joined MCI in 1991 as Manager of Major Accounts for Nashville, Tennessee. In 1993 he was appointed Executive Manager, National Accounts for MCI, managing the national account sales and marketing organization for Tennessee and Kentucky. Prior to joining MCI, Mr. Lasater held sales and marketing positions with South Central Bell and AT&T Information Systems. Mr. Lasater is a 1975 summa cum laude graduate of Belmont University.

Jeffrey J. Miller, Vice President of Business Development, joined Hyperion in April 1998 and is responsible for leading business development efforts and contract negotiations. Mr. Miller joined Adelphia Communications in December 1990 and held the positions of Director of Wireless Operations and Regional Controller. Prior to joining Adelphia Communications, Mr. Miller spent seven years with the Stamford, Connecticut office of Arthur Young and Company. Mr. Miller graduated magna cum laude from Lehigh University in 1984 with a B.S. in Accounting.

APPENDIX D

Financial Documents

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

_X_ Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 1999

____ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ____________ to ____________

Commission File Number: 000-21605

HYPERION TELECOMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	***25-1669404*** (I.R.S. Employer Identification No.)
Main at Water Street Coudersport, PA (Address of principal executive offices)	***16915-1141*** (Zip code)

814-274-9830
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

At August 12, 1999, 23,512,785 shares of Class A Common Stock, par value $0.01 per share, and 31,181,077 shares of Class B Common Stock, par value $0.01 per share, of the registrant were outstanding.

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES

INDEX

Item 1. Financial Statements

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(Dollars in thousands, except per share amounts)

	December 31, 1998	June 30, 1999
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 242,570	$ 261,460
Accounts receivable and other current assets	15,583	39,438
Due from parent – net	4,950	---
Due from affiliates – net	1,078	2,863
Total current assets	264,181	303,761
U.S. government securities – pledged	58,054	44,178
Investments	112,328	89,576
Property, plant and equipment – net	374,702	653,996
Other assets – net	27,077	21,580
Total	$ 836,342	$ 1,113,091
LIABILITIES, PREFERRED STOCK, COMMON STOCK AND OTHER STOCKHOLDERS' EQUITY (DEFICIENCY):		
Current liabilities:		
Accounts payable	$ 20,386	$ 21,976
Due to parent – net	---	803
Accrued interest and other current liabilities	19,142	24,104
Total current liabilities	39,528	46,883
13% Senior Discount Notes due 2003	220,784	236,745
12 1/4% Senior Secured Notes due 2004	250,000	250,000
12% Senior Subordinated Notes due 2007	---	300,000
Other debt	23,325	44,097
Total liabilities	533,637	877,725
12 7/8% Senior exchangeable redeemable preferred stock	228,674	244,153
Commitments and contingencies (Note 3)		
Common stock and other stockholders' equity (deficiency):		
Class A common stock, $0.01 par value, 300,000,000 shares authorized, 22,376,071 and 22,393,821 shares outstanding, respectively	224	224
Class B common stock, $0.01 par value, 150,000,000 shares authorized, 32,314,761 and 32,300,041 shares outstanding, respectively	323	323
Additional paid in capital	286,782	271,320
Class B common stock warrants	4,483	4,467
Accumulated deficit	(217,781)	(285,121)
Total common stock and other stockholders' equity (deficiency)	74,031	(8,787)
Total	$ 836,342	$ 1,113,091

See notes to condensed consolidated financial statements.

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(Amounts in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1999	1998	1999
Revenues	$ 7,635	$ 34,215	$ 12,455	$ 55,653
Operating expenses:				
Network operations	4,989	11,671	7,530	20,175
Selling, general and administrative	8,432	32,637	13,647	53,646
Depreciation and amortization	6,120	13,586	10,570	27,121
Total	19,541	57,894	31,747	100,942
Operating loss	(11,906)	(23,679)	(19,292)	(45,289)
Other income (expense):				
Interest income	4,235	14,780	9,337	16,778
Interest income-affiliate	1,824	2,779	2,075	5,607
Interest expense	(13,704)	(21,805)	(27,104)	(37,338)
Other income	1,000	---	1,000	---
Loss before income taxes and equity in net loss of joint ventures	(18,551)	(27,925)	(33,984)	(60,242)
Income tax expense	---	(4)	---	(4)
Loss before equity in net loss of joint ventures	(18,551)	(27,929)	(33,984)	(60,246)
Equity in net loss of joint ventures	(3,190)	(3,291)	(6,873)	(7,094)
Net loss	(21,741)	(31,220)	(40,857)	(67,340)
Dividend requirements applicable to preferred stock	(6,807)	(7,720)	(13,422)	(15,199)
Net loss applicable to common stockholders	$ (28,548)	$ (38,940)	$ (54,279)	$ (82,539)
Basic and diluted net loss per weighted average share of common stock	$ (0.59)	$ (0.70)	$ (1.30)	$ (1.49)
Weighted average shares of common stock outstanding	48,110	55,497	41,720	55,497

See notes to condensed consolidated financial statements.

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollars in thousands)

	Six Months Ended June 30, 1998	Six Months Ended June 30, 1999
Cash flows from operating activities:		
Net loss	$ (40,857)	$ (67,340)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	8,957	23,846
Amortization	1,613	3,275
Noncash interest expense	17,831	15,961
Equity in net loss of joint ventures	6,873	7,094
Issuance of Class A Common stock bonus	761	---
Change in operating assets and liabilities net of effects of acquisitions:		
Other assets – net	(5,769)	(20,463)
Accounts payable	22,739	(477)
Accrued interest and other liabilities	1,146	7,023
Net cash provided by (used in) operating activities	13,294	(31,081)
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(77,259)	(131,831)
Investments in joint ventures	(21,539)	(24,672)
Net cash used for acquisitions	(58,330)	(126,268)
Sale of U.S. government securities – pledged	15,653	15,322
Repayment of senior secured note	---	20,000
Net cash used in investing activities	(141,475)	(247,449)
Cash flows from financing activities:		
Repayments of debt	(2,383)	(1,246)
Advances (to) from related parties	(1,700)	4,066
Proceeds from debt	---	300,000
Costs associated with financing	(379)	(5,400)
Proceeds from issuance of Class A Common Stock	255,462	---
Costs associated with issuance of Class A Common Stock	(14,417)	---
Repayment of loans to stockholders	3,000	---
Net cash provided by financing activities	239,583	297,420
Increase in cash and cash equivalents	111,402	18,890
Cash and cash equivalents, beginning of period	332,863	242,570
Cash and cash equivalents, end of period	$ 444,265	$ 261,460

See notes to condensed consolidated financial statements.

HYPERION TELECOMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Dollars in thousands)

Hyperion Telecommunications, Inc. is a majority owned subsidiary of Adelphia Communications Corporation ("Adelphia"). The accompanying unaudited condensed consolidated financial statements of Hyperion Telecommunications, Inc. and its majority owned subsidiaries ("Hyperion" or the "Company") have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission.

On March 30, 1999, Hyperion elected to change its fiscal year from March 31 to December 31. The decision was made to conform to general industry practice and for administrative purposes. The change became effective for the nine months ended December 31, 1998. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended March 31, 1998 and its Transition Report on Form 10-K for the nine months ended December 31, 1998.

In the opinion of management, all adjustments, consisting of only normal recurring adjustments necessary for a fair presentation of the financial position of Hyperion at June 30, 1999, and the unaudited results of operations for the three and six months ended June 30, 1998 and 1999, have been included. The results of operations for the three and six months ended June 30, 1999 are not necessarily indicative of the results to be expected for the year ending December 31, 1999.

1. Significant Events Subsequent to December 31, 1998:

On March 2, 1999, Hyperion issued $300,000 of 12% Senior Subordinated Notes due 2007 ("Subordinated Notes"). An entity controlled by members of the Rigas family, controlling stockholders of Adelphia, purchased $100,000 of the Subordinated Notes directly from Hyperion at a price equal to the aggregate principal amount less the discount to the initial purchasers. The net proceeds of approximately $295,000 were or will be used to fund Hyperion's acquisition of interests held by local partners in certain of its markets and will be used to fund capital expenditures and investments in its networks and for general corporate and working capital purposes.

