Adelphia
BUSINESS SOLUTIONS

December 20, 1999

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

991983-TI

Re: **Application of Adelphia Business Solutions of Jacksonville, Inc. for Authority to Provide Interexchange Telecommunications Service Between Points Within the State of Florida**

Dear Commission:

Please accept for filing the enclosed original and six (6) copies of the above referenced Application filed on behalf of Adelphia Business Solutions of Jacksonville, Inc. Also enclosed is an original and six (6) copies of Adelphia's intrastate telecommunications services tariff. A check in the amount of $250.00 is enclosed to cover the application fee.

Please evidence your acceptance of this filing by time stamping the enclosed extra cover sheet and returning the same in the enclosed self addressed stamped envelope.

Should you have any questions concerning this application, please contact me at 412-220-5079.

Sincerely,

Jim Stinson, Esq.
Manager of Legal and Regulatory Affairs

99 DEC 21 AM 10:58
MAIL ROOM

Check received with filing and forwarded to Fiscal for deposit.

DOCUMENT NUMBER-DATE
Initials of person who forwarded check:
15559 DEC 21 8
FPSC-RECORDS/REPORTING

DDI Plaza Two
500 Thomas Street, Suite 400
Bridgeville, PA 15017-2838
Phone 412-221-1888
Fax 412-221-6642

1. This is an application for √ (check one):

(XX) **Original certificate** (new company).

( ) **Approval of transfer of existing certificate:**
Example, a certificated company purchases an existing certificated company and desires to retain the authority of both certificates.

( ) **Approval of assignment of existing certificate:**
Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

( ) **Approval of transfer of control:**
Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

Adelphia Business Solutions of Jacksonville, Inc.

3. Name under which applicant will do business (fictitious name, etc.):

N/A

4. Official mailing address (including street name & number, post office box, city, state, zip code):

One North Main Street

Coudersport, PA 16915

5. Florida address (including street name & number, post office box, city, state, zip code):

6263 Phillips Highway

Jacksonville, Florida 32216

DOCUMENT NUMBER-DATE

15559 DEC 21 8

FPSC-RECORDS/REPORTING

6. Select type of business your company will be conducting √(check all that apply):

(XX) **Facilities-based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.

( ) **Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.

(XX) **Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.

( ) **Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.

( ) **Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.

( ) **Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. Structure of organization;

( ) Individual	(XX) Corporation Florida
( ) Foreign Corporation	( ) Foreign Partnership
( ) General Partnership	( ) Limited Partnership
( ) Other ____________________	

8. **__If individual,__** provide:

Na a:____

Title:____

Address:____

City/State/Zip:____________________________________

Telephone No.:____________________ Fax No.:__________________

Internet E-Mail Address:________________________________

Internet Website Address:_______________________________

9. **If incorporated in Florida,** provide proof of authority to operate in Florida:

   (a) **The Florida Secretary of State Corporate Registration number:** V07356

10. **If foreign corporation,** provide proof of authority to operate in Florida:

    (a) **The Florida Secretary of State Corporate Registration number:** ____________________

11. **If using fictitious name-d/b/a,** provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

    (a) **The Florida Secretary of State fictitious name registration number:** ____________________

12. **If a limited liability partnership**, provide proof of registration to operate in Florida:

    (a) **The Florida Secretary of State registration number:** __________

13. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name:____

Title:____

Address:____

City/State/Zip: ______________________________

Telephone No.: ______________________ **Fax No.:** ____________________

Internet E-Mail Address: ______________________________

Internet Website Address: ______________________________

14. <u>If a foreign limited partnership,</u> provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

    (a) **The Florida registration number:** ______________________________

15. Provide <u>**F.E.I. Number**</u> (if applicable): 59-3116083

16. Provide the following (if applicable):

    (a) Will the name of your company appear on the bill for your services?
    (XX) Yes ( ) No

    (b) If not, who will bill for your services?

Name: ______________________________

Title: ______________________________

Address: ______________________________

City/State/Zip: ______________________________

Telephone No.: ______________________ **Fax No.:** ____________________

    (c) How is this information provided?

____

____

17. Who will receive the bills for your service?

(XX) Residential Customers
( ) PATs providers
( ) Hotels & motels
(XX) Business Customers
( ) PATs station end-users
( ) Hotel & motel guests

( ) Universities ( ) Universities dormitory residents

( ) Other: (specify)________________.

18. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Jim Stinson, Esq.

Title: Manager - Legal/Regulatory Affairs

Address: DDI Plaza Two, 500 Thomas Street, Suite 400

City/State/Zip: Bridgeville, PA 15017

Telephone No.: (412) 220-5079 **Fax No.:** (412) 220-5162

Internet E-Mail Address: jim.stinson@adelphiacom.com

Internet Website Address: N/A

(b) Official point of contact for the ongoing operations of the company:

Name: Bob Wiegand

Title: General Manager

Address: 6263 Phillips Highway

City/State/Zip: Jacksonville, Florida 32216

Telephone No.: (904)680-2001 **Fax No.:** (904) 680-2099

Internet E-Mail Address: bob.wiegand@adelphiacom.com

Internet Website Address: N/A

(c) Complaints/Inquiries from customers:

Name: Tom Burk

Title: Customer Service Manager

Address: 1 North Main Street

City/State/Zip: Coudersport, PA 16915

Telephone No.: (814) 260-6847 **Fax No.:** (814) 598-0795

Internet E-Mail Address: tburk@hyperioncom.net

Internet Website Address: N/A

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

None

(b) has applications pending to be certificated as an interexchange telecommunications company.

None

(c) is certificated to operate as an interexchange telecommunications company.

None

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

None

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

None

20. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

No

21. The applicant will provide the following interexchange carrier services √ (check all that apply):

a._______ **MTS with distance sensitive per minute rates**

________ Method of access is FGA
________ Method of access is FGB
________ Method of access is FGD
________ Method of access is 800

b.________ **MTS with route specific rates per minute**

________ Method of access is FGA
________ Method of access is FGB
________ Method of access is FGD
________ Method of access is 800

c.__X__ **MTS with statewide flat rates per minute (i.e. not distance sensitive)**

________ Method of access is FGA
________ Method of access is FGB
__X__ Method of access is FGD
________ Method of access is 800

d.__X__ **MTS for pay telephone service providers**

e.________ **Block-of-time calling plan (Reach Out Florida, Ring America, etc.).**

f.__X__ **800 service (toll free)**

g.________ **WATS type service (bulk or volume discount)**

________ Method of access is via dedicated facilities
________ Method of access is via switched facilities

h.________ **Private line services (Channel Services)**
(For ex. 1.544 mbs., DS-3, etc.)

i.__X__ **Travel service**

________ Method of access is 950
__X__ Method of access is 800

j.________ **900 service**

k.__X__ **Operator services** (Provided by third party.)

___X___ Available to presubscribed customers
______ Available to non presubscribed customers (for example, to patrons of hotels, students in universities, patients in hospitals).
______ Available to inmates

I. **Services included are:**

___X___ Station assistance
___X___ Person-to-person assistance
___X___ Directory assistance
______ Operator verify and interrupt
______ Conference calling

22. Submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

23. Submit the following:

A. Financial capability. SEE ATTACHED.

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

1. the balance sheet;

2. income statement; and

3. statement of retained earnings.

NOTE: *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

1. **<u>A written explanation</u>** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

2. **<u>A written explanation</u>** that the applicant has sufficient financial capability to maintain the requested service.

3. **<u>A written explanation</u>** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

B. Managerial capability; give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

C. Technical capability; give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

Financial Capability

Adelphia Business Solutions of Jacksonville, Inc. (formerly known as Hyperion Communications of Jacksonville, Inc.) ("Applicant") is financially qualified to provide the resold and facilities-based interexchange telecommunications services for which it seeks authority to provide from this Commission. Applicant is a wholly owned subsidiary of Adelphia Business Solutions, Inc. (formerly known as Hyperion Telecommunications, Inc.) ("ABS"). Applicant will rely upon the substantial financial resources of its parent, ABS, to provide the initial capital investment and to fund operating costs. Applicant will have access to funding for its Florida operations through, but not limited to, debt and equity markets, bank financing and internal operations. The interexchange telecommunications services Applicant proposes to provide in Florida will complement the local exchange services currently being offered by Applicant.

Applicant continues to strive for an increased presence in its markets, and allocates its expenses and revenues accordingly. Applicant's entry into the interexchange telecommunications services market will serves the public interest by creating greater competition in the interexchange marketplace and permitting customers to achieve increased efficiencies and cost savings. Applicant's proposed telecommunication services will meet the needs of its users in the State of Florida for competitively priced and superior quality interexchange telecommunication services.

Through the materials presented with this Application, Applicant believes that it has demonstrated that it has the financial capability to provide the requested service, to maintain the requested service and to meet its lease or ownership obligations.

Please see Applicant's most recent full year unaudited financial statements (signed by the Vice President of Finance for ABS), ABS' *1999 Annual Report* and latest *10Q for period ending September 30, 1999.* Please note that Applicant and ABS were on a March 31 fiscal year, but, as of mid-year 1999, both have changed to a financial calendar year ending December 31.

Managerial and Technical Capability

Applicant is managerially and technically qualified to provide interexchange telecommunication services in Florida. Applicant's parent company, ABS, through its affiliated entities, currently serves over 46 cities and utilizes over 15,000 route miles of fiber optic cable. Applicant will draw on the expertise of the management team responsible for the current operations of ABS' affiliates.

ABS, through its affiliates, is a leading provider of integrated local telecommunication services over state-of-the-art fiber optic networks in selected markets in the United States. ABS' affiliates' twenty-two networks, including four currently under construction, have been developed independently or by partnering with a cable operator or utility provider with operations in that region. This diverse approach has allowed the companies to rapidly construct high capacity networks, which generally have broader coverage of its markets than other competitive local exchange providers have.

Applicant's Management:

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

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[1] Adelphia Communications Corporation is the majority shareholder of Adelphia Business Solutions, Inc. Adelphia Business Solutions of Jacksonville, Inc. is a wholly owned subsidiary of Adelphia Business Solutions, Inc.

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.

Edward E. Babcock, Jr., CPA, is Vice President, Finance of ABS. 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 ABS in March 1998. His responsibilities include the development of marketing and sales programs for all of ABS' end user products and services. Prior to joining ABS, 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 ABS in June 1998. Prior to joining ABS, 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 ABS since December 1991, and was responsible for all city operations and network engineering. Prior to joining ABS, Mr. Huf worked for Adelphia Communications since 1971 in various engineering and operations management positions.

John D. Lasater, Vice President of National Accounts, joined ABS 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 ABS 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.

03/31/99

	CURYTD	LASTYTD	2YRSYTD
OPERATING REVENUE			
INTERSTATE	6,763,000	6,105,000	3,865,017
INTRALATA			117,226
COLLOCATION			1,813
SWITCHED REVENUE	2,324,000	328,000	
TOTAL OPER REV(1)	9,087,000	6,433,000	3,984,056
OPERATING EXPENSES			
TECHNICAL	3,162,458	2,743,304	1,989,577
MARKETING	1,068,318	777,000	652,691
SALES	147,610		49,898
GENERAL & ADMIN	2,090,870	995,065	709,141
TOTAL OPER EXP(1)	6,469,256	4,515,369	3,401,307
OPERATING CASH FLOW(1)	2,617,744	1,917,631	582,749
OPERATING MARGIN(1)	-29	-30	-15
OTHER EXPENSES/(INCOME)			
DEPRECIATION	4,762,575	4,366,352	3,456,997
AMORTIZATION	4,820	-157,006	32,553
EQUITY IN JOINT VENTURES	169,847	293,683	304,374
INTEREST EXPENSE	553,488	571,398	543,510
INTEREST INCOME	-76,000	-117,000	-48,335
MISCELLANEOUS			-63
TOTAL OTHER EXPENSES	5,414,730	4,957,427	4,289,036
NET INCOME BEFORE PREF ST	-2,796,986	-3,039,796	-3,706,287
NET INCOME AFTER PREFER S	-2,796,986	-3,039,796	-3,706,287

	CYTD 03/31/99	LYTD	2YTD
ASSETS			
CURRENT ASSETS			
UNRESTRICTED CASH	890,970.66	1,682,586.69	2,085,840.69
A/R-TRADE	778,197.93	501,514.42	547,526.42
A/R-OTHER	(2,454.30)		
A/R-AFFILIATES	(427,755.93)	(5,096.37)	(94,905.90)
PREPAID EXPENSES	45,740.62	76,017.36	85,140.36
TOTAL CURRENT ASSETS	1,284,698.98	2,255,022.10	2,623,601.57
PP&E			
CAPITAL LEASES	5,316,667.00	5,316,667.00	5,316,667.00
PP&E	39,462,572.47	36,518,144.47	30,509,713.47
CIP	381,286.52		
ACC DEPR-PP&E	(14,433,419.97)	(9,670,844.97)	(5,304,724.97)
NET PP&E	30,727,106.02	32,163,966.50	30,521,655.50
OTHER ASSETS			
INVESTMENTS IN J.V.	1,364,982.00	1,364,982.00	667,345.00
CUMULATIVE EQUITY IN	(1,083,984.00)	(913,732.00)	
OTHER DEFERRED CHGS	392,037.70	390,207.24	408,392.24
ACC AMOR-DEFERRED CHARG	(176,391.73)	(167,068.73)	(164,866.73)
TOTAL OTHER ASSETS	496,643.97	674,388.51	910,870.51
TOTAL ASSETS	32,508,448.97	35,093,377.11	34,056,127.58

	CYTD 03/31/99	LYTD	2YTD
**LIABILITIES & EQUITY*			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	1,861,774.24	1,717,898.10	1,395,327.23
ACCRUED EXPENSES	109,222.82		
TOTAL CURRENT LIABILITI	1,970,997.06	1,717,898.10	1,395,327.23
LONG-TERM DEBT			
CAPITAL LEASE OBLIGATIO	4,442,217.54	4,654,653.54	4,848,873.54
TOTAL LONG-TERM DEBT	4,442,217.54	4,654,653.54	4,848,873.54
TOTAL LIABILITIES	6,413,214.60	6,372,551.64	6,244,200.77
SHAREHOLDERS EQUITY			
CAPITAL STOCK	100.00	100.00	100.00
CAPITAL GENERAL PARTNER	40,768,622.25	40,597,227.99	36,648,656.99
PROFIT(LOSS)	(825,816.72)	(870,021.08)	(1,097,933.00)
RETAINED EARNINGS	(13,847,670.39)	(11,006,480.67)	(7,738,896.74)
TOTAL SHAREHOLDERS EQUI	26,095,235.14	28,720,826.24	27,811,927.25
TOTAL LIABILITIES & SHA	32,508,449.74	35,093,377.88	34,056,128.02