During March 1999, Hyperion consummated purchase agreements with subsidiaries of Multimedia Inc. and MediaOne of Colorado Inc. to acquire their respective interests in jointly owned networks located in the Wichita, KS, Jacksonville, FL and Richmond, VA markets for an aggregate of $89,750. The agreements increased the Company's ownership interest in each of these networks to 100%. The acquisitions were accounted for under the purchase method of accounting. Accordingly, the financial results of the acquired networks are included in the consolidated results of Hyperion effective from the date acquired.

On April 15, 1999, the Company acquired an indefeasible right of use ("IRU") from e.spire Communications, Inc. ("e.spire") for approximately 576 miles of network fiber and construction services which allows the Company access to 14 new markets. In exchange, the Company granted e.spire an IRU to a 432-strand fiber optic cable in South Florida that is currently under construction.

On May 25, 1999, the Company entered into an IRU agreement with CapRock Communications Corp. for approximately $16,260 which grants the Company a long-term license to approximately 1,650 route miles of long haul fiber. The IRU gives the Company a presence in the southwestern United States.

During May 1999, the Company received $32,329 from Telergy, Inc. ("Telergy") for the repayment of a senior secured note held by the Company. The payment represented $20,000 in principal and $12,329 of interest due to the Company resulting from a February 1997 transaction in which the Company loaned Telergy $20,000 in exchange for a $20,000 senior secured note and a fully prepaid lease of dark fiber in New York state.

During June 1999, the Company consummated a purchase agreement with Entergy Corporation ("Entergy"), the parent of its local partner in the Baton Rouge, LA, Little Rock, AR, and Jackson, MS markets, whereby Entergy received approximately $36,518 for its ownership interests in these markets. The agreements increased the Company's ownership interest in each of these networks to 100%. The acquisitions were accounted for under the purchase method of accounting. Accordingly, the financial results of the acquired networks are included in the consolidated results of Hyperion effective from the date acquired.

During the six months ended June 30, 1999, the Company made demand advances to Adelphia which, as of June 30, 1999, had been repaid. The Company received interest on the advances at a rate of 5.15%.

(Dollars in thousands)

2. Investments:

The equity method of accounting is used to account for investments in joint ventures in which the Company holds less than a majority interest. Under this method, the Company's initial investment is recorded at cost and subsequently adjusted for the amount of its equity in the net income or losses of its joint ventures. Dividends or other distributions are recorded as a reduction of the Company's investment. Investments in joint ventures accounted for using the equity method reflect the Company's equity in their underlying net assets.

The Company's non-consolidated investments are as follows:

	Ownership Percentage		December 31, 1998	June 30, 1999
MediaOne Fiber Technologies (Jacksonville)	100.0%	(1)	$ 8,150	$ ---
Multimedia Hyperion Telecommunications (Wichita)	100.0	(1)	5,863	---
MediaOne of Virginia (Richmond)	100.0	(1)	7,284	---
Entergy Hyperion Telecommunications of Louisiana	100.0	(2)	6,714	---
Entergy Hyperion Telecommunications of Mississippi	100.0	(2)	7,130	---
Entergy Hyperion Telecommunications of Arkansas	100.0	(2)	7,586	---
PECO-Hyperion (Philadelphia)	50.0		33,936	39,386
PECO-Hyperion (Allentown, Bethlehem, Easton, Reading)	50.0		7,227	10,352
Hyperion of York	50.0		5,721	7,121
Allegheny Hyperion Telecommunications	50.0		3,043	4,718
Baker Creek Communications	49.9	(3)	44,637	44,637
Other	Various		1,323	---
			138,614	106,214
Cumulative equity in net losses			(26,286)	(16,638)
Total			$ 112,328	$ 89,576

(1) As discussed in Note 1, the Company has consummated agreements which increased its ownership to 100% in these networks during March 1999.

(2) As discussed in Note 1, the Company has consummated an agreement which increased its ownership to 100% in these networks during June 1999.

(3) On March 24, 1998, the Federal Communications Commission ("FCC") completed the auction of licenses for LocalMultipoint Distribution Service. The Company, through Baker Creek Communications, was the successful bidder for 195 31-Ghz licenses, which cover approximately 30% of the nation's population – in excess of 83 million people in the eastern half of the United States. The Company funded $10,000 of such purchase in January 1998, a portion of which was refunded. In connection with the FCC's full review of all bids and the granting of final licenses it was concluded that the Company, through Baker Creek Communications, would acquire the entire interest in the 195 licenses for a total cost of approximately $44,605, all of which was paid as of October 26, 1998.

(Dollars in thousands)

Summarized combined unaudited financial information for the Company's investments being accounted for using the equity method of accounting, excluding Jacksonville, Richmond, Wichita and the Entergy partnerships follows:

	December 31, 1998	June 30, 1999
Current assets	$ 4,626	$ 15,545
Property, plant and equipment – net	93,929	109,066
Other non-current assets	45,266	44,898
Current liabilities	5,258	3,914
Non current liabilities	32,127	35,083

	Six Months Ended June 30, 1998	Six Months Ended June 30, 1999
Revenues	$ 1,893	$ 14,336
Net loss	(7,426)	(4,744)

3. Commitments and Contingencies:

Reference is made to Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of material commitments and contingencies.

4. Net Loss Per Weighted Average Share of Common Stock:

Net loss per weighted average share of common stock is computed based on the weighted average number of common shares outstanding after giving effect to dividend requirements on the Company's preferred stock. Diluted net loss per common share is equal to basic net loss per common share because additional warrants outstanding had an anti-dilutive effect for the periods presented; however, these warrants could have a dilutive effect on earnings per share in the future.

5. Supplemental Financial Information:

For the six months ended June 30, 1998 and 1999, the Company paid interest of $15,653 and $21,222, respectively.

Accumulated depreciation of property, plant and equipment amounted to $38,089 and $61,934 at December 31, 1998 and June 30, 1999, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Company's unaudited Condensed Consolidated Financial Statements and the Notes thereto appearing elsewhere in this Form 10-Q and the Company's audited Consolidated Financial Statements and Notes thereto included in its Transition Report on Form 10-K for the nine months ended December 31, 1998.

Overview

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, is forward-looking, such as information relating to the effects of future regulation, future capital commitments and the effects of competition. Such forward-looking information involves important risks and uncertainties that could significantly affect expected results in the future from those expressed in any forward-looking statements made by, or on behalf of, the Company. These risks and uncertainties include, but are not limited to, uncertainties relating to economic conditions, acquisitions and divestitures, availability and cost of financing, government and regulatory policies, the pricing and availability of equipment, materials and inventories, technological developments, year 2000 issues and changes in the competitive environment in which the Company operates. Unless otherwise stated, the information contained in this Form 10-Q is as of and for the three and six months ended June 30, 1998 and 1999.

The "Company" or "Hyperion" means Hyperion Telecommunications, Inc. together with its majority-owned subsidiaries, except where the context otherwise requires. Unless the context otherwise requires, references herein to the "networks," or the "Company's networks" mean the (a) 22 telecommunications networks in operation or under construction (the "Core Markets") owned as of June 30, 1999 by 22 Operating Companies (which, as defined herein, are (i) wholly and majority owned subsidiaries of the Company or (ii) joint venture partnerships and corporations managed by the Company and in which the Company holds less than a majority equity interest with one or more other partners) and (b) 50 additional markets under development (the "New Markets") as of such date.

Hyperion is a super-regional provider of communications services offering a full range of communications services to customers that include businesses, governmental and educational end users and other telecommunications service providers throughout the eastern half of the United States. The Company provides these customers with communications services such as local switch dial tone, long distance service, high-speed data, and Internet connectivity. The customer has a choice of receiving these services individually or as part of a bundle of services, which is typically priced at a discount when compared to the price of the individual services. In order to take advantage of the improved economic returns from providing services over the Company's own network system (having "on-net" traffic), the Company is in the process of significantly expanding the reach of its network system. This network system expansion includes the purchase, lease or construction of fiber optic network facilities in more than 50 new markets in the eastern half of the United States and the interconnection of all of the Company's existing and new markets with the Company's own fiber optic network facilities as well as implementing various technologies including Dense Wave Division Multiplexing ("DWDM") to provide greater bandwidth capacity on the Company's local and long-haul network system.

By the year 2001, Hyperion expects to serve most of the major cities in the eastern half of the United States. The Company currently provides communications services in 40 markets, representing distinct Metropolitan Statistical Areas, or "MSAs", and plans to offer services to a total of approximately 90MSAs by the end of year 2000, expanding Hyperion's presence to approximately 30 states. At June 30, 1999, the Company had installed 22 Lucent 5ESS switches or remote switching modules and plans to put in operation during 1999 nine additional regional switches (the "super switches"). Once fully installed, the Company's fiber optic backbone will connect each of the Company's markets. This fully redundant, 16,000 route mile network system will support Hyperion's full line of communications service offerings. To date, the Company has chosen the eastern half of the United States as its overall target market because it presents an opportunity for rapid growth. Once fully deployed, management believes this network system will encompass over 26 million addressable business access lines (approximately 34% of the nation's population), which currently generate annual estimated communications services revenues of over $50 billion.

The Company has experienced initial success in the sale of business access lines with approximately 212,191 access lines sold as of June 30, 1999, of which approximately 191,285 lines are installed. This represents an addition of 44,850 access lines sold and 46,638 access lines installed during the quarter ended June 30, 1999. As of June 30, 1999, approximately 65% of these access lines are provisioned on the Company's own switches ("on-switch lines").

Recent Developments

On March 2, 1999, Hyperion issued $300,000 of 12% Senior Subordinated Notes due 2007 ("Subordinated Notes"). An entity controlled by members of the Rigas family, controlling stockholders of Adelphia, purchased $100,000 of the Subordinated Notes directly from Hyperion at a price equal to the aggregate principal amount less the discount to the initial purchasers. The net proceeds of approximately $295,000 were or will be used to fund Hyperion's acquisition of interests held by local partners in certain of its markets and will be used to fund capital expenditures and investments in its networks and for general corporate and working capital purposes.

During March 1999, Hyperion consummated purchase agreements with subsidiaries of Multimedia Inc. and MediaOne of Colorado Inc. to acquire their respective interests in jointly owned networks located in the Wichita, KS, Jacksonville, FL and Richmond, VA markets for an aggregate of $89,750. The agreements increased the Company's ownership interest in each of these networks to 100%. The acquisitions were accounted for under the purchase method of accounting. Accordingly, the financial results of the acquired networks are included in the consolidated results of Hyperion effective on the date acquired.

On April 15, 1999, the Company acquired an indefeasible right of use ("IRU") from e.spire Communications, Inc. ("e.spire") for approximately 576 miles of network fiber and construction services which allows the Company access to 14 new markets. In exchange, the Company granted e.spire an IRU to a 432-strand fiber optic cable in South Florida that is currently under construction.

On May 25, 1999, the Company entered into an IRU agreement with CapRock Communications Corp. for approximately $16,260 which grants the Company a long-term license to approximately 1,650 route miles of long haul fiber. The IRU gives the Company a presence in the southwestern United States.

During May 1999, the Company received $32,329 from Telergy for the repayment of a senior secured note held by the Company. The payment represented $20,000 in principal and $12,329 of interest due to the Company resulting from a February 1997 transaction in which the Company loaned Telergy

$20,000 in exchange for the $20,000 senior secured note and a fully prepaid lease of dark fiber in New York state.

During June 1999, the Company consummated a purchase agreement with Entergy Corporation ("Entergy"), the parent of its local partner in the Baton Rouge, LA, Little Rock, AR, and Jackson, MS markets, whereby Entergy received approximately $36,518 for its ownership interests in these markets. The agreements increased the Company's ownership interest in each of these networks to 100%. The acquisitions were accounted for under the purchase method of accounting. Accordingly, the financial results of the acquired networks are included in the consolidated results of Hyperion effective on the date acquired.

During the six months ended June 30, 1999, the Company made demand advances to Adelphia which, as of June 30, 1999, had been repaid. The Company received interest on the advances at a rate of 5.15%.

On July 1, 1999, Adelphia and Hyperion announced their decision to further combine the efforts of both companies and that Hyperion was changing the name under which it will be doing business to Adelphia Business Solutions. With this decision, Adelphia and Hyperion will align the strengths of both organizations and develop a single brand in the communications marketplace.

Results of Operations

Three Months Ended June 30, 1999 in Comparison with Three Months Ended June 30, 1998

Revenues increased 348% to $34,215 for the three months ended June 30, 1999, from $7,635 for the same quarter in the prior year. Growth in revenues of $26,580 resulted from an increase in revenues from majority and wholly-owned networks of approximately $26,290 as compared to the same period in the prior year due to the continued expansion of the Company's customer base, success in the roll out of switched services as a result of the retail end-user strategy adopted by the Company and the consolidation of the Jacksonville, Richmond and Wichita markets. The increase was also due to increased management fees from the non-consolidated subsidiaries of $290 from the same period in the prior year.

Network operations expense increased 134% to $11,671 for the three months ended June 30, 1999 from $4,989 for the same quarter in the prior year. The increase was attributable to the expansion of operations at the Network Operating Control Center ("NOCC"), the increased number and size of the operations of the networks which resulted in increased employee related costs, equipment maintenance costs, costs related to planned expansion into new markets, and the consolidation of the Jacksonville, Richmond and Wichita markets.

Selling, general and administrative expense increased 287% to $32,637 for the three months ended June 30, 1999 from $8,432 for the same quarter in the prior year. The increase was due primarily to increased expenses associated with the network expansion plan, an increase in the sales force in the Core Markets, the development of a sales presence in many of the New Markets, an increase in corporate overhead costs to accommodate the growth in the number, size and operations of the networks as a result of the expansion, and the consolidation of the Jacksonville, Richmond and Wichita markets.

Depreciation and amortization expense increased 122% to $13,586 during the three months ended June 30, 1999 from $6,120 for the same quarter in the prior year primarily as a result of increased depreciation resulting from the higher depreciable asset base at the NOCC and the majority and wholly owned Operating Companies, amortization of deferred financing costs and the consolidation of the Jacksonville, Richmond and Wichita markets.

Interest income for the three months ended June 30, 1999 increased 249% to $14,780 from $4,235 for the same quarter in the prior year as a result of the payment of interest due to the Company from Telergy as discussed above, offset by decreases in interest from cash and cash equivalents and U.S. Government securities resulting from the interest payments on the 12 1/4% senior secured notes, investments in joint ventures, and expenditures for property, plant and equipment.

Interest income-affiliate for the three months ended June 30, 1999 increased to $2,779 from $1,824 as a result of demand advances made to Adelphia during the period.

Interest expense increased 59% to $21,805 during the three months ended June 30, 1999 from $13,704 for the same period in the prior year. The increase was primarily attributable to higher interest expense associated with interest on the 12% senior subordinated notes.

Equity in net loss of joint ventures increased by 3% to $3,291 during the three months ended June 30, 1999 from $3,190 for the same quarter in the prior year. The net losses of the nonconsolidated Operating Companies for the three months ended June 30, 1998 were primarily the result of increased revenues only partially offsetting startup and other costs and expenses associated with design, construction, operation and management of the networks of the Operating Companies.