			CYTD 03/31/99	LYTD	2YTD
ASSETS					

CASH					
PETTY CASH	CASH	10105000	1,000.00	500.00	500.00
MAIN ACCOUNTS	CASH	10110000	278.78	278.78	278.78
1ST UNION LOCKBOX	CASH	10110003	889,684.05	1,681,800.08	2,085,054.08
MONEY MKT PROVIDENT	CASH	10125000	7.83	7.83	7.83
UNRESTRICTED CASH			890,970.66	1,682,586.69	2,085,840.69
TRADE A/R					
ALLOW FOR BAD DEBTS	A/R	10225000	(33,012.75)		
ACCESS REVENUE	A/R	10800000	811,210.68	501,514.42	547,526.42
TRADE A/R			778,197.93	501,514.42	547,526.42
OTHER A/R					
A/R OTHER	A/R	10803000			
A/R OTHER	A/R	10803001	225.70		
A/R-EMPLOYEES	PREP	12720000	(2,680.00)		
OTHER A/R			(2,454.30)		
AFFILIATE A/R					
ACI	A/R	11405001	(566.89)		
NHT SYRACUSE	A/R	11405521			
ALTERNET JACK'VILLE	A/R	11405522	(4,808,299.00)	(4,808,299.00)	(4,808,299.00)
NHT BUFFALO	A/R	11405523			
NHT ALBANY	A/R	11405525			
NHT RICHMOND	A/R	11405528			
NHT BINGHAMPTON	A/R	11405530			
HARRISBURG	A/R	11405533	(.03)	(.03)	(.03)
JACK'VILLE SWITCH	A/R	11405572	4,808,299.00	4,808,299.00	4,808,299.00
HYP COM CAPITAL	A/R	11405794	(423,344.55)		
HYP COM GENERAL HOL	A/R	11405799	(3,844.46)		
HYPERION TELEC	A/R	11405800		(5,096.34)	(94,905.87)
AFFILIATE A/R			(427,755.93)	(5,096.37)	(94,905.90)
DEPOSITS	PREP	12805000	16,350.33	7,329.07	7,329.07
MAINT CONTRACTS	PREP	13215000	2,173.16	2,173.16	2,173.16
INSURANCE	PREP	13275000	630.87	630.87	630.87
TRAVEL	PREP	13285000	2,900.00	700.00	700.00
PREPAID EXPENSE	PRE	13990000	23,686.26	65,184.26	74,307.26
PREPAID EXPENSES			45,740.62	76,017.36	85,140.36

	CYTD 03/31/99	LYTD	2YTD
TOTAL CURRENT	1,284,698.98	2,255,022.10	2,623,601.57

ACCOUNT GROUP 08
FORMAT #466
3 YEAR COMP CYTD,LYTD,2YTD

522 & 572 COMBINED
HYPERION DETAIL BALA
03/31/99

			CYTD 03/31/99	LYTD	2YTD
PP & E					
CO BUILDING	TELE	14116001	8,428.78	8,428.78	8,428.78
PLANT & DIST	PLAN	14215000	5,316,667.00	5,316,667.00	5,316,667.00
DISTRIBUTION PLANT	TELE	14216001	826,444.23	826,444.23	826,444.23
CO EQUIPMENT	TELE	14216011	3,470,795.48	3,470,795.48	3,470,795.48
CAP OPERATING LABOR	TELE	14228000	154,576.77	154,576.77	154,576.77
CONTRACT LABOR	TELE	14229000	165,729.44	165,729.44	165,729.44
TOOLS & TEST	TELE	14296000	160,016.98	160,016.98	160,016.98
C I P		14355000	381,286.52		
COMPUTER EQUIPMENT	TELE	14516000	96,935.82	96,935.82	96,935.82
CO SWITCHING EQUIP	TELE	14516001	34,336,824.53	31,392,396.53	25,383,965.53
OFFICE EQUIPMENT	TELE	14526000	77,860.07	77,860.07	77,860.07
VEHICLES	TELE	14536000	65,963.35	65,963.35	65,963.35
LEASEHOLDS	TELE	14556000	98,997.02	98,997.02	98,997.02
PP & E			45,160,525.99	41,834,811.47	35,826,380.47
ACC DEPR-PP & E					
CO BUILDING	ACCU	15116001	(346.93)	(346.93)	(346.93)
PLANT & DIST	ACCU	15215000	(13,183,466.97)	(8,420,891.97)	(4,054,857.39)
DISTRIBUTION PLANT	ACCU	15216001	(68,064.04)	(68,064.04)	(68,064.04)
CO EQUIPMENT	ACCU	15216011	(376,335.85)	(376,335.85)	(376,335.85)
CAP OPERATING LABOR	ACCU	15228000	(7,745.06)	(7,745.06)	(7,745.06)
CONTRACT LABOR	ACCU	15229000	(14,483.25)	(14,483.25)	(14,483.25)
TOOLS & TEST	ACCU	15296000	(43,114.24)	(43,114.24)	(43,114.24)
COMPUTER EQUIPMENT	ACCU	15516000	(37,653.39)	(37,653.39)	(37,653.39)
CO SWITCHING EQUIP	ACCU	15516001	(618,166.30)	(618,166.30)	(618,080.88)
OFFICE EQUIPMENT	ACCU	15526000	(23,523.26)	(23,523.26)	(23,523.26)
VEHICLES	ACCU	15536000	(46,487.30)	(46,487.30)	(46,487.30)
LEASEHOLDS	ACCU	15556000	(14,033.38)	(14,033.38)	(14,033.38)
ACC DEPR-PP & E			(14,433,419.97)	(9,670,844.97)	(5,304,724.97)
NET PP & E			30,727,106.02	32,163,966.50	30,521,655.50

			CYTD 03/31/99	LYTD	2YTD
IN !NTERPRISE	JOIN	16115000	1,364,982.00	1,364,982.00	667,345.00
CUMULATIVE EQUITY INC/L		16130502	(1,083,984.00)	(913,732.00)	
INVESTMENTS			280,998.00	451,250.00	667,345.00
DEFERRED CHARGES					
DEFERRED CHARGES	DEFE	17215000	15,000.00	15,000.00	15,000.00
DEFERRED LEGAL FEES	DEFE	17225000	1,830.46		
ORGANIZATION COST	DEFE	17235000	196,400.26	196,400.26	196,400.26
HYPERION DEFERRAL	DEFE	17701000	181,991.98	181,991.98	181,991.98
RICHMOND	DEFE	17701006	(3,185.00)	(3,185.00)	15,000.00
NHT SYRACUSE	DEFE	17701012			
DEFERRED CHARGES			392,037.70	390,207.24	408,392.24
ACC AMOR DEF CHRGS					
DEFERRED CHARGES	ACCU	18215000	(3,267.00)	(3,267.00)	(3,267.00)
ORGANIZATION COST	ACCU	18235000	(127,693.08)	(127,693.08)	(127,693.08)
HYPERION CHARGES	ACCU	18701000	(45,431.65)	(36,108.65)	(33,906.65)
ACC AMOR-DEF CHRGS			(176,391.73)	(167,068.73)	(164,866.73)
TOTAL OTHER			496,643.97	674,388.51	910,870.51
TOTAL ASSETS			32,508,448.97	35,093,377.11	34,056,127.58

			CYTD 03/31/99	LYTD	2YTD
LIABILITIES					
ACCOUNTS PAYABLE					
TRADE	A/P	20105000	136,816.24		
A/P ALLOCATION	A/P	20105001	86,130.36	369,994.46	124,248.59
ACCRUED LIABILITIES	A/P	20110000	(128,017.15)	(23,076.15)	(166,331.15)
ACCRUED LIABILITIES	A/P	20110001	1,766,844.79	1,370,979.79	1,437,409.79
ACCOUNTS PAYABLE			1,861,774.24	1,717,898.10	1,395,327.23
ACCRUED EXPENSES					
OTHER BENEFITS			674.04		
FICA	ACCR	22120000	6,032.61		
FUTA	ACCR	22123000	1,023.23		
SUTA	ACCR	22125000	2,233.94		
401K	ACCR	22136000	1,046.16		
FEDERAL W/H	ACCR	22405000	3,283.26		
NET PAYROLL	ACCR	22425000	94,531.90		
STATE SALES TAX	ACCR	22840002			
FEDERAL EXCISE	ACCR	22840003			
USE TAX	ACCR	22845000	397.68		
PERSONAL PROPERTY T	ACCR	22855000			
STATE INCOME TAX	ACCR	22877000			
CITY INCOME TAXES	ACCR	22879000			
OTHER	ACCR	22990000			
ACCRUED EXPENSES			109,222.82		
AFFILIATE N/P					
OPENING CAP LEASE	LEAS	25505000	4,442,217.54	4,654,653.54	4,848,873.54
NOTES PAYABLE BANKS			4,442,217.54	4,654,653.54	4,848,873.54
DEFERRED INCOME					
TOTAL LIABILITES			6,413,214.60	6,372,551.64	6,244,200.77
PREFERRED STOCK					
EQUITY					
CAPITAL STOCK	CAPI	31105000	100.00	100.00	100.00

	CYTD 03/31/99	LYTD	2YTD
CAPITAL STOCK	100.00	100.00	100.00
CAPITAL GENL PTNRS			
CAPITAL CAPI 31215000	40,768,622.25	40,597,227.99	36,648,656.99
CAPITAL GENERAL PARTNER	40,768,622.25	40,597,227.99	36,648,656.99
PROFIT(LOSS)	(825,816.72)	(870,021.08)	(1,097,933.00)
RETAINED EARNINGS	(13,847,670.39)	(11,006,480.67)	(7,738,896.74)
TOTAL EQUITY	26,095,235.14	28,720,826.24	27,811,927.25
TOTAL LIAB & EQUITY	32,508,449.74	35,093,377.88	34,056,128.02

03/31/99

	CURYTD	LASTYTD	2YRSYTD	
OPERATING REVENUE				
INTERSTATE				
RECURRING:				
SPECIAL ACCESS FULLINTERS	6,763,000	6,105,000	3,816,687	45100000
SPECIAL ACCESS CPA INTERS			3,803	45102000
PRIVATE LINE CPA INTERSTA			24,267	45122000
CARRY TO CARRY FULLINTERS			591	45130000
CARRY TO CARRY CPA INTERS			1,156	45132000
TOTAL RECURRING	6,763,000	6,105,000	3,846,504	
NON-RECURRING:				
SPECIAL ACCESS FULNINTERS			13,850	45100001
PRIVATE LINE CPA INTERSTA			4,663	45122001
TOTAL NON-RECURRING			18,513	
TOTAL INTERSTATE	6,763,000	6,105,000	3,865,017	
PRIVATE LINE CPA INTRALAT			6,786	45232000
TOTAL RECURRING			6,786	
PRIVATE LINE CPA,NRECUR,I			48,131	45232001
TOTAL NON-RECURRING			48,131	
LATE FEES:				
SWITCHED,LINES,PRODUCTS,S			62,308	45200002
TOTAL LATE FEES			62,308	
TOTAL INTRALATA			117,225	
COLLOCATION,INTERSTATE,RE			1,813	45800010
COLLOCATION REVENUE			1,813	
SWITCHED REVENUE				
LOCAL MEASURED CALLS	2,324,000	328,000		45600000

03/31/99

	CURYTD	LASTYTD	2YRSYTD
SWITCHED REVENUE	2,324,000	328,000	
TOTAL OPER REV	9,087,000	6,433,000	3,984,055

03/31/99

		CURYTD	LASTYTD	2YRSYTD	
OPERATING EXPENSES					

TECHNICAL EXPENSES					

WAGES-TECH	TECHNI	5,837			51103000
WAGES-OVERTIME	TECHNI	219			51116000
FRINGE BENEFITS		633		5,041	
EDUCATION	TECHNI	3,039		5,434	51137000
INTERSYSTEM P/R/CONTRACTO		4,627		37,478	51149000
OFFICE RENT	TECHNI			2,040	51160000
CO SITE RENT	TECHNI			3,337	51161000
NETWORK MONITOR FEE	TECHNI			5,500	51162000
BUILDING SITE RENT	TECHNI			2,214	51163000
FACILITIES LEASE	TECHNI			26,937	51164000
OPERATOR SERVICE TRANSPOR		1,918			51200001
DATA LINES		3,923			51200003
MAINTENANCE CONTR	TECHNI			552	51215000
UTILITIES	TECHNI			1,037	51230000
TELEPHONE	TECHNI	229		779	51235000
TECHNICAL SUPPLIES $ EXPE		521		246	51245000
POSTAGE	TECHNI	120			51255000
TRAVEL	TECHNI	24,012		3,189	51285000
ENTERTAINMENT	TECHNI	2,846		204	51290000
MOVING EXPENSES	TECHNI	22,676		850	51315000
OUTSIDE SERVICES	TECHNI	2,736		46,014	51335000
RECRUITING FEES	TECHNI	998			51337000
SECURITY EXPENSE	TECHNI	905		95	51340000
INTERCONNECT FEES		3,479			51560000
MISCELLANEOUS	TECHNI	3,092,228	2,743,304	1,848,631	51990000
WAGES	CAPITA	-8,487			58115000
TOTAL TECHNICAL		3,162,459	2,743,304	1,989,578	
MARKETING EXPENSES					

EQUIPMENT RENT	MARKET	378			71165000
PRINTING		3,391			71250000
POSTAGE	MARKET	31			71255000
TRAVEL	MARKET	2,450		335	71285000
ENTERTAINMENT	MARKET	740		2,831	71290000
DUES AND SUBSCRIPTIONS		26,700			71325000
OUTSIDE SERVICES	MARKET	912			71335000
NEWSPAPER ADVERT	MARKET	2,643			71505000
ADVERTISING-GENERAL	MARKET	4,495		6,218	71512000
PREMIUMS	MARKET	4,580			71535000
SPECIAL PROJECTS	MARKET			1,500	71545000
MISCELLANEOUS	MARKET	1,022,000	777,000	641,807	71990000
TOTAL MARKETING		1,068,320	777,000	652,691	

SALES EXPENSES

03/31/99

		CURYTD	LASTYTD	2YRSYTD	
WAGES-SUPERVISION	SALES	64,788			72101000
FRINGE BENEFITS		7,925		4,826	
BONUS	SALES	19,430			72135000
EDUCATION	SALES	4,085			72137000
INTERSYSTEM PAYROLL	SALES			35,874	72149000
TELEPHONE	SALES	3,767		319	72235000
OFFICE SUPPL & EXP	SALES	1,443		53	72245000
TRAVEL	SALES	4,645		109	72285000
ENTERTAINMENT	SALES	1,124			72290000
MOVING EXPENSES	SALES	2,209			72315000
OUTSIDE SERVICES	SALES	37,877		9,078	72335000
RECRUITING FEES	SALES	316			72337000
MISC EXP	SALES			-359	72990000
TOTAL SALES		147,609		49,900	
GENERAL & ADMIN EXPENSES					
BILLING SERVICE	BILLIN	207,903			74335000
WAGES-SUPERVISION	GENERA	120,071			75101000
COMMISSIONS	GENERA	11,801			75108000
WAGES-OVERTIME	GENERA	2,634			75116000
FRINGE BENEFITS		12,591			
BONUS	GENERA	4,000			75135000
EDUCATION	GENERA	28,797			75137000
OFFICE RENT	GENERA	39,612		4,639	75160000
EQUIPMENT RENT	GENERA	16,702		536	75165000
BLDG REP & MAINT	GENERA	145			75205000
TELEPHONE	GENERA	4,538		136	75235000
OFFICE SUPPL & EXP	GENERA	4,218		86	75245000
PRINTING	GENERA	256		32	75250000
POSTAGE	GENERA	622			75255000
INSURANCE		567		1,262	
TRAVEL	GENERA	20,183		131	75285000
ENTERTAINMENT	GENERA	18,449	67		75290000
MOVING EXPENSES	GENERA	16,429			75315000
DUES & SUBS	GENERA	8,500		79	75325000
OUTSIDE SERVICE	GENERA	8		588	75335000
RECRUITING FEES	GENERA	71,154			75337000
ACCOUNTING	GENERA			807	75355000
LEGAL	GENERA	677	5,030	149	75365000
MANAGEMENT FEES				70,347	75370000
BAD DEBT WRITE-OFFS	GENERA	33,013			75385000
MISCELLANEOUS	GENERA	1,468,000	989,969	605,927	75990000
PERSONAL PROP	LOCAL			47,650	76855000
OTHER	LOCAL			-23,227	76860000
TOTAL GENL & ADMIN		2,090,870	995,066	709,142	
TOTAL OPER EXP(1)		6,469,258	4,515,370	3,401,311	

03/31/99

		CURYTD	LASTYTD	2YRSYTD	
OPER CASH FLOW(1)		2,617,742	1,917,630	582,744	
OPERATING MARGIN(1)		-29	-30	-15	
OTHER EXPENSES/(INCOME)					
DEPRECIATION	DEPREC	4,762,575	4,366,352	3,456,997	84505000
AMORTIZATION	AMORTI	6,975	-150,338	33,301	84605000
OTHER	AMORTI	-2,155	-6,668	-748	84605001
JOINT VENTURES	EQUITY	169,847	293,683	304,374	86615000
STATE	INCOME			1,746	85877000
STATE	INCOME			-1,746	85877001
CITY	INCOME			3,925	85879000
CITY	INCOME			-3,925	85879001
CAPITAL INTEREST	CAPITA	553,488	571,398	543,510	82905000
NON AFFIL	INTERE	-76,000	-117,000	-48,335	46105000
DISCOUNTS EARNED	OTHER			-63	44825000
OTHER EXPENSES		5,414,730	4,957,427	4,289,036	
NET INCOME BEFORE PREF ST		-2,796,988	-3,039,797	-3,706,292	
NET INCOME AFTER PREF STC		-2,796,988	-3,039,797	-3,706,292	

VERIFICATION

I, Edward E. Babcock, Jr., hereby declare under penalty of perjury, that I am Vice President of Finance of Adelphia Business Solutions, Inc., parent company of Adelphia Business Solutions of Jacksonville, Inc.; that I am authorized to make this verification on the Applicant's behalf; that the foregoing Financials stated therein are true and correct to the best of my knowledge, information and belief; that I expect Applicant to be able to prove the same at any hearing hereof.