The number of nonconsolidated Operating Companies paying management fees to the Company decreased from 8 at June 30, 1998 to 4 at June 30, 1999 due to the Company's increased ownership in certain Operating Companies as a result of the previously mentioned acquisitions. These non-consolidated Operating Companies and networks under construction paid management and monitoring fees to the Company, which are included in revenues, aggregating approximately $1,032 for the three months ended June 30, 1999, as compared with $742 for the same quarter in the prior fiscal year. The nonconsolidated Operating Companies' net losses, including networks under construction, for the three months ended June 30, 1998 and 1999 aggregated approximately $3,765 and $2,518, respectively.

Preferred stock dividends increased by 13% to $7,720 for the three months ended June 30, 1999 from $6,807 for the same period in the prior year. The increase was due to a higher outstanding preferred stock base resulting from dividends being paid in additional shares of preferred stock.

Six Months Ended June 30, 1999 in Comparison with Six Months Ended June 30, 1998

Revenues increased 347% to $55,653 for the six months ended June 30, 1999, from $12,455 for the same period in the prior year. Growth in revenues of $43,198 resulted from an increase in revenues from majority and wholly-owned networks of approximately $42,306 as compared to the same period in the prior year due to the continued expansion of the Company's customer base, success in the roll out of switched services as a result of the retail end-user strategy adopted by the Company and the consolidation of the Jacksonville, Richmond and Wichita markets. The increase was also due to increased management fees from the non-consolidated subsidiaries of $892 from the same period in the prior year.

Network operations expense increased 168% to $20,175 for the six months ended June 30, 1999 from $7,530 for the same period in the prior year. The increase was attributable to the expansion of operations at the NOCC, the increased number and size of the operations of the networks which resulted in increased employee related costs, equipment maintenance costs and costs related to planned expansion into new markets, and the consolidation of the Jacksonville, Richmond and Wichita markets.

Selling, general and administrative expense increased 293% to $53,646 for the six months ended June 30, 1999 from $13,647 for the same period in the prior year. The increase was due primarily to increased expenses associated with the network expansion plan, an increase in the sales force in the Core

Markets, the development of a sales presence in many of the New Markets, an increase in corporate overhead costs to accommodate the growth in the number, size and operations of Operating Companies managed and monitored by the Company, and the consolidation of the Jacksonville, Richmond and Wichita markets.

Depreciation and amortization expense increased 157% to $27,121 during the six months ended June 30, 1999 from $10,570 for the same period in the prior year primarily as a result of increased depreciation resulting from the higher depreciable asset base at the NOCC and the majority and wholly owned Operating Companies, amortization of deferred financing costs and the consolidation of the Jacksonville, Richmond and Wichita markets.

Interest income for the six months ended June 30, 1999 increased 80% to $16,778 from $9,337 for the same period in the prior year as a result of the payment of interest due to the Company from Telergy as discussed above, offset by decreases in interest from cash and cash equivalents and U.S. Government securities resulting from the interest payments on the 12 1/4% senior secured notes, investments in joint ventures, expenditures for property, plant and equipment and the demand advances made to Adelphia.

Interest income-affiliate for the six months ended June 30, 1999 increased to $5,607 from $2,075 as a result of demand advances made to Adelphia during the period.

Interest expense increased 38% to $37,338 during the six months ended June 30, 1999 from $27,104 for the same period in the prior year. The increase was primarily attributable to higher interest expense associated with the 12% senior subordinated notes.

Equity in net loss of joint ventures increased by 3% to $7,094 during the six months ended June 30, 1999 from $6,873 for the same period in the prior year. The net losses of the nonconsolidated Operating Companies for the six months ended June 30, 1999 were primarily the result of increased revenues only partially offsetting startup and other costs and expenses associated with design, construction, operation and management of the networks of the Operating Companies

The number of nonconsolidated Operating Companies paying management fees to the Company decreased from 8 at June 30, 1998 to 4 at June 30, 1999 due to the Company's increased ownership in certain Operating Companies as a result of the previously mentioned acquisitions. These non-consolidated Operating Companies and networks under construction paid management and monitoring fees to the Company, which are included in revenues, aggregating approximately $2,609 for the six months ended June 30, 1999, as compared with $1,718 for the same period in the prior fiscal year. The nonconsolidated Operating Companies' net losses, including networks under construction, for the six months ended June 30, 1998 and 1999 aggregated approximately $7,426 and $4,744, respectively.

Preferred stock dividends increased by 13% to $15,199 for the six months ended June 30, 1999 from $13,422 for the same period in the prior year. The increase was due to a higher outstanding preferred stock base resulting from dividends being paid in additional shares of preferred stock.

Supplementary Operating Company Financial Analysis

The Company believes that historically, working with Local Partners to develop markets has enabled the Company to build larger networks in a rapid and more cost effective manner than it could have on its own. The Company currently has joint ventures covering four networks with Local Partners where the Company owns 50% or less of each joint venture. As a result of the Company's historic ownership position in these and other joint ventures, a substantial portion of the Operating Companies' historic results have been reported by the Company on the equity method of accounting for investments which only reflects the Company's pro rata share of net income or loss of the Operating Companies. Because of the recently completed partner roll-ups, management of the Company believes this historical presentation of the assets, liabilities and results of operations of the Company does not represent a complete measure of the financial position, growth or operations of the Company.

In order to provide an additional measure of the financial position, growth and performance of the Company and its Operating Companies, management of the Company analyzes financial information of the consolidated Operating Companies in combination with the nonconsolidated joint venture Operating Companies on a combined basis. This combined financial presentation reflects Hyperion's consolidated financial position and results of operations adjusted for the inclusion of certain Operating Companies (Richmond, Jacksonville and Wichita) which were purchased in March 1999 combined with the non-consolidated joint ventures' results of operations. All combined results of operations are presented as if Hyperion consolidated all Operating Companies which were involved in the partnership roll-ups during the entire period presented. This financial information, however, is not indicative of the Company's overall historical financial position or results of operations.

	Quarter ended June 30, 1999			Quarter ended June 30, 1998		
	(dollars in thousands)					
	Consolidated Operating Results	Joint Venture Operating Results	Combined Operating Results	Adjusted Consolidated Operating Results	Joint Venture Operating Results	Combined Operating Results
Revenues	$34,215	$9,742	$43,957	$11,212	$1,479	$12,691
Direct Operating Expenses	11,671	3,565	15,236	6,132	1,081	7,213
Gross Margin	22,544	6,177	28,721	5,080	398	5,478
Gross Margin Percentage	65.9%	63.4%	65.3%	45.3%	26.9%	43.2%
Sales General and Administrative Expenses	32,637	5,875	38,512	9,658	2,520	12,178
EBITDA (a)	(10,093)	302	(9,791)	(4,578)	(2,122)	(6,700)
EBITDA Percentage of Revenues	(29.5%)	3.1%	(22.3%)	(40.8%)	(143.5%)	(52.8%)

	June 1999 Quarter vs. June 1998 Quarter		
% Change Comparison	Adjusted Consolidated Operating Results	Joint Venture Operating Results	Combined Operating Results
Revenues	205.2%	558.7%	246.4%
Direct Operating Expenses	90.3%	229.8%	111.2%
Gross Margin	343.8%	1452.0%	424.3%
Sales General and Administrative Expenses	237.9%	133.1%	216.2%
EBITDA (a)	(120.5%)	NM(b)	(46.1%)

(a) Earnings before interest, income taxes, depreciation and amortization and other income/expense ("EBITDA") and similar measures of cash flow are commonly used in the telecommunications industry to analyze and compare telecommunications companies on the basis of operating performance, leverage, and liquidity. While EBITDA is not an alternative indicator of operating performance or an alternative to cash flows from operating activities as a measure of liquidity as defined by generally accepted accounting principles, and while EBITDA may not be comparable to other similarly titled measures of other companies, management of Hyperion believes that EBITDA is a meaningful measure of performance.

(b) Not meaningful

Liquidity and Capital Resources

The development of the Company's business and the installation and expansion of the Operating Companies' networks, as well as the development of the New Markets, combined with the construction of the Company's NOCC, have resulted in substantial capital expenditures and investments during the past several years. Capital expenditures by the Company were $77,259 and $131,831 for the six months ended June 30, 1998 and 1999, respectively. Further, investments made by the Company in nonconsolidated Operating Companies were $21,539 and $24,672 for the six months ended June 30, 1998 and 1999, respectively. The increase in capital expenditures for the six months ended June 30, 1999 as compared with the same period in the prior fiscal year is largely attributable to the capital expenditures necessary to develop the Core Markets and the New Markets as well as the fiber purchases to interconnect the networks. The Company expects that it will continue to incur substantial capital expenditures in the development effort. The Company also expects to continue to fund operating losses as the Company develops and grows its business. For information regarding recent transactions affecting the Company's liquidity and capital resources, see "Recent Developments."

The Company has experienced negative operating cash flow since its inception. A combination of operating losses, substantial capital investments required to build the Company's networks and its state-of-the-art NOCC, and incremental investments in the Operating Companies has resulted in substantial negative cash flow.

Expansion of the Company's Core Markets and services and the development of New Markets and additional markets and services require significant capital expenditures. The Company's operations have required and will continue to require substantial capital investment for (i) the installation of electronics for switched services in the Company's networks, (ii) the expansion and improvement of the Company's NOCC and Core Markets, (iii) the design, construction and development of the New Markets and (iv) the acquisition of additional ownership interests in Core Markets. The Company has made substantial capital investments and investments in Operating Companies in connection with the installation of switches or remote switching modules in all of its Core Markets and plans to install regional super switches in certain New Markets when such New Markets are operational. To date, the Company has installed switches in all of its Core Markets and plans to provide such services in all of its New Markets on a standard switching platform based on Lucent 5 switch technology. In addition, the Company intends to continue to increase spending on marketing and sales significantly in connection with the expansion of its sales force and marketing efforts generally. The Company also plans to continue to purchase its partners' interests in the Operating Companies when it can do so on attractive economic terms. The Company estimates that it will require approximately $400 million to fund the Company's capital expenditures, working capital requirements, operating losses and pro rata investments in the Operating Companies from July 1, 1999 through the quarter ending December 31, 2000.

There can be no assurance (i) that the Company's future cash requirements will not vary significantly from those presently planned due to a variety of factors including acquisition of additional networks, development of the LMDS spectrum, continued acquisition of increased ownership in its networks and material variance from expected capital expenditure requirements for Core Markets and New Markets or (ii) that anticipated financings, Local Partner investments and other sources of capital will become available to the Company. In addition, it is possible that expansion of the Company's networks may include the geographic expansion of the Company's existing clusters and the development or acquisition of other new networks not currently planned.

The Company will need substantial additional funds to fully fund its business plan. The Company expects to fund its capital requirements through existing resources, credit facilities and vendor financings at the Company and Operating Company levels, internally generated funds, equity invested by Local Partners in Operating Companies and additional debt or equity financings, as appropriate, and expects to fund its purchase of partnership interests of Local Partners through existing resources, internally generated funds and additional debt or equity financings, as appropriate. There can be no assurances, however, that the Company will be successful in generating sufficient cash flow or in raising sufficient debt or equity capital on terms that it will consider acceptable, or at all.

The Company currently expects that its existing cash balance, internally generated funds and future financing sources will be sufficient to fund the Company's capital expenditures, acquisitions, operating losses and pro rata investments in the Operating Companies through December 2000. There can be no assurance, however, as to the availability of funds from internal cash flow, Local Partner investments or from the private or public equity or debt markets. Also, the indentures relating to the 13% Senior Discount Notes, the 12 1/4% Senior Secured Notes and the 12% Subordinated Notes and the Certificate of Designation for the 12 7/8% Senior Exchangeable Redeemable Preferred Stock provide certain restrictions upon the Company's ability to incur additional indebtedness. The Company's inability to fund its capital expenditures, acquisitions, operating losses or pro rata investment in the Operating Companies could have a material effect upon the Company and/or the Operating Companies.

Year 2000 Issues

The year 2000 issue refers to the inability of computerized systems and technologies to recognize and process dates beyond December 31, 1999. The Company is evaluating the impact of the year 2000 issue on its business applications and its products and services. This could present risks to the operation of the Company's business in several ways. The evaluation includes a review of the Company's information technology systems, telephony equipment and other embedded technologies. A significant portion of the Company's computerized systems and technologies have been developed, installed or upgraded in recent years and are generally more likely to be year 2000 ready. The Company's evaluation also includes evaluating the potential impact as a result of its reliance on third-party systems that may have the year 2000 issue.

Computerized business applications that could be adversely affected by the year 2000 issue include:

- information processing and financial reporting systems;
- customer billing systems;
- customer service systems;
- telecommunication transmission and reception systems; and
- facility systems.

System failure or miscalculation could result in an inability to process transactions, send invoices, accept customer orders or provide customers with products and services. Customers could also experience a temporary inability to receive or use the Company's products and services.

The Company has developed a program to assess and address the year 2000 issue. This program consists of the following phases:

- inventorying and assessing the impact on affected technology and systems,
- developing solutions for affected technology and systems;
- modifying or replacing affected technology and systems;
- testing and verifying solutions;
- implementing solutions; and
- developing contingency plans.

The Company has substantially completed its inventory and assessment of affected computerized systems and technologies. The Company is in the final stages of its year 2000 compliance program with respect to the remediation of the affected systems and technologies.

The Company has engaged a consulting firm familiar with its financial reporting systems. This firm has developed and tested year 2000 solutions that the Company is in the process of implementing. The Company has certified six of eight financial systems as year 2000 compliant. The Company expects its financial reporting systems to be fully year 2000 compliant by September 1999.

A third-party billing vendor currently facilitates customer billing. This third-party vendor has certified that it implemented and successfully tested its own year 2000 solution in April 1999.

Telecommunication plant rebuilds and upgrades in recent years have minimized the potential impact of the year 2000 issue on the Company's facilities, customer service, telecommunication transmission and reception systems. The Company has substantially completed a comprehensive internal inventory and assessment of all hardware components and component controlling software throughout its telecommunication networks. The Company expects to implement any hardware and software modifications, upgrades or replacements resulting from the internal review by October 1999.

Costs incurred to date directly related to addressing the year 2000 issue have been approximately $525. The Company has also redeployed internal resources to meet the goals of its year 2000 program. The Company currently estimates the total cost of its year 2000 remediation program to be approximately $1,000. Although the Company will continue to incur substantial capital expenditures in the ordinary course of meeting its telecommunications system upgrade goals through the year 2000, it will not specifically accelerate its expenditures to facilitate year 2000 readiness, and accordingly such expenditures are not included in the above estimate.

The Company is communicating with others with whom it does significant business to determine their year 2000 readiness and to determine the extent to which the Company is vulnerable to the year 2000 issue related to those third parties. The Company purchases much of its technology from third parties. There can be no assurance that the systems of other companies on which the Company's systems rely will be year 2000 ready or timely converted into systems compatible with the Company's systems. The Company's failure or a third-party's failure to become year 2000 ready or the Company's inability to become compatible with third parties with which the Company has a material relationship, including companies that the Company acquires, may have a material adverse effect on the Company, including significant service interruption or outages; however, the Company cannot currently estimate the extent of any such adverse effects.

The Company is in the process of identifying secondary sources to supply its systems or services in the event it becomes probable that any of its systems will not be year 2000 ready prior to the end of 1999. The Company is also in the process of identifying secondary vendors and service providers to replace those vendors and service providers whose failure to be year 2000 ready could lead to a significant delay in the Company's ability to provide its service to its customers.

Competition

The Company faces competition from many competitors with significantly greater financial resources, well-established brand names and large, existing installed customer bases. Moreover, we expect the level of competition to intensify in the future.