Edward E. Babcock, Jr.

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF Potter

Subscribed and sworn to before me this 12th day of Nov. 1999.

Notary Public

My Commission expires:____________

Notarial Seal
Jo Ann W Langley, Notary Public
Coudersport Boro, Potter County
My Commission Expires Oct. 7 2000
Member, Pennsylvania Association of Notaries

** APPLICANT ACKNOWLEDGMENT STATEMENT **

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of $50 is required.

2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.

4. **APPLICATION FEE:** I understand that a non-refundable application fee of $250.00 must be submitted with the application.

UTILITY OFFICIAL:

Signature John B. Glicksman

Date

Title Vice President & General Counsel

(814) 274-9830
Telephone No.

Address: Main at Water Street

Coudersport, PA 16915

(814) 274-8243
Fax No.

ATTACHMENTS:

A - CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT Not Applicable
B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
C - CURRENT FLORIDA INTRASTATE NETWORK
D - AFFIDAVIT

** APPENDIX B **

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please √ check one):

(XXX) The applicant will **not** collect deposits nor will it collect payments for service more than one month in advance.

(   ) The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month. (The bond must accompany the application.)

UTILITY OFFICIAL:

Signature John B. Glicksman | Date

Title Vice President & General Counsel | (814) 274-9830 Telephone No.

Address: Main at Water Street | (814) 274-8243 Fax No.

Coudersport, PA 16915

**** APPENDIX C ****

CURRENT FLORIDA INTRASTATE SERVICES

Applicant **has** (   ) or **has not** (XXX) previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

a) What services have been provided and when did these services begin?

____

____

____

____

b) If the services are not currently offered, when were they discontinued?

____

____

____

____

UTILITY OFFICIAL:

Signature John B. Glicksman

Date

Title Vice President & General Counsel

(814) 274-9830
Telephone No.

Address: Main at Water Street
Coudersport, PA 16915

(814) 274-8243
Fax No.

FORM PSC/CMU 31 (12/96)
Required by Commission Rule Nos. 25.24-470, 25-24.471, and 25-24.473, 25-24.480(2).

** APPENDIX D **

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

Signature John B. Glicksman

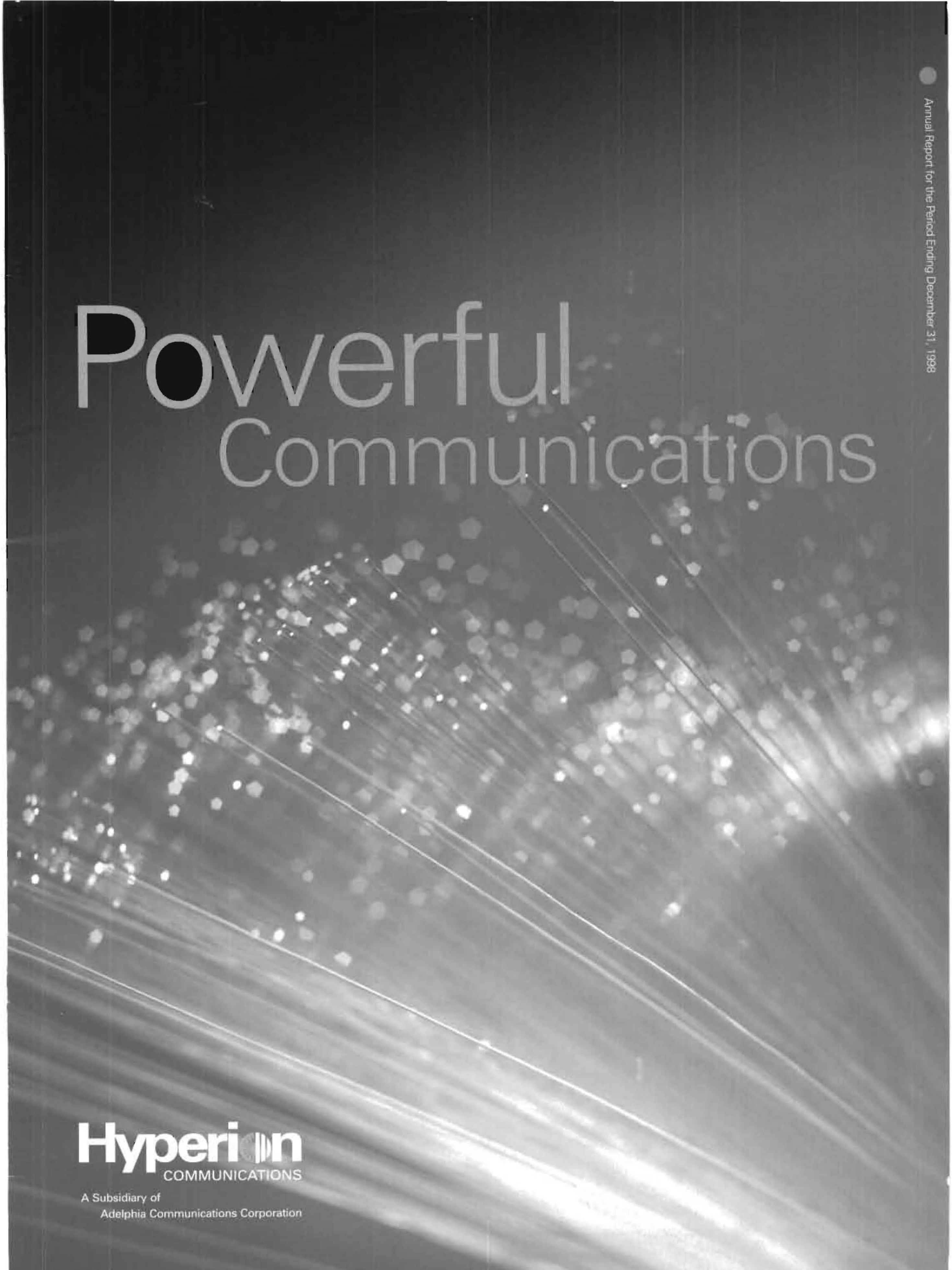
Date

Title Vice President & General Counsel

(814) 274-9830
Telephone No.

Address: Main at Water Street
Coudersport, PA 16915

(814) 274-8243
Fax No.



Powerful Communications

Annual Report for the Period Ending December 31, 1998

Hyperion COMMUNICATIONS

A Subsidiary of
Adelphia Communications Corporation

Overview

Hyperion Communications is a facilities-based communications provider that delivers integrated solutions to businesses and institutions. Adelphia Communications Corporation, a significant player in the cable television industry, formed Hyperion in 1991 as a means to aggressively enter the telecommunications market.

Hyperion delivers high-speed communications through its advanced fiber optic network. This network acts as the backbone for the company's robust array of services including local voice, long distance, messaging, data and Internet services.


Montreal
Ottawa
Bangor
Burlington
Minneapolis
Toronto
Portland
Syracuse
Madison
Milwaukee
Detroit
Buffalo
Albany
Boston
Erie
Des Moines
Chicago
Cleveland
Coudersport
Providence
Hartford
State College
Scranton
Peoria
Fort Wayne
Allentown
New York
Harrisburg
Piscataway
Dayton
Columbus
Pittsburgh
York
Philadelphia
Springfield
Indianapolis
Wilmington
Kansas City
Cincinnati
Baltimore
Washington, DC
St. Louis
Louisville
Lexington
Charlottesville
Richmond
Roanoke
Springfield
Norfolk
TriCity Area
Greensboro
Nashville
Knoxville
Memphis
Raleigh
Chattanooga
Charlotte
Little Rock
Huntsville
Greenville
Wilmington
Columbia
Atlanta
Birmingham
Augusta
Worth
Charleston
Jackson
Savannah
Albany
Mobile
Baton Rouge
Pensacola
Jacksonville
Tallahassee
New Orleans
uston
Daytona Beach
Orlando
Tampa
risti
Fort Myers
Ft. Lauderdale
Miami

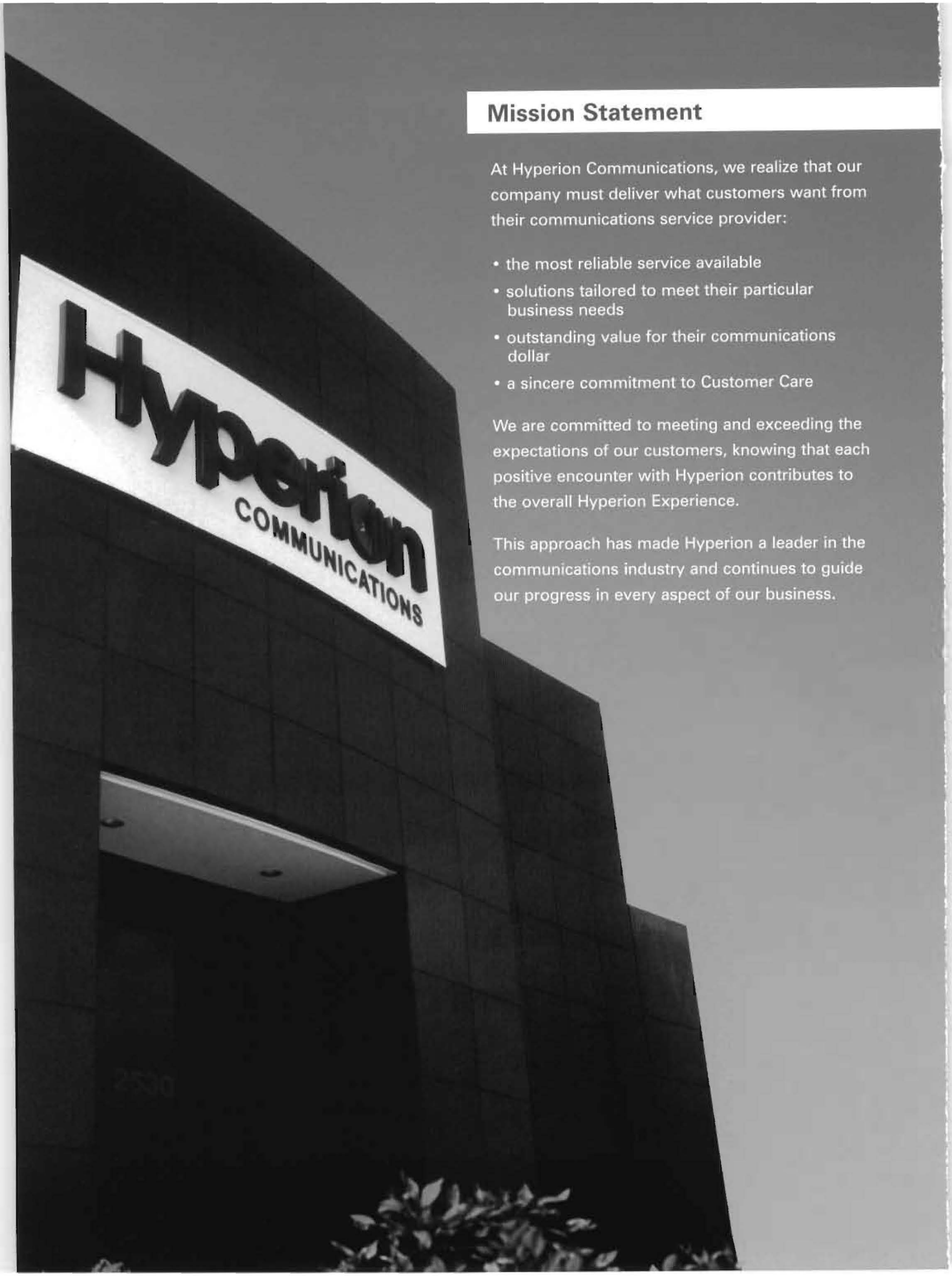
Mission Statement

At Hyperion Communications, we realize that our company must deliver what customers want from their communications service provider:

- the most reliable service available
- solutions tailored to meet their particular business needs
- outstanding value for their communications dollar
- a sincere commitment to Customer Care

We are committed to meeting and exceeding the expectations of our customers, knowing that each positive encounter with Hyperion contributes to the overall Hyperion Experience.

This approach has made Hyperion a leader in the communications industry and continues to guide our progress in every aspect of our business.