In each of the markets served by the Company's networks, the services offered by the Company compete principally with the services offered by the Incumbent Local Exchange Carrier ("ILEC") serving that area. ILECs have long-standing relationships with their customers, have the potential to subsidize competitive services from monopoly service revenues, and benefit from favorable state and federal regulations. In light of the passage of the Telecommunications Act of 1996 (the "Telecommunications Act"), federal and state regulatory initiatives will provide increased business opportunities to competitive local exchange carriers ("CLECs") such as the Company, but regulators are likely to provide ILECs with increased pricing flexibility for their services as competition increases. Further, if a Regional Bell Operating Company ("RBOC") is authorized to provide in region long distance service in one or more states by fulfilling the market operating provisions of the Telecommunications Act, the RBOC may be able to offer "one stop shopping" that would be competitive with the company's offerings. To date, each request for such authority has been denied by the FCC. An approval could result in decreased market share for the major IXCs, which are among the Operating Companies' significant customers. Any of these results could have an adverse effect on the Company.

There has been significant merger activity among the RBOCs in anticipation of entry into the long distance market, including the completed merger of Bell Atlantic and NYNEX, whose combined territory covers a substantial portion of the Company's markets. Other combinations have occurred in the industry, which may have an effect on the Company, such as the combination of AT&T Corp. and MediaOne and the proposed mergers between SBC and Ameritech, Bell Atlantic and GTE, and Qwest and US West. The effects of these combinations are unknown at this time. The Company believes that combinations of RBOCs and others will also affect the Company's strategy of originating and terminating a significant proportion of its customers' communications traffic over its own networks, rather than relying on the network of the ILEC.

The Company also faces, and will continue to face, competition from other current and potential market entrants, including other CLECs, ILECs which are not subject to RBOC restrictions on long distance, AT&T, MCI WorldCom, Sprint and other IXCs, cable television companies, electric utilities, microwave carriers, wireless telecommunications providers and private networks built by large end users. In addition, new carriers, such as Global Crossing, Williams, Qwest Communications International and Level 3 Communications are building and managing nationwide networks which, in some cases, are designed to provide local services. Further, AT&T's acquisition of various cable companies will exploit ubiquitous local cable infrastructure for telecommunications and other services provided by the operating companies. Finally, although the Company has generally good relationships with the other existing IXCs, there are no assurances that any of these IXCs will not build their own facilities, purchase other carriers or their facilities, or resell the services of other carriers rather than use the Company's services when entering the market for local exchange services.

Regulation

Government Overview

A significant portion of the services provided by the Company and its networks is subject to regulation by federal, state and local government agencies. Future federal or state regulations and legislation may be less favorable to us than current regulation and legislation and therefore may have a material and adverse impact on our business and financial prospects. In addition, we may expend significant financial and managerial resources to participate in proceedings setting rules at either the federal or state level, without achieving a favorable result.

Federal Legislation and Regulation

The Telecommunications Act enacted on February 21, 1996, substantially departs from prior legislation in the telecommunications industry by establishing local exchange competition as a national policy. This act removes state regulatory barriers to competition, and imposes numerous requirements to facilitate the provision of local telecommunications services by multiple providers. For instance, carriers must provide to each other services for resale, number portability, dialing parity, access to rights of way, and compensation for traffic they exchange. ILECs must provide competitors with network interconnection, access to unbundled network elements, and collocation at ILEC premises, among other things. Finally, the FCC is responsible for implementing and presiding over regimes for universal service subsidiaries and access.

The Telecommunications Act prohibits state and local governments from enforcing any law, rule or legal requirement that prohibits or has the effect of prohibiting any entity from providing interstate or intrastate telecommunications services. States retain jurisdiction under the Telecommunications Act to adopt laws necessary to preserve universal service, protect public safety and welfare, ensure the continued quality of telecommunications services and safeguard the rights of consumers. The Company has successfully challenged states' attempts to limit competition in certain rural areas. One state has requested a stay of the favorable FCC order. Depending successfully on the result, the Company's expansion plans may be adversely affected.

The FCC is charged with the broad responsibility of implementing the local competition provisions of the Telecommunications Act. It has done so by promulgating rules which encourage increased local competition. In 1997, a federal appeals court for the Eighth Circuit vacated some of these rules. In January 1999, the United States Supreme Court reversed the majority of the Eighth Circuit's ruling, finding that the FCC has broad authority to interpret the Telecommunications Act and issue rules for its implementation. Specifically, the Court stated that the FCC has authority to set pricing guidelines for unbundled network elements, to prevent ILECs from dismantling existing combinations of network elements, and to establish rules allowing competitors to "pick and choose" among provisions of existing interconnection agreements. However, the Court vacated the FCC's rules that identified the unbundled network elements thatILECs must provide to CLECs. The FCC recently initiated a new proceeding to reexamine which unbundled network elements ILECs must provide. In addition, because the Eighth Circuit had only ruled on the FCC's jurisdiction to set a pricing methodology, the ILECs have renewed their opposition to the actual methodology.

Many new carriers have experienced difficulties in working with the ILECs, with respect to provisioning, interconnection, rights-of-way, collocation and implementing the systems used by these new carriers to order and receive unbundled network elements and wholesale service from the ILECs. Coordination with ILECs is necessary for new carriers such as us to provide local service to customers on a timely and competitive basis. The Telecommunications Act created incentives forRBOCs to cooperate with new carriers and permit access to their facilities satisfied statutory conditions designed to open their local markets to competition. The RBOCs in the Company's proposed markets are not yet permitted by the FCC to offer long distance services and the Company cannot be assured that these RBOCs will be accommodating to the Operating Companies once they are permitted to offer long distance service. If the Operating Companies are unable to obtain the cooperation of an RBOC in a region, whether or not such RBOC has been authorized to offer long distance service, ability to offer local services in such region on a timely and cost effective basis would be adversely affected.

The FCC recently adopted new rules designed to make it easier and less expensive for CLECs to obtain collocation at ILEC central offices by, among other things, restricting the ILECs' ability to prevent certain types of equipment from being collocated and requiring ILECs to offer alternative collocation arrangements to CLECs. The FCC also initiated a new proceeding to address line sharing which, if implemented, would allow CLECs to offer data services over the same line that a consumer uses for voice services without the CLEC having to provide the voice service. While the Company expects that the FCC's new collocation rules will be beneficial to the Operating Companies, it remains uncertain that these new rules will be implemented in a favorable manner. Moreover, ILECs or other parties may ask the FCC to reconsider some or all of its new collocation rules, or may appeal these rules in federal court.

A number of ILECs around the country have been contesting whether the obligation to pay reciprocal compensation to CLECs should apply to local telephone calls terminating to Internet service providers ("ISPs"). The ILECs claim that this traffic is interstate in nature and therefore should be exempt from compensation arrangements applicable to local, intrastate calls. Most states have requiredILECs to pay ISPs reciprocal compensation. However, on February 25, 1999, the FCC adopted an order in which it determined that calls to ISPs are interstate in nature and proposed rules to govern compensation to carriers for transmitting these calls. It stated, however, that its action was not intended to dislodge previous state decisions interpreting interconnection agreements between ILECs and CLECs to require reciprocal compensation between two local carriers jointly delivering dial-up traffic to ISPs. Although the FCC does not intend to require ISPs to pay access charges or contribute to universal service funds, the FCC's order and subsequent state rulings could affect the costs incurred by ISPs and the demand for their offerings. An unfavorable outcome could materially affect the Company's potential future revenues.

Several ILECs have filed petitions at the FCC and have initiated legislative efforts to effect a waiver of certain obligations imposed on ILECs in the Telecommunications Act with respect to RBOC-provisioned high-speed data services, including, among other things, the obligation to unbundle and offer for resale such services. In addition, the ILECs are seeking to provide high-speed data services on an interLATA basis without complying with the market opening provisions of the competitive checklist set forth in the Telecommunications Act, which would be otherwise required of them. The FCC has subsequently approved that such services are subject to interstate jurisdiction and to the resale and unbundling obligation of the Telecommunications Act. However, the FCC has initiated a proceeding to determine whether ILECs can create separate affiliates for their high-speed data services that would be free from these obligations. In addition, there are numerous bills being considered by Congress which would deregulate advanced services. These outcomes could have a material adverse effect on the Company.

Any of the regulatory changes discussed above could require renegotiation of relevant portions of existing interconnection agreements, or subject them to additional court and regulatory proceedings. It remains to be seen whether the Operating Companies can continue to obtain and maintain interconnection agreements on terms acceptable to them in every state, though most states have already adopted pricing rules, if not interim prices, which are for the most part consistent with the FCC's related pricing provisions.

In an exercise of its "forbearance authority," the FCC has ruled that following a transition period non-dominant IXCs will no longer be able to file tariffs with the FCC concerning their interexchange long distance services (the "IXC Detariffing Order"). Tariffs set forth the terms and conditions under which the operating companies provide services. This would deprive the Company of the advantages of being able to rely on terms and conditions contained in a filed tariff, requiring instead reliance on individual contracts. The IXC Detariffing Order has been stayed pending review in the U.S. Court of Appeals for the District of Columbia.

In May 1997, the FCC released an order establishing a significantly expanded federal universal service subsidy regime. For example, the FCC established new subsidies for telecommunications and information services provided to qualifying schools and libraries with an annual cap of $2.3 billion and for services provided to rural health care providers with an annual cap of $400 million. The FCC also expanded the federal subsidies for local exchange telephone service provided to low-income consumers. Providers of interstate telecommunications services, such as the Company, as well as certain other entities, must pay for these programs. The Company's share of the payments into these federal subsidy funds will be based on its share of certain defined telecommunications end-users' revenues. Currently, the FCC is assessing such payments on the basis of a provider's revenue for the previous year. In the May 1997 order, the FCC also announced that it will soon revise its rules for subsidizing service provided to consumers in high cost areas, which may result in further substantial increases in the overall cost of the subsidy program. Several parties have appealed the May 1997 order. Such appeals have been consolidated and transferred to the United States Court of Appeals for the Fifth Circuit where oral argument was heard in December 1998. Various states are also in the process of implementing their own universal service programs.

To the extent that the Operating Companies provide interexchange telecommunications service, access charges are required to be paid to ILECs when the facilities of those companies are used to originate or terminate interexchange calls. Also, as CLECs, the Operating Companies provide access service to other interexchange service providers. The interstate access charges of ILECs are subject to extensive regulation by the FCC, while those of CLECs are subject to a lesser degree of FCC regulation but remain subject to the requirement that all charges be just, reasonable, and not unreasonably discriminatory. In two orders released in December 1996 and May 1997, the FCC made major changes in the interstate access charge structure. In the December 1996 order, the FCC removed restrictions on ILECs' ability to lower access prices and relaxed the regulation of new switched access services in those markets where there are other providers of access service. If this increased pricing flexibility is not effectively monitored by federal regulators, it could have a material adverse effect on the Company's ability to compete in providing interstate access services. The May 1997 order substantially increased the cost that ILECs subject to the FCC's price cap rules ("price cap LECs") recover through a monthly, non-traffic-sensitive access charges. In the May 1997 order, the FCC also announced its plan to bring interstate access rate levels more in line with cost. The plan will include rules that are expected to be established sometime in 1999 that may grant price cap LECs increased pricing flexibility upon demonstration of increased competition (or potential competition) in relevant markets. The manner in which the FCC implements this approach to lowering access charge levels could have a material effect on the Company's ability to compete in providing interstate access services.

In addition, the Operating Companies assess access charges to companies that use their facilities to originate or terminate long distance calls. Some of these companies, including AT&T and Sprint, have announced plans to resist paying access charges that exceed the access charges of the ILEC in any given geographic area. While the Operating Companies have not experienced any such challenges to their rights to collect access charges, they could experience them in the future. If so, the effect upon the Company's business could be material and adverse.

The Telecommunications Act prohibits state and local governments from enforcing any law, rule or legal requirement that prohibits or has the effect of prohibiting any entity from providing interstate or intrastate telecommunications services. States retain jurisdiction under the Telecommunications Act to adopt laws necessary to preserve universal service, protect public safety and welfare, ensure the continued quality of telecommunications services and safeguard the rights of consumers. The Company has successfully challenged states' attempts to limit competition in certain rural areas. However, inability to implement the related FCC order could adversely effect the Company's expansion plans.

The FCC also presides over ongoing proceedings addressing a variety of other matters, including number portability, Internet, telephony, slamming, and pole attachments. The outcome of any such proceedings may adversely affect the Company and its ability to offer service in competition with LECs.

State Regulation

Most State Public Utility Commissions ("PUCs") require companies that wish to provide intrastate common carrier services to be certified to provide such services. These certifications generally require a showing that the carrier has adequate financial, managerial and technical resources to offer the proposed services in a manner consistent with the public interest. In addition, Operating Companies have been certificated or are otherwise authorized to provide telecommunications services in Alabama, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia and West Virginia. The certificates or other authorizations permit the Operating Companies to provide a full range of local telecommunications services, including basic local exchange service. In certain states, each of the Company, its subsidiaries and the Operating Companies may be subject to additional state regulatory requirements, including tariff filing requirements, to begin offering the telecommunications services for which such entities have been certificated. In some states, an Operating Company's tariff lists a rate range or sets prices on an individual case basis. Many states also may have additional regulatory requirements such as reporting and customer service and quality requirements, Y2K compliance, unbundling and universal service contributions all of which are subject to change and may adversely affect the Company. In addition, in virtually every state, the Company's certificate or other authorization is subject to the outcome of proceedings by the state commission that address regulation of LECs and CLECs, competition, geographic build-out, mandatory detariffing, service requirements, and universal service issues.

In addition to obtaining certification, an Operating Company must negotiate terms of interconnection with the ILEC before it can begin providing switched services. To date, the Operating Companies have negotiated interconnection agreements with one or more of the ILECs, in each state in which they have been certificated. Agreements are subject to State PUC approval.

The Company is subject to requirements in some states to obtain prior approval for, or notify the commission of any transfers of control, sales of assets, corporate reorganizations, issuance of stock or debt instruments, and other transactions that may effect a change in the way that the Company does business.

Although the Company believes such authorization could be obtained, there can be no assurance that the state commissions would grant the Company authority to complete any transactions.

Local Government Authorizations

An Operating Company may be required to obtain from municipal authorities street opening and construction permits, or operating franchises, to install and expand its fiber optic networks in certain cities. In some cities, the Local Partners or subcontractors may already possess the requisite authorizations to construct or expand the Company's networks. An Operating Company or its Local Partners also may be required to obtain a license to attach facilities to utility poles in order to build and expand facilities. Because utilities that are owned by a cooperative or municipality are not subject to federal pole attachment regulation, there are no assurances that an Operating Company or its Local Partners will be able to obtain pole attachments from these utilities at reasonable rates, terms and conditions.

In some of the areas where the Operating Companies provide service, their Local Partners pay license or franchise fees based on a percent of fiber lease payment revenues. In addition, in areas where the Company does not use facilities constructed by a Local Partner, the Operating Company may be required to pay such fees. There are no assurances that certain municipalities that do not currently impose fees will not seek to impose fees in the future, nor is there any assurance that, following the expiration of existing franchises, fees will remain at their current levels. In addition, some municipalities may seek to impose requirements or fees on users of transmission facilities, even though they do not own such facilities.

In many markets, other companies providing local telecommunications services, particularly the ILECs, currently are excused from paying license or franchise fees or pay fees that are materially lower than those required to be paid by the Operating Company or Local Partner. The Telecommunications Act requires municipalities to charge nondiscriminatory fees to all telecommunications providers, but it is uncertain how quickly this requirement will be implemented by particular municipalities in which the Company operates or plans to operate or whether it will be implemented without a legal challenge initiated by the Company or another CLEC.