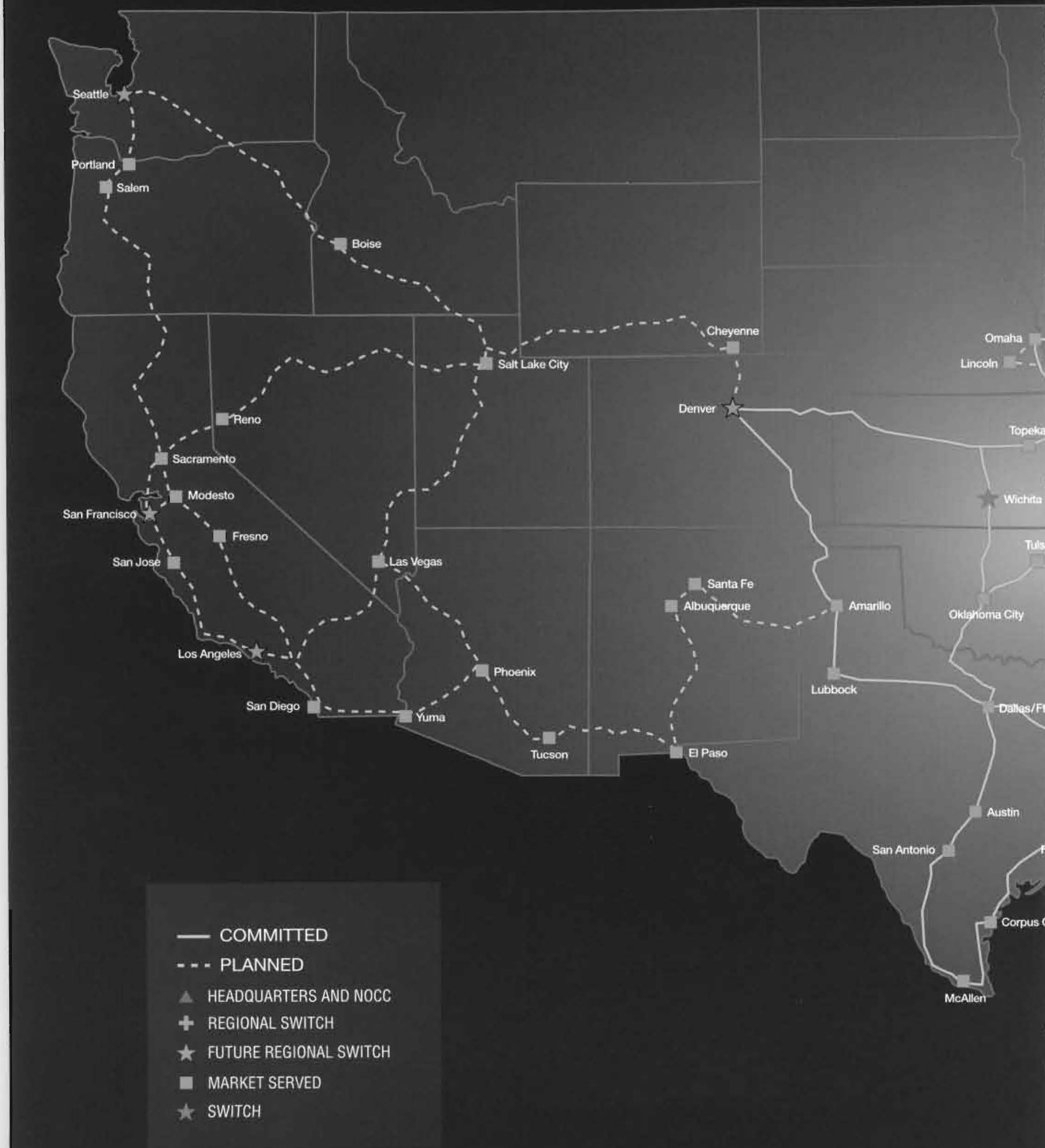
A letter from the CEO

To our customers, employees, partners and shareholders:

The past year exemplified the dynamic nature of the telecommunications industry and was a pivotal time for Hyperion. It was a year driven by customer demand and emerging technologies. An increased desire among the business community for the convergence of voice, data and video applications, higher levels of bandwidth and universal access contributed to a trend of rapid consolidation in the industry. Communications providers are racing to be the first to offer business customers the technology and flexibility they demand, leading to several partnerships and acquisitions.

Amid this dynamic atmosphere, Hyperion has grown substantially to meet the demands of the business community, compete with other major players in the industry and ensure a successful future for our company. As you'll gather from this annual report, Hyperion is positioning itself aggressively in the race of leading integrated communications providers.

Hyperion is positioning itself aggressively in the race of leading integrated communications providers.



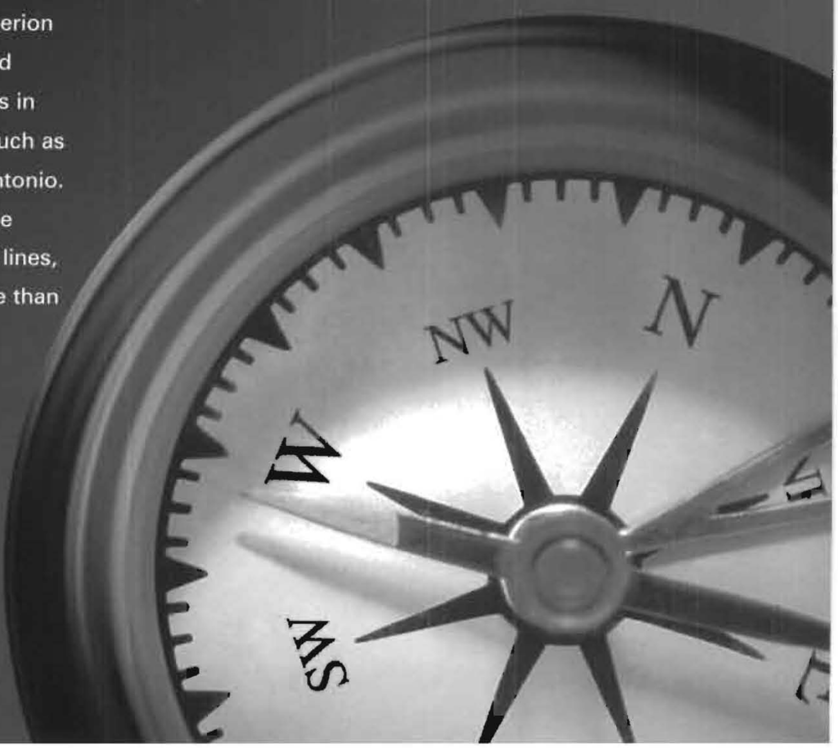
Seattle
Portland
Salem
Boise
Cheyenne
Salt Lake City
Omaha
Lincoln
Denver
Topeka
Reno
Sacramento
Modesto
Wichita
San Francisco
Fresno
San Jose
Las Vegas
Santa Fe
Albuquerque
Amarillo
Oklahoma City
Los Angeles
Phoenix
Lubbock
San Diego
Yuma
Tucson
El Paso
Austin
San Antonio
McAllen
COMMITTED
PLANNED
HEADQUARTERS AND NOCC
REGIONAL SWITCH
FUTURE REGIONAL SWITCH
MARKET SERVED
SWITCH

Network Expansion

Network expansion remains the foundation of our company's success. Significant progress has been made toward our stated expansion plan of a year ago. Between March 31 and December 31, 1998, we added 9,642 route miles of fiber, resulting in a network of more than 15,000 miles.

This year we continued our expansion west. From December 31, 1998 through June 30, 1999, Hyperion added an additional 285 network route miles and entered 22 new markets. We also have initiatives in place to extend our network to major markets such as Chicago, Detroit, Kansas City, Dallas and San Antonio. This expansion increases Hyperion's addressable market potential to more than 26 million access lines, which represents a revenue opportunity of more than $50 billion annually.

A plan currently is being developed to extend Hyperion's network into the western half of the country and begin offering integrated communication services to businesses throughout the domestic United States. This will transition Hyperion from one of the nation's leading competitive local exchange carriers (CLECs) to a national provider of voice, data and video services. Our national expansion is yet another step toward our company becoming the leading provider of integrated communication services in the industry.



Hyperion always has been dedicated to delivering the latest communications technology to businesses. From the beginning, we built our fiber optic networks using advanced Synchronous Optical Network (SONET) technology. As we transitioned to a CLEC, we enhanced our networks with state-of-the-art Lucent 5ESS switches to deliver the highest-quality communication services to our customers. As we continued to grow, we began interconnecting our markets, creating a fully redundant network that delivers ultimate reliability and effectiveness.

As we emerge as a leading integrated communications provider, our focus on delivering the latest technology will become even more evident. We currently are deploying Dense Wavelength Division Multiplexing (DWDM) and network-core and network-edge Asynchronous Transfer Mode (ATM) devices to make more effective use of our network and significantly increase its capabilities. This will allow business customers to complete more communication applications simultaneously over Hyperion's network.

Technology Enhancements

Customer Connectivity

Hyperion also is developing a variety of mediums to deliver last-mile connectivity to customers. For years, we have been providing last-mile connectivity successfully via fiber-line. However, this is not always a viable option. To ensure Hyperion can deliver last-mile connectivity to customers in every instance, we currently are implementing Digital Subscriber Line (DSL) technology. We will begin delivering last-mile connections using this medium by the end of 1999. Hyperion also purchased LMDS wireless spectrum licenses in March 1998, that cover most of the eastern half of the United States. We anticipate utilizing this wireless medium over the next twelve months. These technologies will give Hyperion an array of broadband access services to satisfy customer requirements.

Hyperion will deliver
an array of broadband
access services to satisfy
customer requirements.

A Growing Portfolio of Services

By building on our extensive product line, Hyperion has outgrown CLEC status to become a true integrated communications provider. Looking back, the evolution of our product line has been remarkable. We entered the marketplace as a competitive access provider (CAP) in 1991, delivering dedicated connections between customer locations and interexchange carriers. With the deregulation of the telecommunications industry in 1996, Hyperion became a CLEC and began offering local dial tone in January 1997. Our portfolio of services grew to include long distance service in May 1998 and Internet and web hosting services in August 1998.

Our product line continues to mature. Recently, we added toll-free service to our long distance offering, payphone services, and enhanced local voice services such as Metro Corporate Network. We also successfully launched our own messaging services in 1999, beginning with Voice Mail and Auto Attendant services.

Looking forward, we will continue to build upon our product line to offer customers the most complete communications solutions available. We will leverage our backbone to offer customers a wide range of high-speed enhanced data services such as frame relay, ATM and virtual private networks (VPNs). We will launch these services in the last calendar quarter of 1999, beginning with the rollout of frame relay services.

Looking forward, we will continue to build upon our product line to offer customers the most complete communications solutions available.

Our Customers

The growth of our network and product line and our implementation of new technologies are primarily attributed to the demands of our customers. We place customers at the core of our business philosophy and have taken aggressive measures to meet their communication needs to the fullest. Our extensive product line provides customers with the integrated communications solution they seek, while last-mile connectivity provides customers with ultimate reliability.

We focus on our clients' needs and work closely with them to understand their applications and match the appropriate services to create a customized communications solution. We have local Customer Care Teams in every market we serve to provide our customers with the peace of mind that their requests will be handled promptly and by a familiar resource. Additionally, our Network Operations Control Center (located in Coudersport, Pennsylvania) is equipped with diagnostic and remote repair capabilities. This state-of-the-art facility is operational 24 hours a day, seven days a week and also represents our commitment to Customer Care.

Results

Continued Success

In 1999, we continue to produce impressive results. Through June 30, 1999, we purchased remaining partnership interests in several of our operating markets from MediaOne, Multimedia Inc. and Entergy Corporation. As a result, our proportionate share* of the operating companies we own is now 93%, up from 76% last year.

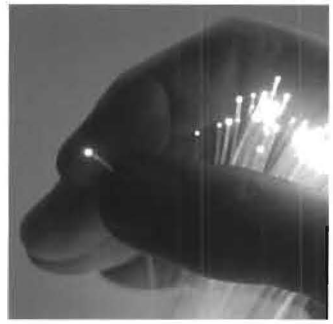
Furthermore, from December 31, 1998 through June 30, 1999, we've gained 3,250 customers and added 81,250 installed access lines for a running total of 191,250. Our workforce also continues to grow. We now employ more than 1,600 communications professionals. Of note is the dramatic increase in the number of Account Executives who have joined Hyperion. Our sales staff has grown from 125 a year ago, to more than 500 today. We have attracted excellent talent to our growing team that will help introduce our company to new markets across the country and drive sales of our extensive portfolio of communication services.

For the Period Ending December 31, 1998

Hyperion's results for the nine months ended December 31, 1998, were representative of a growing company. We witnessed substantial growth in our customer base, installed access lines and workforce. Nearly 5,000 businesses became Hyperion customers in 1998 and we surpassed 110,000 access lines installed, adding more than 86,000 to the March 31, 1998 total. Furthermore, we added approximately 400 employees to our growing workforce.

(*Based on gross property, plant and equipment)

Vision for the Future



These are exciting times for our company and our future is extremely bright. We will continue to expand our network and penetrate new markets though acquisition, as well as internal development. We will continue to implement new technologies to stay on the leading edge of the communications industry. We will seek opportunities to gain greater brand recognition in the marketplace and continue to leverage our close relationship with our parent company, Adelphia Communications Corporation.

These are exciting times for our company and our future is extremely bright.

To emphasize our alliance with Adelphia and our commitment to growth, Hyperion Communications has begun operating as Adelphia Business Solutions. This alignment will not only provide us with greater brand recognition, but also will facilitate our expansion west and allow us to better serve our customers by leveraging resources from both organizations.

Adelphia

The ultimate objective of these initiatives is to develop our company into a national provider of integrated communications solutions for the long term. As we strive toward this goal, we look forward to building on our success and continuing to provide value to our customers and shareholders.

In closing, I would like to thank our customers, shareholders and employees for their continued support.

Sincerely,

James Rigas

James Rigas
Chief Executive Officer

Hyperion Telecommunications, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(Dollars in thousands except per share amounts)

	March 31, 1998	December 31, 1998
Assets:		
Current assets:		
Cash and cash equivalents	$ 230,750	$ 242,570
Due from parent – net	---	4,950
Due from affiliates – net	2,151	1,078
Accounts receivable – net	4,434	15,583
Total current assets	237,335	264,181
U.S. government securities – pledged	70,535	58,054
Investments	53,064	112,328
Property, plant and equipment—net	250,633	374,702
Other assets—net	28,425	27,077
Total	$ 639,992	$ 836,342
Liabilities, Preferred Stock, Stock, Common Stock and Other Stockholders' Equity (Deficiency):		
Current liabilities:		
Accounts payable	$ 11,775	$ 20,386
Due to parent—net	6,541	---
Accrued interest and other liabilities	4,687	19,142
Total current liabilities	23,003	39,528
13% Senior Discount Notes due 2003	215,213	220,784
12 1/4% Senior Secured Notes due 2004	250,000	250,000
Note payable—Adelphia	35,876	---
Other debt	27,687	23,325
Total liabilities	551,779	533,637
12 7/8% Senior Exchangeable Redeemable Preferred Stock	207,204	228,674
Common stock and other stockholders' equity (deficiency):		
Class A common stock, $0.01 par value, 300,000,000 shares authorized, 396,500 and 22,376,071 shares outstanding, respectively	4	224
Class B common stock, $0.01 par value, 150,000,000 shares authorized, 32,500,000 and 32,314,761 shares outstanding, respectively	325	323
Additional paid in capital	179	286,782
Class A common stock warrant	13,000	---
Class B common stock warrants	11,087	4,483
Loans to stockholders	(3,000)	---
Accumulated deficit	(140,586)	(217,781)
Total common stock and other stockholders' equity (deficiency)	(118,991)	74,031
Total	$ 639,992	$ 836,342

These condensed consolidated financial statements should be read in conjunction with the complete consolidated financial statements included in Appendix A to Hyperion Telecommunications, Inc.'s proxy statement for the 1999 annual meeting of stockholders

Hyperion Telecommunications, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations

(Amounts in thousands except per share amounts)