If any of the existing Local Partner Agreements or Fiber Lease Agreements held by a Local Partner or an Operating Company for a particular market were terminated prior to its expiration date and the Local Partner or Operating Company were forced to remove its fiber optic cables from the streets or abandon its network in place, even with compensation, such termination could have a material adverse effect on the Company.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company uses fixed rate debt and redeemable preferred stock to fund its working capital requirements, capital expenditures and acquisitions. These financing arrangements expose the Company to market risk related to changes in interest rates. The table below summarizes the fair values and contract terms of the Company's financial instruments subject to interest rate risk as of June 30, 1999.

	Expected Maturity							
	1999	2000	2001	2002	2003	Thereafter	Total	Fair Value
Fixed Rate Debt and Redeemable Preferred Stock:	---	---	---	---	$303,840	$793,313	$1,097,153	$1,041,236
Average Interest Rate --	12.53%	12.53%	12.53%	12.53%	12.41%	12.35%	---	---

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On February 24, 1999, the Company was served with a summons and complaint filed in the United States District Court for the Northern District of New York, Case Number 99-CV-268, by Hyperion Solutions Corporation ("Solutions"), which is described in the complaint as a company in the business of developing, marketing and supporting comprehensive computer software tools, executive information systems and applications that companies use to improve their business performance. The complaint alleges, among other matters, that the company's use of the name "Hyperion" in its business infringes upon various trademarks and service marks of Solutions in violation of federal trademark laws and violates various New York business practices, advertising and business reputation laws. The Complaint seeks, among other matters, to enjoin the Company from using the name or mark "Hyperion" in the company's business as well as to recover unspecified damages, treble damages and attorneys' fees. Management of the Company believes that the Company has meritorious defenses to the complaint and intends to vigorously defend this lawsuit. Although management believes that this lawsuit will not in any event have a material adverse effect upon the Company, no assurance can be given regarding the effect upon the Company if Solutions were to prevail in this lawsuit.

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

The attached Exhibit 99.01 provides certain financial and business information of the Company for the three months ended June 30, 1999, pursuant to Section 4.03(a)(iii) of the Indenture dated April 15, 1996 with respect to the 13% Senior Discount Notes.

The attached Exhibit 99.02 provides certain financial and business information of the Company for the three months ended June 30, 1999, pursuant to Section 4.03(a)(iii) of the Indenture dated August 27, 1997 with respect to the 12 1/4% Senior Secured Notes.

The attached Exhibit 99.03 provides certain financial and business information of the Company for the three and six months ended June 30, 1999.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 27.01	Financial Data Schedule (supplied for the information of the Commission).
Exhibit 99.01	"Schedule E - Form of Financial Information and Operating Data of the Subsidiaries and the Joint Ventures Presented by Cluster".
Exhibit 99.02	"Schedule F - Form of Financial Information and Operating Data of the Pledged Subsidiaries and the Joint Ventures".
Exhibit 99.03	Press Release dated August 10, 1999

(b) Reports on Form 8-K:

A Form 8-K was filed on April 6, 1999 which reported information under Item 5 thereof. No financial statements were filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HYPERION TELECOMMUNICATIONS, INC.
(Registrant)

Date: August 16, 1999

By: /s/ Timothy J. Rigas
Timothy J. Rigas
Vice Chairman, Chief Financial Officer
(authorized officer) and Treasurer

Date: August 16, 1999

By: /s/ Edward E. Babcock, Jr.
Edward E. Babcock, Jr.
Vice President, Finance and
Chief Accounting Officer

Exhibit Index

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Exhibit 99.03 Press Release dated August 10, 1999

Exhibit 99.01

SCHEDULE E

Hyperion Telecommunications, Inc.

Form of Financial Information and Operating Data
Of the Subsidiaries and the Joint Ventures Presented by Cluster

Data presented for the quarter ended: **6/30/99**

Unaudited

	North East	Mid-Atlantic	Mid-South	*** Other Markets	Total
FINANCIAL DATA (dollars in thousands):					
Total Revenue	$ 11,797.0	$ 17,784,6	$ 9,415.9	$ 3,869.7	$ 42,867.2
Total Capital Expenditures	$ 8,402.5	$ 53,515.1	$ 21,570.5	$ 12,581.4	$ 96,069.5
Total EBITDA	$ 5,304.1	$ (1,446.3)	$ (2,572.4)	$ (2,458.7)	$ (1,173.3)
Gross PP&E	$ 108,382.4	$ 391,138.0	$ 163,881.2	$ 177,921.0	$ 841,322.6
Proportional Revenue *	$ 11,797.0	$ 13,983.9	$ 9,290.0	$ 3,869.7	$ 38,940.6
Proportional Capital Expenditures*	$ 8,402.5	$ 49,173.6	$ 21,360.6	$ 12,581.4	$ 91,518.1
Proportional EBITDA *	$ 5,304.1	$ (1,855.6)	$ (2,597.8)	$ (2,458.7)	$ (1,608.0)
Proportional Gross PP&E *	$ 108,382.4	$ 328,441.7	$ 161,790.4	$ 177,921.0	$ 776,535.5
STATISTICAL DATA					
Increase for June 30, 1999:					
Markets in Operation	---	1	---	---	1
Route Miles	---	163	47	---	210
Fiber Miles	---	2,520	2,256	---	4,776
Buildings connected	---	66	12	38	116
Building with customers	---	2,441	228	727	3,396
LEC-COs collocated **	---	15	2	---	17
Voice Grade Equivalent Circuits	34,944	121,632	55,104	42,336	254,016
As of March 31, 1999:					
Markets in Operation ****	4	20	9	6	39
Route Miles	3,220	4,187	3,571	4,102	15,080
Fiber Miles	94,374	152,654	66,928	59,368	373,324
Buildings connected	353	697	365	406	1,821
Buildings with customers	2,401	1,438	3,900	736	8,475
LEC-COs collocated **	16	67	30	18	131
Voice Grade Equivalent Circuits	250,656	702,240	346,080	261,408	1,560,384
As of June 30, 1999:					
Markets in Operation	4	21	9	6	40
Route Miles	3,220	4,350	3,618	4,102	15,290
Fiber Miles	94,374	155,174	69,184	59,368	378,100
Buildings connected	353	763	377	444	1,937
Buildings with customers	2,401	3,879	4,128	1,463	11,871
LEC-COs collocated **	16	82	32	18	148
Voice Grade Equivalent Circuits	285,600	823,872	401,184	303,744	1,814,400
Access Lines Sold	33,787	105,885	54,675	17,844	212,191
Access Lines Installed	28,566	99,635	47,641	15,443	191,285

* Represents portion attributable to the Company.
** Local Exchange Carrier's central office
*** Other Market amounts includes Network Control Centers and Corporate Capital Expenditures and Gross Property, Plant and Equipment
**** Previously reported amounts have been restated to reflect Metropolitan Statistical Areas.

Exhibit 99.02

SCHEDULE F

Hyperion Telecommunications, Inc.

Form of Financial Information and Operating Data of the Pledged Subsidiaries and the Joint Ventures

Data presented for the quarter ended: **6/30/99**

Unaudited

		Total
FINANCIAL DATA (dollars in thousands)(a):		
Total Revenue	$	19,586.2
Total Capital Expenditures	$	14,785.9
Total EBITDA	$	7,048.5
Gross Property, Plant & Equipment	$	208,048.4
STATISTICAL DATA(b):		
As of June 30, 1999:		
Markets in Operation		7
Route Miles		3,270
Fiber Miles		149,222
Buildings connected		918
LEC-COs collocated		59
Voice Grade Equivalent Circuits		825,888
Access Lines Sold		76,628
Access Lines Installed		65,701

(a) Financial Data represents 100% of the operations of all entities except Hyperion of Florida, which is reflected at its ownership in the Jacksonville network, which is 20%.

(b) Statistical Data represents 100% of operating data for all entities.