	Year Ended March 31, 1997	Year Ended March 31, 1998	Nine Months Ended December 31, 1998
Revenues	$ 5,088	$ 13,510	$ 34,776
Operating expenses:			
Network operations	3,432	7,804	18,709
Selling, general and administrative	6,780	14,314	35,341
Depreciation and amortization	3,945	11,477	26,671
Total	14,157	33,595	80,721
Operating loss	(9,069)	(20,085)	(45,945)
Other income (expense):			
Gain on sale of investment	8,405	---	---
Interest income	5,976	13,304	10,233
Interest income – affiliate	---	---	8,395
Interest expense and fees	(28,377)	(49,334)	(38,638)
Other income	---	---	1,113
Loss before income taxes, equity in net loss of joint ventures and extraordinary gain	(23,065)	(56,115)	(64,842)
Income tax expense	(259)	---	---
Loss before equity in net loss of joint ventures and extraordinary gain	(23,324)	(56,115)	(64,842)
Equity in net loss of joint ventures	(7,223)	(12,967)	(9,580)
Loss before extraordinary gain	(30,547)	(69,082)	(74,422)
Extraordinary gain on repurchase of debt	---	--	237
Net loss	(30,547)	(69,082)	(74,185)
Dividend requirements applicable to preferred stock	---	(12,409)	(21,117)
Net loss applicable to common stockholders	$ (30,547)	$ (81,491)	$ (95,302)
Basic and diluted net loss per weighted average share of common stock before extraordinary gain	$ (0.89)	$ (2.33)	$ (1.81)
Basic and diluted extraordinary gain on repurchase of debt per weighted average share of common stock	---	---	0.01
Basic and diluted net loss per weighted average share of common stock	$ (0.89)	$ (2.33)	$ (1.80)
Weighted average shares of common stock outstanding	34,421	34,986	53,035

These condensed consolidated financial statements should be read in conjunction with the complete consolidated financial statements included in Appendix A to Hyperion Telecommunications, Inc.'s proxy statement for the 1999 annual meeting of stockholders

Hyperion Telecommunications, Inc. and Subsidiaries

Condensed Consolidated Statements of Common Stock and Other Stockholders' Equity (Deficiency)

(Dollars in thousands except per share amounts)

	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Class A Common Stock Warrant	Class B Common Stock Warrants	Loans to Stockholders	Accumulated Deficit	Total
Balance, March 31, 1996	$ ---	$ 325	$ ---	$ ---	$ ---	$ ---	$ (27,648)	$ (27,323)
Proceeds from issuance of Class B common stock warrants	---	---	---	---	11,087	---	---	11,087
Loans to stockholders	---	---	---	---	---	(3,000)	---	(3,000)
Excess of purchase price of acquired assets over related party predecessor owner's carrying value	---	---	---	---	---	---	(627)	(627)
Issuance of Class A common stock bonus	3	---	153	---	---	---	---	156
Net loss	---	---	---	---	---	---	(30,547)	(30,547)
Balance, March 31, 1997	3	325	153	---	11,087	(3,000)	(58,822)	(50,254)
Issuance of Class A common stock warrant	---	---	---	13,000	---	---	---	13,000
Dividend requirements applicable to preferred stock	---	---	---	---	---	---	(12,409)	(12,409)
Other	---	---	---	---	---	---	(273)	(273)
Issuance of Class A common stock bonus	1	---	26	---	---	---	---	27
Net loss	---	---	---	---	---	---	(69,082)	(69,082)
Balance, March 31, 1998	4	325	179	13,000	11,087	(3,000)	(140,586)	(118,991)
Proceeds from issuance of Class A common stock	129	---	190,731	---	---	---	---	190,860
Proceeds from issuance of Class A common stock to Adelphia	33	---	49,827	---	---	---	---	49,860
Exercise of Class A common stock warrant	7	---	12,993	(13,000)	---	---	---	---
Conversion of note and payables to Adelphia to Class A common stock	36	---	44,222	---	---	---	---	44,258
Exercise of Class B common stock warrants	---	8	6,596	---	(6,604)	---	---	---
Conversion of Class B common stock to Class A common stock	10	(10)	---	---	---	---	---	---
Repayment of loan to stockholders	---	---	---	---	---	3,000	---	3,000
Dividend requirements applicable to preferred stock	---	---	(18,168)	---	---	---	(2,949)	(21,117)
Other	---	---	(353)	---	---	---	(61)	(414)
Issuance of Class A common stock bonus	5	---	755	---	---	---	---	760
Net loss	---	---	---	---	---	---	(74,185)	(74,185)
Balance December 31, 1998	$ 224	$ 323	$ 286,782	$ ---	$ 4,483	$ ---	$ (217,781)	$ 74,031

These condensed consolidated financial statements should be read in conjunction with the complete consolidated financial statements included in Appendix A to Hyperion Telecommunications, Inc.'s proxy statement for the 1999 annual meeting of stockholders

Hyperion Telecommunications, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Dollars in thousands)

	Year Ended March 31,		Nine Months Ended December 31,
	1997	1998	1998
Cash flows from operating activities:			
Net loss	$ (30,547)	$ (69,082)	$ (74,185)
adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	2,604	9,038	23,838
Amortization	1,341	2,439	2,833
Equity in net loss of joint ventures	7,223	12,967	9,580
Non-cash interest expense	23,467	34,038	23,857
Deferred income taxes	257	---	---
Gain on sale of investment	(8,405)	---	---
Issuance of Class A common stock bonus	156	27	761
Extraordinary gain on repurchase of debt	---	---	(237)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Other assets—net	(624)	(5,302)	(15,533)
Accounts payable	(264)	6,023	9,862
Accrued interest and other liabilities – net	(31)	3,519	10,414
Net cash used in operating activities	(4,823)	(6,333)	(8,810)
Cash flows from investing activities:			
Net cash used for acquisitions	(5,040)	(65,968)	---
Expenditures for property, plant and equipment	(24,627)	(68,629)	(146,752)
Investment in fiber asset and senior secured note	(20,000)	---	---
Proceeds from sale of investment	11,618	---	---
Investments in joint ventures	(34,769)	(64,260)	(69,018)
Investments in U.S. government securities – pledged	---	(83,400)	---
Sale of U.S. government securities – pledged	---	15,653	15,312
Net cash used in investing activities	(72,818)	(266,604)	(200,458)
Cash flows from financing activities:			
Proceeds from issuance of preferred stock	---	194,522	---
Proceeds from issuance of Class A common stock	---	---	255,462
Proceeds from sale and leaseback of equipment	---	14,876	---
Proceeds from debt	163,705	250,000	---
Repayments of debt	---	(2,326)	(19,868)
Proceeds from issuance of Class B common stock warrants	11,087	---	---
Costs associated with debt financing	(6,555)	(12,664)	---
Costs associated with issuance of Class A common stock	---	---	(14,742)
(Loans to) repayment from stockholders	(3,000)	---	3,000
Repayment of note payable—Adelphia	(25,000)	---	---
Advances to affiliates	(2,782)	(535)	(2,764)
Net cash provided by financing activities	137,455	443,873	221,088
Increase in cash and cash equivalents	59,814	170,936	11,820
Cash and cash equivalents, beginning of period	---	59,814	230,750
Cash and cash equivalents, end of period	$ 59,814	$ 230,750	$ 242,570

These condensed consolidated financial statements should be read in conjunction with the complete consolidated financial statements included in Appendix A to Hyperion Telecommunications, Inc.'s proxy statement for the 1999 annual meeting of stockholders

Hyperion Telecommunications, Inc. and Subsidiaries

Independent Auditors' Report

Hyperion Telecommunications, Inc.:

We have audited the consolidated balance sheets of Hyperion Telecommunications, Inc. and subsidiaries as of March 31, 1998 and December 31, 1998, and the related consolidated statements of operations, of common stock and other stockholders' equity (deficiency) and of cash flows for the years ended March 31, 1997 and 1998 and the nine months ended December 31, 1998. Such consolidated financial statements and our report thereon dated May 17, 1999, expressing an unqualified opinion (which are not included herein), are included in Appendix A to the proxy statement for the 1999 annual meeting of stockholders. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of March 31, 1998 and December 31, 1998 and the related condensed consolidated statements of operations, of common stock and other stockholders' equity (deficiency) and of cash flows for the years ended March 31, 1997 and 1998 and the nine months ended December 31, 1998 is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania

May 17, 1999

Hyperion Telecommunications, Inc. and Subsidiaries

Management Information

Board of Directors and Senior Officers

John J. Rigas
Chairman and Director

James P. Rigas
Vice Chairman, Chief Executive Officer and Director

Michael J. Rigas
Vice Chairman and Director

Timothy J. Rigas
Vice Chairman, Chief Financial Officer, Treasurer and Director

Daniel R. Milliard
Director

Randolph S. Fowler
Director

Pete J. Metros
Director
Managing Director of Mannesmann Dematic Systems

James L. Gray
Director
Chairman and CEO,
PRIMESTAR Partners

Company Officers

Edward E. Babcock Jr.
Vice President
Finance

Thomas W. Cady
Vice President
Marketing and Sales

Mark A. Erickson
Vice President
Operations

John Glicksman
Vice President
General Counsel and Assistant Secretary

Ted A. Huf
Vice President
Engineering

John D. Lasater
Vice President
Industry Marketing and Major Account Sales

Jeff Miller
Vice President
Business Development

Regional Management

Bob Cavallo
Regional Vice President
South Central

Robert E. Guth
Regional Vice President
Mid-Atlantic North

David L. Martin
Regional Vice President
Mid-Atlantic South

Tom Matthews
Regional Vice President
Gulf Coast

John Rogers
Regional Vice President
South

John Stroebele
Regional Vice President
Northeast

Hyperion Telecommunications, Inc. and Subsidiaries
Stockholder Information

Annual Meeting of Stockholders

The 1999 annual meeting of stockholders of Hyperion Telecommunications, Inc. will be held at 11:00 a.m. on Monday, October 25, 1999 at the Coudersport Theater, Main Street, Coudersport, Pennsylvania.

Common Stock Information

Hyperion's Class A Common Stock is listed for trading on the National Association of Securities Dealers Automated Quotations System National Market System (NASDAQ-NMS). Hyperion's NASDAQ-NMS symbol is "HYPT."

Dividend Policy

Hyperion has no plans to pay dividends on its common stock. Hyperion presently intends to retain any earnings to fund the growth of the company's business. The payment of any future dividends will be determined by the Board of Directors in light of the conditions then existing, including the company's results of operations, financial condition, cash requirements, restrictions in financing agreements, business conditions and other factors.

Securities Exchange Act Registration

Hyperion Telecommunications, Inc.'s Class A Common Stock is registered pursuant to Section 12(g) of the Securities Exchange Act of 1934.

Transition Report on Form 10-K

Copies as filed with the Securities and Exchange Commission are available by contacting:
Hyperion Communications
Investor Relations Department
One North Main Street
Coudersport, PA 16915
814-274-9830
Fax 814-274-9863
www.adelphia-abs.com

Registrar and Transfer Agent

American Stock Transfer & Trust Company
40 Wall Street
New York, NY 10005

Independent Auditors

Deloitte & Touche LLP
2500 One PPG Place
Pittsburgh, PA 15222

Outside Counsel

Buchanan Ingersoll PC
One Oxford Centre
301 Grant Street
Pittsburgh, PA 15219-1410

Forward-Looking Statements

Throughout this report, we make numerous forward-looking statements regarding business strategies, market potential, future financial performance, product launches and other matters that involve many risks and uncertainties which could cause actual results to differ materially from such forward-looking statements. These forward-looking statements are based on the beliefs of management as well as assumptions made by and information currently available to management. Generally, potential risks and uncertainties include, but are not limited to, such factors as the continued health of the telecommunications industry and the overall economy; the ability of vendors to deliver required equipment and services; changes in law and regulations; changes in strategic relationships; competitive responses; access to capital resources; increases in external costs; and the overall market acceptance of Hyperion's proposed products and services. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. The Company does not intend to update these forward-looking statements.

Hyperion
COMMUNICATIONS

A Subsidiary of
Adelphia Communications Corporation

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 September 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

ADELPHIA BUSINESS SOLUTIONS, 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.)
One North Main Street ***Coudersport, PA*** (Address of principal executive offices)	***16915-1141*** (Zip code)

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

Hyperion Telecommunications, Inc.
(Former name, if changed since last report)

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 November 9, 1999, 23,965,385 shares of Class A Common Stock, par value $0.01 per share, and 31,538,977 shares of Class B Common Stock, par value $0.01 per share, of the registrant were outstanding.

ADELPHIA BUSINESS SOLUTIONS, INC. AND SUBSIDIARIES

INDEX

Item 1. Financial Statements

ADELPHIA BUSINESS SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(Dollars in thousands, except per share amounts)

	December 31, 1998	September 30, 1999
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 242,570	$ 125,988
Accounts receivable and other current assets	15,583	63,695
Due from parent – net	4,950	---
Due from affiliates – net	1,078	4,905
Total current assets	264,181	194,588
U.S. government securities – pledged	58,054	29,451
Investments	112,328	47,409
Property, plant and equipment – net	374,702	740,870
Other assets – net	27,077	66,567
Total	$ 836,342	$ 1,078,885
LIABILITIES, PREFERRED STOCK, COMMON STOCK AND OTHER STOCKHOLDERS' EQUITY (DEFICIENCY):		
Current liabilities:		
Accounts payable	$ 20,386	$ 17,009
Due to parent – net	---	8,388
Accrued interest and other current liabilities	19,142	24,483
Total current liabilities	39,528	49,880
13% Senior Discount Notes due 2003	220,784	245,052
12 1/4% Senior Secured Notes due 2004	250,000	250,000
12% Senior Subordinated Notes due 2007	---	300,000
Other debt	23,325	44,056
Total liabilities	533,637	888,988
12 7/8% Senior exchangeable redeemable preferred stock	228,674	252,261
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 23,912,785 shares outstanding, respectively	224	239
Class B common stock, $0.01 par value, 150,000,000 shares authorized, 32,314,761 and 31,181,077 shares outstanding, respectively	323	312
Additional paid in capital	286,782	269,608
Class B common stock warrants	4,483	4,467
Unearned stock compensation	---	(6,126)
Accumulated deficit	(217,781)	(330,864)
Total common stock and other stockholders' equity (deficiency)	74,031	(62,364)
Total	$ 836,342	$ 1,078,885

See notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1999	1998	1999
Revenues	$ 12,098	$ 43,347	$ 24,553	$ 99,000
Operating expenses:				
Network operations	7,056	15,862	14,586	36,037
Selling, general and administrative	10,391	39,972	24,038	93,618
Depreciation and amortization	9,843	18,168	20,413	45,289
Total	27,290	74,002	59,037	174,944
Operating loss	(15,192)	(30,655)	(34,484)	(75,944)
Other income (expense):				
Interest income	4,169	2,867	13,506	19,645
Interest income-affiliate	2,995	1,336	5,070	6,943
Interest expense	(12,535)	(19,045)	(39,639)	(56,383)
Other income	113	---	1,113	---
Loss before income taxes and equity in net loss of joint ventures	(20,450)	(45,497)	(54,434)	(105,739)
Income tax expense	---	---	---	(4)
Loss before equity in net loss of joint ventures	(20,450)	(45,497)	(54,434)	(105,743)
Equity in net loss of joint ventures	(2,614)	(246)	(9,487)	(7,340)
Loss before extraordinary gain	(23,064)	(45,743)	(63,921)	(113,083)
Extraordinary gain on repurchase of debt	237	---	237	---
Net loss	(22,827)	(45,743)	(63,684)	(113,083)
Dividend requirements applicable to preferred stock	(7,026)	(7,969)	(20,448)	(23,168)
Net loss applicable to common stockholders	$ (29,853)	$ (53,712)	$ (84,132)	$ (136,251)
Basic and diluted net loss per weighted average share of common stock	$ (0.54)	$ (0.97)	$ (1.82)	$ (2.46)
Weighted average shares of common stock outstanding	55,497	55,497	46,293	55,497

See notes to condensed consolidated financial statements.

ADELPHIA BUSINESS SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollars in thousands)

	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1999
Cash flows from operating activities:		
Net loss	$ (63,684)	$ (113,083)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	17,872	41,063
Amortization	2,541	4,226
Noncash interest expense	25,555	24,268
Equity in net loss of joint ventures	9,487	7,340
Non-cash stock compensation	761	274
Extraordinary gain on repurchase of debt	(237)	---
Change in operating assets and liabilities net of effects of acquisitions:		
Other assets – net	(10,943)	(46,244)
Accounts payable	13,005	(5,445)
Accrued interest and other liabilities	(5,937)	7,959
Net cash used in operating activities	(11,580)	(79,642)
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(145,490)	(232,418)
Investments in joint ventures	(32,150)	(27,421)
Net cash used for acquisitions	(58,330)	(129,118)
Sale of U.S. government securities – pledged	30,965	30,626
Repayment of senior secured note	---	20,000
Net cash used in investing activities	(205,005)	(338,331)
Cash flows from financing activities:		
Repayments of debt	(21,389)	(2,465)
Advances (to) from related parties	(211,697)	9,607
Proceeds from debt	---	300,000
Costs associated with financing	(379)	(5,751)
Proceeds from issuance of Class A Common Stock	255,462	---
Costs associated with issuance of Class A Common Stock	(14,688)	---
Repayment of loans to stockholders	3,000	---
Net cash provided by financing activities	10,309	301,391
Decrease in cash and cash equivalents	(206,276)	(116,582)
Cash and cash equivalents, beginning of period	332,863	242,570
Cash and cash equivalents, end of period	$ 126,587	$ 125,988

See notes to condensed consolidated financial statements.

ADELPHIA BUSINESS SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Dollars in thousands)

Adelphia Business Solutions, Inc. is a majority owned subsidiary of Adelphia Communications Corporation ("Adelphia"). The accompanying unaudited condensed consolidated financial statements of Adelphia Business Solutions, Inc. and its majority owned subsidiaries ("Adelphia Business Solutions" or the "Company") have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. On October 25, 1999, the shareholders of the Company elected to change the name of the Company from Hyperion Telecommunications, Inc. to Adelphia Business Solutions, Inc.

On March 30, 1999, Adelphia Business Solutions 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 Adelphia Business Solutions at September 30, 1999, and the unaudited results of operations for the three and nine months ended September 30, 1998 and 1999, have been included. The results of operations for the three and nine months ended September 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, Adelphia Business Solutions 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 Adelphia Business Solutions 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 Adelphia Business Solutions' 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, Adelphia Business Solutions 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 Adelphia Business Solutions 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 Adelphia Business Solutions effective from the date acquired.

During August 1999, the Company granted under the 1996 Long-Term Incentive Compensation Plan to each of John J. Rigas, Michael J. Rigas, Timothy J. Rigas, and James P. Rigas (i) stock options covering 100,000 shares of Class A common stock, which options will vest in equal one-third amounts on the third, fourth and fifth year anniversaries of grant (vesting conditioned on continued services as an employee or director) and which shall be exercisable at $16.00 per share and (ii) stock awards covering 100,000 shares of Class A common stock, which stock awards will vest in equal one-third amounts on the third, fourth and fifth year anniversaries of grant (vesting conditioned on continued services as an employee or director).

On August 31, 1999, the Company entered into a binding agreement with Digital Teleport, Inc. ("DTI") for the purchase of dark fiber IRUs covering over 4,000 route miles of long-haul and local fiber in the central portion of the United States. Although no payments have been made as of September 30, 1999, the cost of the IRUs is estimated to be between $27,000 and $42,000 depending upon the exercise by the Company of a number of options for additional routes and/or fiber strands.

On September 21, 1999, the Company announced its decision to extend its fiber optic network into the western half of the United States. Management believes this national expansion will enable the Company to offer its services in approximately 200 markets throughout the country.

On October 13, 1999, the Company filed a shelf registration statement with the Securities and Exchange Commission to sell up to $1,500,000 in debt securities, preferred and common stock, depository shares, and other equity securities. This registration became effective on October 22,1999. Proceeds of any sales under this registration statement are expected to be used for general corporate purposes, including capital spending, acquisitions, debt repayment, investments and other purposes, and to facilitate the national expansion.

On October 25, 1999, shareholders of the Company elected to change the legal name of the Company from Hyperion Telecommunications, Inc. to Adelphia Business Solutions, Inc. With this decision, management believes the strengths of Adelphia and the Company are further aligned to develop a single brand in the communications marketplace.

(Dollars in thousands)

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

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	September 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	42,135
PECO-Hyperion (Allentown, Bethlehem, Easton, Reading)	50.0		7,227	10,351
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	---
Other	Various		1,323	---
			138,614	64,325
Cumulative equity in net losses			(26,286)	(16,916)
Total			$ 112,328	$ 47,409

(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 Local Multipoint 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. 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. On September 30, 1999, the FCC granted the Company's request to transfer, and the Company transferred the licenses from Baker Creek Communications to a wholly owned subsidiary of the Company. The licenses are included in Other assets – net on the condensed consolidated balance sheet at September 30, 1999.

(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, the Entergy partnerships and Baker Creek Communications, follows:

	December 31, 1998	September 30, 1999
Current assets	$ 4,656	$ 17,800
Property, plant and equipment – net	93,929	111,829
Other non-current assets	650	53
Current liabilities	5,258	5,182
Non current liabilities	32,127	34,833

	Nine Months Ended September 30, 1998	1999
Revenues	$ 4,405	$ 23,852
Net loss	(10,732)	(6,472)

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 nine months ended September 30, 1998 and 1999, the Company paid interest of $30,965 and $36,525, respectively.

Accumulated depreciation of property, plant and equipment amounted to $38,089 and $79,151 at December 31, 1998 and September 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 or statements 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 future growth, expansion of operations or the effect of future regulation or competition. These "forward-looking statements" include statements regarding the intent, belief and current expectations of Adelphia Business Solutions and its directors and officers, and can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "intends" or anticipates" or the negative thereof or other variations thereon or comparable terminology or by discussions of strategy that involve risks and uncertainties. Any 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 our ability to successfully market our services to current and new customers, access markets on a nondiscriminatory basis, identify, design and construct fiber optic networks, install cable and facilities (including switching electronics) and obtain rights of way, access rights to buildings and any required governmental authorizations, franchises and permits, all in a timely manner, at reasonable costs and on satisfactory terms and conditions, as well as risks and uncertainties relating to general economic conditions, the availability and cost of capital, acquisitions and divestitures, government and regulatory policies, the pricing and availability of equipment, materials, inventories and programming technological developments, the costs and other effects of rapid growth, year 2000 issues and changes in the competitive environment in which the Company operates. Readers of this Form 10-Q are cautioned that such statements are only predictions, that no assurance can be given that any particular future results will be achieved, and that actual events or results my differ materially. In evaluating such statements, readers should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by such forward looking statements. Unless otherwise stated, the information contained in this Form 10-Q is as of and for the three and nine months ended September 30, 1998 and 1999. Additional information of factors that may affect the business and financial results of Adelphia Business Solutions can be found in the Company's filings with the Securities and Exchange Commission, including the prospectus under Registration Statement 333-88927, under the caption "Risk Factors."

The "Company" or "Adelphia Business Solutions" means Adelphia Business Solutions, Inc. together with its majority-owned subsidiaries, except where the context otherwise requires. Unless the context otherwise requires, references herein to the networks mean (i) the 22 telecommunications networks in operation or under construction (the "Original Markets") in operation or under construction as of May 8, 1998, the date of the Company's initial public offering, which are wholly and majority owned subsidiaries or are 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 (ii) the additional networks operational or under development subsequent to May 8, 1998 (the "New Markets").

Adelphia Business Solutions is a leading national provider of facilities-based integrated communications services to customers that include businesses, governmental and educational end users and other communications services providers throughout the United States. The Company currently offers a full range of communications services in 50 markets and expects by the end of the year 2000 to be offering services in approximately 115 markets nationwide, including substantially all of the top 40 metropolitan statistical areas in the United States. To serve the Company's customers' broad and expanding communications needs, the Company has assembled a diverse collection of high-bandwidth, local and national network assets. The Company intends to integrate these assets with advanced communications technologies and services in order to provide comprehensive end-to-end communications services over its national network. The Company provides customers with communications services such as local switch dial tone (also known as local phone service), long distance service, high-speed data transmission, and Internet connectivity. The customers have a choice of receiving these services separately or as bundled packages which are typically priced at discount when compared to the price of the separate services.

In order to take advantage of the improved economic returns and better customer service from providing services "on-net," or over the Company's own network, the Company is in the process of further expanding the reach of its network system nationwide. The Company's Original Markets are principally located in the eastern half of the United States; however, due to the Company's success in operating and expanding these markets the Company is pursuing an aggressive nationwide growth plan. The Company intends to serve 200 total markets nationwide by the end of the year 2001, leveraging the Company's existing and planned switching platforms and inter-city fiber networks. The Company believes that this nationwide footprint will position it to address approximately 65% of the 60 million business access lines nationwide, which currently represent approximately $75 billion in annual revenues. This network system expansion includes the purchase, lease or construction of local fiber optic network facilities and the interconnection of all of the Company's existing and new markets with its own fiber optic facilities. The Company will also implement various technologies including Dense Wave Division Multiplexing to provide greater bandwidth capacity on its local and long-haul network system. Once fully installed, the 30,000 route mile fiber optic backbone will connect each of the Company's local markets. This fully redundant network system will support the Company's full line of communication service offerings.

The Company has experienced success in the sale of business access lines with approximately 272,635 access lines sold as of September 30, 1999, of which approximately 250,805 lines were installed at such date. This represents an addition of 60,444 access lines sold and 59,520 access lines installed during the quarter ended September 30, 1999. As of September 30, 1999, approximately 57% of these access lines are provisioned on Company owned switches.

Recent Developments

On March 2, 1999, Adelphia Business Solutions 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 Adelphia Business Solutions 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 Adelphia Business Solutions' 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, Adelphia Business Solutions 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 Adelphia Business Solutions 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 Adelphia Business Solutions effective from the date acquired.

During August 1999, the Company granted under the 1996 Long-Term Incentive Compensation Plan to each of John J. Rigas, Michael J. Rigas, Timothy J. Rigas, and James P. Rigas (i) stock options covering 100,000 shares of Class A common stock, which options will vest in equal one-third amounts on the third, fourth and fifth year anniversaries of grant (vesting conditioned on continued services as an employee or director) and which shall be exercisable at $16.00 per share and (ii) stock awards covering 100,000 shares of Class A common stock, which stock awards will vest in equal one-third amounts on the third, fourth and fifth year anniversaries of grant (vesting conditioned on continued services as an employee or director).

On August 31, 1999, the Company entered into a binding agreement with Digital Teleport, Inc. ("DTI") for the purchase of dark fiber IRUs covering over 4,000 route miles of long-haul and local fiber in the central portion of the United States. Although no payments have been made as of September 30, 1999, the cost of the IRUs is estimated to be between $27,000 and $42,000 depending upon the exercise by the Company of a number of options for additional routes and/or fiber strands.

On September 21, 1999, the Company announced its decision to extend its fiber optic network into the western half of the United States. Management believes this expansion will enable the Company to offer its services in approximately 200 markets throughout the country, which represents approximately 65% of the addressable business telecommunications market in the United States.

On October 13, 1999, the Company filed a shelf registration statement with the Securities and Exchange Commission to sell up to $1,500,000 in debt securities, preferred and common stock, depository shares, and other equity securities. This registration statement became effective on October 22,1999. Proceeds of any sales under this registration statement are expected to be used for general corporate purposes, including capital spending, acquisitions, debt repayment, investments and other purposes, and to facilitate the national expansion.

On October 25, 1999, shareholders of the Company elected to change the legal name of the Company from Hyperion Telecommunications, Inc. to Adelphia Business Solutions, Inc. With this decision, management believes the strengths of Adelphia and the Company are further aligned to develop a single brand in the communications marketplace.

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

Results of Operations

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

Revenues increased 258% to $43,347 for the three months ended September 30, 1999, from $12,098 for the same quarter in the prior year. Growth in revenues of $31,249 resulted from an increase in revenues from majority and wholly-owned networks of approximately $30,951 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, and the consolidation of the Jacksonville, Richmond, Wichita, Baton Rouge, Jackson and Little Rock markets. The increase was also partially due to increased management fees from the non-consolidated subsidiaries of $298 from the same period in the prior year.

Network operations expense increased 125% to $15,862 for the three months ended September 30, 1999 from $7,056 for the same quarter in the prior year. The increase was attributable to higher costs associated with an increase in off-net resale costs, 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, Wichita, Baton Rouge, Jackson and Little Rock markets.

Selling, general and administrative expense increased 285% to $39,972 for the three months ended September 30, 1999 from $10,391 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 network sales force, 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, Wichita, Baton Rouge, Jackson and Little Rock markets.

Depreciation and amortization expense increased 85% to $18,168 during the three months ended September 30, 1999 from $9,843 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 networks, amortization of deferred financing costs and the consolidation of the Jacksonville, Richmond, Wichita, Baton Rouge, Jackson and Little Rock markets.

Interest income for the three months ended September 30, 1999 decreased 31% to $2,867 from $4,169 for the same quarter in the prior year as a result of decreases in interest income from lower amounts of cash and cash equivalents and U.S. Government securities.

Interest income-affiliate for the three months ended September 30, 1999 decreased to $1,336 from $2,995 as a result of a decrease in the amount of demand advances made to Adelphia during the period.

Interest expense increased 52% to $19,045 during the three months ended September 30, 1999 from $12,535 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 decreased by 91% to $246 during the three months ended September 30, 1999 from $2,614 for the same quarter in the prior year. The net losses of the joint ventures for the three months ended September 30, 1998 and 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 joint ventures. The decrease was due to the consolidation of several joint ventures resulting from the purchase of the partners' interests, and to the maturing of the remaining joint venture networks.

The number of joint ventures paying management fees to the Company decreased from eight at September 30, 1998 to four at September 30, 1999 due to the Company's increased ownership in several joint ventures as a result of the previously mentioned acquisitions. These non-consolidated joint ventures and networks under construction paid management and monitoring fees to the Company, which are included in revenues, aggregating approximately $1,215 for the three months ended September 30, 1999, as compared with $3,701 for the same quarter in the prior fiscal year. The nonconsolidated joint ventures' net losses, including networks under construction, for the three months ended September 30, 1998 and 1999, aggregated approximately $3,315 and $1,720, respectively.

Preferred stock dividends increased by 13% to $7,969 for the three months ended September 30, 1999 from $7,026 for the same period in the prior year. The increase was due to a higher outstanding preferred stock base resulting from the payments of dividends in additional shares of preferred stock.

Nine Months Ended September 30, 1999 in Comparison with Nine Months Ended September 30, 1998

Revenues increased 303% to $99,000 for the nine months ended September 30, 1999, from $24,553 for the same period in the prior year. Growth in revenues of $74,447 resulted from an increase in revenues from majority and wholly-owned networks of approximately $73,258 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 and the consolidation of the Jacksonville, Richmond, Wichita, Baton Rouge, Jackson and Little Rock markets. The increase was also partially due to increased management fees from the non-consolidated subsidiaries of $1,189 from the same period in the prior year.

Network operations expense increased 147% to $36,037 for the nine months ended September 30, 1999 from $14,586 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, Wichita, Baton Rouge, Jackson and Little Rock markets.

Selling, general and administrative expense increased 290% to $93,618 for the nine months ended September 30, 1999 from $24,038 for the same period in the prior year. The increase was due primarily to higher costs associated with an increase in off-net resale costs, increased expenses associated with the network expansion plan, an increase in the network sales force, an increase in corporate overhead costs to accommodate the growth in the number, size and operations of the networks managed and monitored by the Company, and the consolidation of the Jacksonville, Richmond, Wichita, Baton Rouge, Jackson and Little Rock markets.

Depreciation and amortization expense increased 122% to $45,289 during the nine months ended September 30, 1999 from $20,413 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 networks, amortization of deferred financing costs and the consolidation of the Jacksonville, Richmond and Wichita, Baton Rouge, Jackson and Little Rock markets.

Interest income for the nine months ended September 30, 1999 increased 46% to $19,645 from $13,506 for the same period in the prior year as a result of the payment of interest due to the Company from Telergy as discussed previously, offset by decreases in interest income resulting from lower amounts of cash and cash equivalents and U.S. Government securities.

Interest income-affiliate for the nine months ended September 30, 1999 increased to $6,943 from $5,070 as a result of demand advances made to Adelphia during the period.

Interest expense increased 42% to $56,383 during the nine months ended September 30, 1999 from $39,639 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 decreased by 23% to $7,340 during the nine months ended September 30, 1999 from $9,487 for the same period in the prior year. The net losses of the joint ventures for the nine months ended September 30, 1999 and 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. The decrease was due to the consolidation of several joint ventures resulting from the purchase of the partners' interests, and to the maturing of the remaining joint venture networks.

The number of nonconsolidated joint ventures paying management fees to the Company decreased from eight at September 30, 1998 to four at September 30, 1999 due to the Company's increased ownership in several joint ventures as a result of the previously mentioned acquisitions. These non-consolidated joint ventures and networks under construction paid management and monitoring fees to the Company, which are included in revenues, aggregating approximately $3,824 for the nine months ended September 30, 1999, as compared with $2,636 for the same period in the prior fiscal year. The nonconsolidated joint ventures' net losses, including networks under construction, for the nine months ended September 30, 1998 and 1999, aggregated approximately $10,732 and $6,472, respectively.

Preferred stock dividends increased by 13% to $23,168 for the nine months ended September 30, 1999 from $20,448 for the same period in the prior year. The increase was due to a higher outstanding preferred stock base resulting from the payment of dividends in additional shares of preferred stock.

Supplementary Network 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% 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 networks' 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 networks. 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 networks, management of the Company analyzes financial information of the consolidated networks and the nonconsolidated joint venture networks on a combined basis. This combined financial presentation in the table below reflects Adelphia Business Solutions' consolidated financial position and results of operations adjusted for the inclusion of certain networks (Richmond, Jacksonville and Wichita) which were purchased in March 1999 (the "Adjusted Operating Results") combined with the non-consolidated joint ventures' results of operations. All combined results of operations in the table below are presented as if Adelphia Business Solutions consolidated all networks 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 September 30, 1999 (dollars in thousands)			Quarter ended September 30, 1998 (dollars in thousands)		
	Consolidated Operating Results	Joint Venture Operating Results	Combined Operating Results	Adjusted Consolidated Operating Results	Adjusted Joint Venture Operating Results	Combined Operating Results
Revenues	$ 43,347	$ 9,501	$ 52,848	$ 16,672	$ 3,211	$ 19,883
Direct Operating Expenses	15,862	2,526	18,388	8,410	1,902	10,312
Gross Margin	27,485	6,975	34,460	8,262	1,309	9,571
Gross Margin Percentage	63.4%	73.4%	65.2%	49.6%	40.8%	48.1%
Selling, General and Administrative Expenses	39,972	4,194	44,166	11,813	3,046	14,859
EBITDA (a)	(12,487)	2,781	(9,706)	(3,551)	(1,737)	(5,288)
EBITDA Percentage of Revenues	(28.8%)	29.3%	(18.4%)	(21.3%)	(54.1%)	(26.6%)

% Change Comparison	September 1999 Quarter vs. September 1998 Quarter Consolidated Operating Results	Joint Venture Operating Results	Combined Operating Results
Revenues	160.0%	195.9%	165.8%
Direct Operating Expenses	88.6%	32.8%	78.3%
Gross Margin	232.7%	432.8%	260.0%
Selling, General and Administrative Expenses	238.4%	37.7%	197.2%
EBITDA (a)	NM(b)	NM(b)	83.5%

(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 Adelphia Business Solutions 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 networks, as well as the development of new markets, combined with the construction and expansion of the Company's NOCC, have resulted in substantial capital expenditures and investments during the past several years. Capital expenditures by the Company were $145,490 and $232,418 for the nine months ended September 30, 1998 and 1999, respectively. Further, investments made by the Company in nonconsolidated joint ventures were $32,150 and $27,421 for the nine months ended September 30, 1998 and 1999, respectively. The increase in capital expenditures for the nine months ended September 30, 1999 as compared with the same period in the prior fiscal year is largely attributable to the capital expenditures necessary to develop the original 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 joint ventures has resulted in substantial negative cash flow.

Expansion of the Company's Original Markets and services and the development of New Markets and services will 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 Original Markets, (iii) the design, construction and development of the New Markets and (iv) the acquisition of additional ownership interests in the Original Markets. The Company has made substantial capital investments and investments in joint ventures in connection with the installation of switches or remote switching modules in all of its Original 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 Original 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 joint ventures when it can do so on attractive economic terms. The Company estimates that, in addition to the cash and cash equivalents on hand and the U.S. government securities pledged as of September 30, 1999, a total of approximately $550,000 will be required to fund the Company's capital expenditures, working capital requirements, operating losses and pro rata investments in the joint ventures from October 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, continued acquisition of increased ownership in its networks, material variance from expected capital expenditure requirements for the Original Markets and the New Markets and development of the LMDS spectrum or (ii) that anticipated financings, Local Partner investments and other sources of capital will become available to the Company on economically attractive terms or at all. 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 joint ventures levels, internally generated funds, equity invested by Local Partners in the joint ventures and additional debt or equity financings, as appropriate, and expects to fund any potential additional 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 joint ventures through December 2001. 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 joint ventures could have a material effect upon the Company and/or the joint ventures.

Year 2000 Issue

The year 2000 issue refers to the inability of computerized systems and technologies to recognize and process dates beyond December 31, 1999. The Company has evaluated 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 included 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 included 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 has implemented. The Company has certified all eight of its financial systems as year 2000 compliant.

A third-party billing vendor currently facilitates customer billing. This third-party vendor 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 and has implemented substantially all modifications, upgrades or replacements resulting from this internal review.

Costs incurred to date directly related to addressing the year 2000 issue have been approximately $750. 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 continuing to communicate 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 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 long distance service originating in region in one or more states by fulfilling the market opening 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, although the FCC is currently considering Bell Atlantic's petition for the State of New York. 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, Qwest and US West, and MCIWorldCom and Sprint. The effects of these combinations are unknown at this time. The Company believes that combinations of RBOCs and others will pose a greater competitive threat to 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, MCIWorldCom, 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 and Level 3 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 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 establishes 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 also 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 rules relating to these requirements as well as universal service subsidies, charges for access to long distance carriers, access to buildings, customer privacy, and services for the disabled.

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 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 that ILECs must provide to CLECs. The FCC will soon issue an order explaining 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 the Company to provide local service to customers on a timely and competitive basis. The Telecommunications Act created incentives for RBOCs to cooperate with new carriers, allowing the RBOCs to offer long distance services originating in their region, if the RBOC satisfies 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, although the FCC may soon grant Bell Atlantic's bid in New York. The Company cannot be assured that RBOCs will be accommodating to the Company's networks once they are permitted to offer long distance service. If the Company's networks 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, the Company's networks' 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 Company's networks, ILECs continue to resist the rules and it remains uncertain that these new rules will be implemented in a favorable manner.

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 required ILECs 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 effortsto 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 networks 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.

The FCC also manages universal service subsidies for rural, high-cost, and low-income markets and currently assesses the Company's networks for such payments on the basis of certain revenue for the previous year. Within the past year, the FCC established new subsidies for telecommunications and information services provided to qualifying schools and libraries and for services provided to rural health care providers. The FCC also expanded the federal subsidies for local exchange telephone service provided to low-income consumers. Various states also implement their own universal service programs to which the Company is subject.

To the extent that the Company's networks 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 Company's networks 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. Some of the interexchange providers to whom the Company's networks provide access services, 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 Company's networks have not experienced any such challenges to their rights to collect access charges, they could experience them in the future. The FCC has initiated a proceeding to investigate whether CLEC access charges should be subjected to more stringent regulation.The manner in which the FCC regulates or lowers access charge levels could have a material effect on the ability of the Company's networks to compete in providing interstate access services and terminating and originating long distance traffic.

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.

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, rights of way, building access, pole attachments, customer privacy, and services to the disabled. 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, Company networks 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 Company's networks 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 Company's networks 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, the Company network 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, a Company network must negotiate terms of interconnection with the ILEC before it can begin providing switched services. To date, the Company's networks 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, name changes 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

A Company network 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. A Company network 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 a Company network 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 Company's networks 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 Company's networks 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 Company network 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 a Company network for a particular market were terminated prior to its expiration date, 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 September 30, 1999.

	Expected Maturity							
	1999	2000	2001	2002	2003	Thereafter	Total	Fair Value
Fixed Rate Debt and Redeemable Preferred Stock:	---	---	---	---	$303,840	$802,261	$1,106,101	$1,036,761
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 September 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 September 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 nine months ended September 30, 1999.

The attached Exhibit 99.04 provides certain information with respect to a current proposed financing of the Company.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 3.01	Amended and Restated Certificate of Incorporation, as amended as of October 25, 1999
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 November 10, 1999
Exhibit 99.04	Press Release dated November 10, 1999

(b) Reports on Form 8-K:

Form 8-Ks were filed on September 27, 1999, October 26, 1999 and October 27, 1999 which reported information under Item 5 and/or Item 7 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.

ADELPHIA BUSINESS SOLUTIONS, INC.
(Registrant)

Date: November 10, 1999

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

Exhibit Index

Exhibit 3.01 Amended and Restated Certificate of Incorporation, as amended as of October 25, 1999.

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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 November 10, 1999

Exhibit 99.04 Press Release dated November 10, 1999

Exhibit 99.01

SCHEDULE E

Adelphia Business Solutions 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: ***9/30/99***

Unaudited

	North East	Mid-Atlantic	Mid-South	*** Other Markets	Total
FINANCIAL DATA (dollars in thousands):					
Total Revenue	$ 12,738.4	$ 20,521.6	$ 10,623.0	$ 6,337.6	$ 50,220.6
Total Capital Expenditures	$ 9,343.6	$ 53,483.4	$ 16,135.3	$ 31,350.1	$ 110,312.4
Total EBITDA	$ 4,465.8	$ (269.2)	$ (4,115.6)	$ (1,774.8)	$ (1,693.8)
Gross PP&E	$ 117,726.0	$ 444,624.4	$ 180,016.5	$ 209,271.2	$ 951,638.1
Proportional Revenue *	$ 12,738.4	$ 15,820.7	$ 10,623.0	$ 6,337.6	$ 45,519.7
Proportional Capital Expenditures*	$ 9,343.6	$ 50,361.4	$ 16,135.3	$ 31,350.1	$ 107,190.4
Proportional EBITDA *	$ 4,465.8	$ (1,606.9)	$ (4,115.6)	$ (1,774.8)	$ (3,031.5)
Proportional Gross PP&E *	$ 117,726.0	$ 378,806.2	$ 180,016.5	$ 209,271.2	$ 885,819.9
STATISTICAL DATA					
Increase for September 30, 1999:					
Markets in Operation	1	4	2	1	8
Route Miles	111	58	189	---	358
Fiber Miles	5,324	2,803	4,704	---	12,831
Buildings connected	46	66	64	5	181
Building with customers	316	2,311	941	1,002	4,570
LEC-COs collocated **	---	1	---	1	2
Voice Grade Equivalent Circuits	42,336	129,696	87,360	22,848	282,240
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
As of September 30, 1999:					
Markets in Operation	5	25	11	7	48
Route Miles	3,331	4,408	3,807	4,102	15,648
Fiber Miles	99,698	157,977	73,888	59,368	390,931
Buildings connected	399	829	441	449	2,118
Buildings with customers	2,717	6,190	5,069	2,465	16,441
LEC-COs collocated **	16	83	32	19	150
Voice Grade Equivalent Circuits	327,936	953,568	488,544	326,592	2,096,640
Access Lines Sold	40,500	137,517	63,371	31,247	272,635
Access Lines Installed	35,666	124,968	60,104	30,067	250,805

* 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

Adelphia Business Solutions Telecommunications, Inc.

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

Data presented for the quarter ended: **9/30/99**

Unaudited

		Total
FINANCIAL DATA (dollars in thousands)(a):		
Total Revenue	$	20,610.1
Total Capital Expenditures	$	18,181.8
Total EBITDA	$	5,702.7
Gross Property, Plant & Equipment	$	226,230.1
STATISTICAL DATA(b):		
As of September 30, 1999:		
Markets in Operation		7
Route Miles		3,466
Fiber Miles		158,626
Buildings connected		981
LEC-COs collocated		61
Voice Grade Equivalent Circuits		958,944
Access Lines Sold		85,471
Access Lines Installed		78,746

(a) Financial Data represents 100% of the operations of all entities except Adelphia Business Solutions of Florida, at its ownership in the Jacksonville network, which is 20%.
(b) Statistical Data represents 100% of operating data for all entities.

ADELPHIA BUSINESS SOLUTIONS OF JACKSONVILLE, INC.

REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES

APPLYING TO INTRASTATE TELECOMMUNICATIONS SERVICES

WITHIN THE STATE OF FLORIDA

This Tariff contains the rules and regulations applicable to the Intrastate Telecommunications Services provided by Adelphia Business Solutions of Jacksonville, Inc. between one or more points in the State of Florida as authorized by the Florida Public Service Commission. This Tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours. Copies may also be inspected during regular business hours at the Company's principal place of business, DDI Plaza Two, 500 Thomas Street, Suite 400, Bridgeville, Pennsylvania 15017.

CHECK SHEET

The pages of this Tariff are effective as of the date shown. The original and revised pages named below contain all changes from the original Tariff and are in effect on the date shown.

Sheet	Revision
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
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19	Original
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22	Original
23	Original
24	Original
25	Original

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EXPLANATION OF SYMBOLS

The following are the only symbols used for the purposes indicated below:

D	-	Delete or Discontinue
I	-	Change Resulting in an Increase to a Customer's Bill
M	-	Moved from Another Tariff Location
N	-	New
R	-	Change Resulting in a Reduction to a Customer's Bill
T	-	Change in Text or Regulation But No Change in Rate or Charge

TARIFF FORMAT

A. Sheet Numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the Tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the Commission. For example, the 4th Revised Sheet 14 cancels the 3rd Revised Sheet 14. Because of various suspension periods, deferrals, etc. the Commission follows in their Tariff approval process, the most current sheet number on file with the Commission is not always the Tariff page in effect.

C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.
2.1.
2.1.1.
2.1.1.A.
2.1.1.A.1.
2.1.1.A.1.(a).
2.1.1.A.1.(a).I.
2.1.1.A.1.(a).I.(i).
2.1.1.A.1.(a).I.(i).(1).

D. Check Sheets - When a Tariff filing is made with the Commission, an updated check sheet accompanies the Tariff filing. The check sheet lists the sheets contained in the Tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on the check sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The Tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the Commission.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Commission - Florida Public Service Commission.

Company - Adelphia Communications of Florida, LLC, unless otherwise clearly indicated from the context.

Customer - The person, firm, corporation, or other entity which orders service pursuant to this Tariff and utilizes service provided under Tariff by the Company. A Customer is responsible for the payment of charges and for compliance with all terms of the Company's Tariff.

Day - Unless otherwise defined in this tariff, from 8:00 a.m. to 5:00 p.m. local time Monday through Friday.

Evening - Unless otherwise defined in this tariff, from 5:00 p.m. to 10:00 p.m. Monday through Friday.

Exchange - An area, consisting of one or more central office districts, within which a call between any two points is a local call.

Final Account - A Customer whose service has been disconnected who has outstanding charges still owed to the Company.

Interruption - The inability to complete calls, either incoming or outgoing or both, due to Company facilities malfunction or human errors.

Local Calling Area - The area, consisting of one or more central office districts, within which a subscriber for exchange service may make telephone calls without a toll charge.

Rate Center - A geographic reference point with specific coordinates on a map used for determining mileage when calculating changes.

Resale of Service - The subscription to communications service and facilities by one entity and the reoffering of communications service to others (with or without "adding value") for profit.

By: Janet S. Livengood, Director of Legal and Regulatory Affairs
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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Station - Each telephone on a line and where no telephone associated with the line is provided on the same premises and in the same building, the first termination in station key equipment or a jack for use with a portable telephone.

Suspension - Suspension of service for nonpayment is interruption of outgoing service only. Suspension of service at the subscriber's request is interruption of both incoming and outgoing service.

Termination of Service - Discontinuance of both incoming and outgoing service.

Toll Call - Any call extending beyond the local exchange of the originating caller which is rated on a toll schedule by the Company.

User - A Customer, joint user, or any other person authorized by a Customer to use service provided under this Tariff.

SECTION 2 - RULES AND REGULATIONS

The regulations set forth in this section explain how to apply the rate tables associated with the various service offerings described in Section 4, following.

2.1 Undertaking of the Company

2.1.1 This Tariff sets forth the service offerings, rates, terms and conditions applicable to interexchange telecommunications services provided by Adelphia Communications of Florida, LLC, within the State of Florida.

The Company's services and facilities are furnished for communications originating at specified points within the state of Florida under the terms and conditions of this Tariff. Service is available where facilities permit.

2.1.2 In furnishing facilities and service, the Company does not undertake to transmit messages, but furnishes the use of its facilities to its Customers for communications. The Company undertakes to furnish communications service pursuant to the terms of this Tariff in connection with one-way and/or two-way information transmission between points within the State of Florida.

a. The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control.

b. The furnishing of service under this Tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

2.1 Undertaking of the Company

2.1.2 The Company's obligation to furnish facilities and service is dependent upon its ability (a) to secure and retain, without unreasonable expense, suitable facilities and rights for the construction and maintenance of the necessary circuits and equipment; (b) to secure and retain, without unreasonable expense, suitable space for its plant and facilities in the building where service is or will be provided to the Customer; or (c) to secure reimbursement of all costs where the owner or operator of a building demands relocation or rearrangement of plant and facilities used in providing service therein.

The Company shall not be required to furnish, or continue to furnish, facilities or service where the circumstances are such that the proposed use of the facilities or service would tend to adversely affect the Company's plant, property or service.

The Company reserves the right to refuse an application for service made by a present or former Customer who is indebted to the Company for service previously rendered pursuant to this Tariff until the indebtedness is satisfied.

2.2 Limitations

2.2.1 Service is offered subject to the availability of facilities and provisions of this Tariff.

2.2.2 The Company reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control when the Customer is using service in violation of the law or the provisions of the Tariff.

2.2 Limitations (Cont'd)

2.2.3 All facilities provided under this Tariff are directly controlled by the Company and the Customer may not transfer or assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.2.4 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this Tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.

2.2.5 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission.

2.3 Liabilities of the Company

2.3.1 The liability of the Company arising out of the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts or omission, shall be limited to the extension of allowances for interruption as set forth in this Tariff, unless ordered by the Commission. The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of the Company. The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of the Company's employees or agents.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.3 Liabilities of the Company (Cont'd)

2.3.2 The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.

2.3.3 The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's Customers facilities or equipment used for or with the services the Company offers.

2.3.4 The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

2.3.5 The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal presence, condition, location, or use of any installation so provided. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section as a condition precedent to such installations.

2.3 Liabilities of the Company (Cont'd)

2.3.6 The Company is not liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such defacement or damage is caused by negligence or willful misconduct of the Company's agents or employees.

2.3.7 The Company is not liable for any claims for loss or damages involving:

a. Breach in the privacy or security of communications transmitted over the Company's facilities;

b. Injury to property or injury or death to persons, including claims for payments made under Worker's Compensation law or under any plan for employee disability or death benefits arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected or to be connected to the Company's facilities; Any noncompletion of calls due to network busy conditions.

2.3.8 The Company shall be indemnified, defended and held harmless by the Customer against any claim, loss, or damage arising from Customer's use of services, involving claims for libel, slander, invasion of privacy, or infringement of copyright arising from the Customer's own communications.

2.3 Liabilities of the Company (Cont'd)

2.3.9 The Company shall be indemnified, defended and held harmless by the Customer or end user from and against any and all claims, loss, demands, suits, expense, or other action or any liability whatsoever, including attorney fees, whether suffered, made, instituted, or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any Company or Customer equipment or facilities or service provided by the Company.

2.4 Interruption of Service

2.4.1 Credit allowance for the interruption of service which is not due to The Company's testing or adjusting, negligence or the Customer, or to the failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth in 2.3.1 herein. It shall be the Customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by the Customer within his control, if any, furnished by the Customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.

2.4.2 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.

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2.4 Interruption of Service

2.4.3 The Customer shall be credited for an interruption of more than twenty-four hours as follows:

Credit Formula:
Credit = A/B x C
"A" - outage time in hours
"B" - total hours in a month (month = 720)
"C" - total monthly charge for affected facility

2.5 Cancellation or Interruption of Services

2.5.1 General

A. A service is interrupted when it becomes unusable to the Customer, *e.g.,* the Customer is unable to transmit or receive, because of a failure of a component furnished by Carrier under this tariff.

B. An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.

C. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service, facility or circuit considered by Carrier to be impaired, unless Carrier is ordered to do so by the Commission.

2.5 Cancellation or Interruption of Services (Cont'd)

2.5.2 Limitations on Allowances

No credit allowance will be made for any interruption of service:

A due to the negligence of, or noncompliance with the provisions of this Tariff by, any person or entity other than Carrier, including but not limited to the Customer or other common carriers connected to the service of Carrier;

B. due to the failure of power, equipment, systems, or services not provided by Carrier;

C. due to circumstances or causes beyond the control of Carrier;

D. during any period in which the Customer continues to use the service on an impaired basis;

E. during any period when the Customer has released service to Carrier for maintenance purposes or for implementation of a Customer order for a change in service arrangements;

F that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and

G. that was not reported to Carrier within thirty (30) days of the date that service was affected.

2.6 Deposits

The Company does not collect deposits.

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2.7 Advance Payments

For Customers whom the Company feels an advance payment is necessary, the Company reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and if necessary a new advance payment will be collected for the next month.

2.8 Taxes

In addition to the rates and charges applicable according to the rules and regulations of this Tariff, various surcharges and taxes may apply to the Customer's monthly billing statement. The Customer is responsible for payment of any fees (including franchise and right-of-way fees), charges, surcharges and taxes (however designated) (including without limitation sales, use, gross receipts, excise, access or other taxes but excluding taxes on the Company's net income) imposed by any local, state, or federal government on or based upon the provision, sale or use of Network Services. Fees, charges, and taxes imposed by a city, county, or other political subdivision will be collected only from those Customers receiving service within the boundaries of that subdivision. All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates, except prepaid debit cards.

2.9 Billing of Calls

All charges due by the subscriber are payable at any agency duly authorized to receive such payments. Any objection to billed charges should be promptly reported to the Company. Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

2.10 Payment of Charges

Charges for facilities and service, other than usage charges, are due monthly in advance. All other charges are payable upon request of the Company. Bills are due on the due date shown on the bill and are payable at any business office of the Company, by U.S. Mail, or at any location designated by the Company. Notwithstanding the due date specified on the bill, payment will be considered timely if payment is received by the Company within twenty (20) days of the date of transmittal of the bill in the case of residential Customers, and fifteen (15) days of the date of transmittal of the bill in the case of business Customers. If objection is not received by the Company within three months after the bill is rendered, the items and charges appearing thereon shall be determined to be correct and binding upon the Customer. A bill will not be deemed correct and binding upon the Customer if the Company has records on the basis of which an objection may be considered, or if the Customer has in his or her possession such Company records. Where an objection to the bill involves a superseded service order, the items and charges appearing on the bill shall be deemed to be correct and binding upon the Customer if objection is not received by the Company within two months after the bill is rendered.

2.11 Return Check Charge

When a check which has been presented to the Company by a Customer in payment for charges is returned by the bank, the Customer shall be responsible for the payment of a Returned Check Charge of $10.00.

2.12 Late Payment Charges

2.12.1 Customer bills for telephone service are due on the due date specified on the bill. A Customer is in default unless payment is made on or before the due date specified on the bill. If payment is not received by the Customer's next billing date, a late payment charge of 1.5% will be applied to all amounts previously billed under this Tariff, excluding one month's local service charge, but including arrears and unpaid late payment charges.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.12 Late Payment Charges (Cont'd)

2.12.2 Late payment charges do not apply to those portions (and only those portions) of unpaid balances that are associated with disputed amounts. The Customer may dispute bills either orally or in writing. Undisputed amounts on the same bill are subject to late payment charges if unpaid and carried forward to the next bill.

2.12.3 Late payment charges do not apply to final accounts.

2.12.4 Late payment charges do not apply to government agencies of the State of Florida. These agencies are required to make payment in accordance with applicable state law.

2.13 Emergency Termination of Service

The Company will immediately terminate the service of any Customer, on request, when the Customer has reasonable belief that the service is being used by an unauthorized person or persons. The Company may require that the request be submitted in writing as a follow-up to a request made by telephone.

SECTION 3 - DESCRIPTION OF SERVICES

3.1 When Billing Charges Begin and End for Phone Calls

The Customer's long distance usage charge is based on the actual usage of the Company's network. Usage begins when the called party picks up the receiver, (i.e. when 2-way communications, often referred to as "conversation time" is possible.). When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. When software answer supervision is employed, up to 60 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up.

3.2 Time Periods Defined

3.2.1 Unless otherwise indicated, all calls are timed in one minute increments and all calls which are fractions of a minute are rounded up to the next whole minute.

3.2.2 For station to station calls, call timing begins when a connection is established between the calling telephone and the called telephone station.

3.2.3 For person to person calls, call timing begins when connection is established between the calling person and the particular person, station or mobile unit specified or an agreed alternate.

3.2.4 Call timing ends when either party "hangs up," thereby releasing the network connection.

3.2.5 Calls originating in one time period and terminating in another will be billed the rates in effect at the beginning of each minute in the time period of the originating party.

3.3. Uncompleted Calls

The Company does not bill Customers for calls which are not completed (busy numbers, no answer, etc.).

SECTION 3 - DESCRIPTION OF SERVICES (Cont'd)

3.4. Credit and Refunds

If a credit is requested on a call due to trouble on the line (such as bad connection, disconnection, wrong number dialed, etc.), and the credit is requested immediately through the operator of the underlying carrier, it is issued promptly. All other credit requests are handled through the Company's business office.

3.5 Calculation of Distance

The Company's rates are not mileage sensitive.

3.6 Minimum Call Completion Rate

A Customer can expect a call completion rate (number of calls completed / number of calls attempted) of not less than 90% during peak use periods.

3.7 Intrastate Toll Usage

3.7.1 Description

Intrastate toll calling includes the following types of calls: direct dialed, calling card, collect, 3rd number billed, special toll billing, requests to notify of time and charges, person to person calling and other station to station calls.

Direct Dialed toll calls placed to any location within the State are billed at an initial thirty second increment, with six second increments thereafter.

3.7 Intrastate Toll Usage and Mileage Charges (Cont'd)

3.7.2 Call Charges

Charges are based on the duration of the call as measured according to Section 3.1 above and time of day rate period of the call as described in Section 3.2. In addition, where live or automated operator assistance is required for call completion or billing, a per call operator service charge applies.

Charges for all classes of calls may be to the calling station, to the called station when the called party agrees to accept the charges, to an authorized telephone number which is not the called station or the calling station (3rd number billing), or to an authorized calling card.

3.7.3 Operator Services for Presubscribed and Non-Presubscribed Customers

Service is offered as two classes, station to station calling and person to person calling.

a. Station to Station Service is that service where the person originating the call dials the telephone number desired or gives the Company operator the telephone number of the desired telephone station or system.

b. Person to Person Service is that service where the person originating the call specifies to the Company operator a particular person to be reached, a particular mobile unit to be reached, or a particular station, department or office to be reached. The call remains a person to person call when, after the telephone, mobile telephone, or PBX system has been reached and while the connection remains established, the person originating the call requests or agrees to talk to any person other than the person specified, or to any other agreed upon alternate.

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SECTION 3 - DESCRIPTION OF SERVICES (Cont'd)

3.8 Calling Card Services

Calling Card Service can be used from anywhere in the State by accessing a toll free number. A per call surcharge applies.

3.9 Prepaid Debit Card Services

Prepaid debit card service is a prepaid long distance calling card service, under which Customers purchase cards in predetermined amounts for long distance usage. Customers access the service by dialing a Company specified access code. As a Customer accesses the service, usage rates and taxes are automatically deducted from the remaining card balance. Customers are notified with a usage remaining message each time a call is placed. Customers will also receive a remainder message when the balance of the card reaches one (1) minute of usage. Calls in progress will be terminated if the balance on the Pre-paid card is insufficient to cover the charges associated with the call. When the card balance reaches zero, the user must purchase another card or have the card recharged pursuant to instructions the Company provides to users purchasing the cards. Calls are billed in initial and additional one (1) minute increments, with any fractional portion of call rounded up to the next highest billing increment.

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4.1 Intrastate Toll Usage and Mileage Charges (Service Description see Section 3.7)

4.1.1 Call Usage Charges: Intrastate Toll Rate

	Initial Period	Overtime Period
Day	\$0.0840 / 60 sec.	\$0.0168 / 60 sec.
Evening	\$0.0504 / 60 sec.	\$0.0101 / 60 sec

Evening rates apply at all times except Monday through Friday from 7:00 a.m. to 6:00 p.m. Evening rates also apply on Holidays.

4.2 Operator Charges for Presubscribed Customers (Service Description see Section 3.7.3)

The following service charges apply to intrastate toll calls for which live or automated operator assistance is provided for call completion and/or billing.

Station to Station	\$1.25
Person to Person	\$3.00
3rd Number Billing	\$1.50
Collect Calls	\$1.50
All Other Operator Assistance	\$1.50

4.3 Operator Charges for Non-Presubscribed Customers (Service Description see Section 3.7.3)

The following service charges apply to intrastate toll calls for which live or automated operator assistance is provided for call completion and/or billing.

Station to Station	\$1.75
Person to Person	\$3.25

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4.4 Calling Card Charges (Service Description see Section 3.8)

Per Minute Rate:	
Day	$0.20
Evening	$0.20

Per Call Surcharge $0.00

4.5 Prepaid Debit Card Charges (Service Description see Section 3.9)

Per Minute Rate	
Day	$0.192
Evening	$0.192

Per Call Surcharge $0.80

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4.5 Special Rates for the Handicapped

4.5.1 Directory Assistance

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company shall charge the prevailing tariff rates for every call in excess of 50 within a billing cycle.

4.5.2 Hearing and Speech Impaired Persons

Intrastate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

4.5.3 Telecommunications Relay Service

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge.