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BEFORE THE UTAH PUBLIC SERVICE COMMISSION

In the Matter of the Application of Talk America Services, LLC for a Certificate of Public Convenience and Necessity to Provide Resold Local Exchange and Interchange Telecommunications Services in the State of Utah.

Docket No. _____

**APPLICATION FOR A CERTIFICATE
OF PUBLIC CONVENIENCE AND
NECESSITY**

I. INTRODUCTION

Talk America Services, LLC (“TAS” or “Applicant”), by its undersigned counsel and pursuant to Chapter 8b of Title 54 of the Utah Code, Utah Admin. Code §§ 746-100 et seq., and the rules and regulations of the Utah Public Service Commission (“Commission”), hereby applies for a Certificate of Public Convenience and Necessity (“Certificate” or “CPCN”) to provide resold local exchange and interexchange telecommunications services to residential customers in Utah.

This Application is being filed in connection with a transaction involving Windstream Holdings, Inc. (“Windstream”). Windstream, and certain of its indirect subsidiaries,¹ are planning

¹ McLeodUSA Telecommunications Services, LLC (“McLeod”), PAETEC Communications, Inc. (“PAETEC”), Windstream Communications, Inc. (“Windstream Communications”), Windstream

to undertake a corporate transaction (the “Transaction”) under which Windstream’s business will be divided into two independent units: an operating unit that will continue to provide telecommunications and related services, and a real estate investment trust that will hold title to certain distribution plant assets, none of which are located in the state of Utah (the “Subject Assets”) and lease those assets exclusively to the Windstream Companies on a long term basis. The Subject Assets of the Windstream Companies, including copper, fiber, real estate and other network assets, will be transferred to Communications Sales and Leasing, Inc. (“CSL”), a newly established corporation, and CSL will lease them back to Windstream on a long term basis for the exclusive use and benefit of the Windstream Companies. Under the terms of the exclusive lease from CSL, the Windstream Companies will continue to be responsible for the operation and maintenance of the Subject Assets and also continue to have responsibility for meeting all relevant quality of service standards and all other regulatory obligations, just as they do today. Separately, the Windstream Companies intend to transfer all of their residential local exchange and long distance customers to Applicant. Applicant requests that the Commission associate this Application with the **Application for Approval of Transfer of Customers to Talk America Services, LLC**, (“Transfer Application”), which will be concurrently filed, or filed very near in time, by the Windstream Companies.

The Transaction is not being undertaken as a means of market entry as CSL, the entity that will be obtaining the Subject Assets, will not be providing telecommunications services, but will

NTI, Inc. (“NTI”), Windstream NuVox, Inc. (“NuVox”) (collectively, the “CLEC Licensees” or the “Windstream Companies”).

rather be leasing those assets back to the Windstream Companies in order for them to continue providing such services. Further, the transfer of customers to TAS will be undertaken only after TAS has obtained proper authority from the Commission in order to provide resold local exchange, resold interexchange and broadband telecommunications services to residential customers currently subscribed to the Windstream Companies in Utah.

At the consummation of the Transaction, CSL will be spun-off from Windstream as its own separate publicly-traded company. When the Transaction is consummated, CSL will be owned by the same shareholders that own Windstream, and as such, the transfer of control of TAS that takes place at that time will be *pro-forma* as the ultimate owners of TAS will be the same before and after the spin-off. TAS requests that the authority requested herein granted by the Commission take into account, to the extent necessary, the ultimate ownership of TAS at the time that the Transaction is consummated: as a subsidiary of CSL, which in turn will be a publicly traded company.

The following information regarding Applicant's managerial qualifications, financial resources, and technical competence to provide resold local exchange, resold interexchange and broadband telecommunications services is submitted pursuant to the Commission's rules and regulations.

II. GENERAL INFORMATION

1. Applicant's legal name is Talk America Services, LLC. Applicant maintains its principal place of business at 4001 N. Rodney Parham Rd., Little Rock, Arkansas 72212.

All correspondence and communications regarding this Application should be addressed to Applicant's attorneys:

William J. Evans, Esq.
Joseph M. Stultz, Esq.
Parsons Behle & Latimer
201 South Main Street
Suite 1800
Salt Lake City, UT 84111
Tel: (801) 532-1234
Fax: (801) 536-6111
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with a copy to:

Jeffery W. Small
Senior Vice President - Corporate Development and Operations
Talk America Services, LLC
4001 N. Rodney Parham Rd.
Little Rock, AR 72212
Tel: (501) 748-5870
Fax: (330) 425-0881
jeffery.w.small@windstream.com

Following the grant of this Application, the Commission should direct all correspondence directly to Applicant's regulatory and operations contact:

Jeffery W. Small
Senior Vice President - Corporate Development and Operations
Talk America Services, LLC
4001 N. Rodney Parham Rd.
Little Rock, AR 72212
Tel: (501) 748-5870
Fax: (330) 425-0881
jeffery.w.small@windstream.com

The following toll-free number is available for end user consumer inquiries:

(855) 546-5500

The person responsible for customer service is:

James “Jim” Severance
2134 W Laburnum Avenue
Richmond, VA 23227
(804) 422-4729
james.severance@windstream.com

Applicant’s registered agent in Utah is:

CT Corporation System
1108 E. South Union Avenue
Midvale, UT 84047

In support of its request for a CPCN, Applicant submits the following information pursuant to Utah Admin. Code R746-349, Competitive Entry Requirements:

2. R746-349-3(A)(2). Proof of Bond

Applicant respectfully requests a waiver of the requirement in R746-34-2(A)(2) and R746-349-3(A)(11)(c) for proof of a bond in the amount of \$100,000, as Utah customers will not be required to make a service deposit. Further, as demonstrated by its financial statements, Applicant has the financial resources to cover other liabilities to telecommunications customers.

3. R746-349-3(A)(3). Facilities to Be Used

Applicant will initially only resell the services of the Windstream Companies, and, in the future will amend its certification if it decides to offer services as a facilities-based provider. Applicant will operate the business as currently configured as opposed to constructing any new facilities in the state at this time. Applicant will enter in to a resale agreement with the Windstream Companies to provide local exchange, interexchange and broadband services to residential

customers. Applicant will have resale agreements with the Windstream Companies before it commences providing local exchange, interexchange and broadband services to residential customers. Applicant plans to limit the geographic scope of its services to the local exchange boundaries and established local calling scope of the incumbent local exchange carriers.

4. R746-349-3(A)(4). Proposed Services

Applicant requests authorization to provide resold local exchange, resold interexchange and broadband telecommunications services to and from all points in the State of Utah that are currently open, and that become open, to competition, and to provide interexchange telecommunications statewide, except in any local exchange having fewer than 5,000 access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines in the state. With this limitation, Applicant seeks statewide authority, so that it may expand its service areas as market conditions warrant and as additional service areas become open to competition. TAS proposes to provide wireline local telecommunications service – specifically, local exchange service (including, among other things, access to emergency services, access to operator services, alternative operator services, access to interexchange service, access to directory assistance, toll limitation for qualifying low-income consumers, and any other ancillary functionalities that TAS must provide pursuant to applicable statutes and regulations) and broadband service.

TAS will focus on service packages, marketing strategies and designing customers service standards catered to the residential CLEC customer segment. Having a separate management team dedicated solely to this segment of the market will significantly improve the customer experience and performance of the residential CLEC business. Applicant plans on using the existing local

exchange boundaries and established local calling scope of the incumbent local exchange carriers in Utah, with the limitation noted in the paragraph just above.

5. R746-349-3(A)(5). Access to Standard Services

Applicant will provide access to ordinary intraLATA and interLATA message toll calling, operator services, directory assistance, directory listings, and emergency services through interconnection with its underlying carrier(s).

6. R746-349-3(A)(6), R746-349-3(A)(13). Implementation Schedule

Applicant proposes to begin providing resold local exchange and interexchange services following the transfer of residential customers currently subscribed to the Windstream Companies in Utah, which will be undertaken concurrently with, or as soon as practicable following the Commission's approval of Applicant's CPCN, and approval of the Windstream Companies' Transfer Application.

7. R746-349-3(A)(7). Managerial Qualifications

Applicant has the technical ability to provide the proposed services. Applicant will be managed and operated by capable, experienced executives and employees who possess extensive managerial, financial, and technical experience in the telecommunications industry. Resumes of the key personnel that will be managing Applicant are attached as **Exhibit A**. These individuals have both highly effective management skills and considerable telecommunications expertise. The biographies of these key executives are submitted as evidence that Applicant possesses the managerial qualifications required for the provision of telecommunications services on behalf of Applicant. Applicant will have the managerial and technical capability necessary to provide high quality services to customers in Utah. The officers and directors of Applicant are:

Officers and Directors:

Francis X. “Skip” Frantz - Chairman of the Board
Anthony W. Thomas - Chief Executive Officer
Jeffery W. Small - Senior Vice President – Corporate Development and Operations

All Officers and Directors may be contacted through the Applicant’s offices at:

4001 N. Rodney Parham Rd.
Little Rock, AR 72212
Tel: (501) 748- 4491

8. R746-349-3(A)(8). Employees of Applicant and Organization Chart

Applicant’s Utah operations will be directed by its management team located at its headquarters in Little Rock, Arkansas. In lieu of an organizational chart, Applicant offers the biographies of its key personnel set forth in Exhibit A.

9. R746-349-3(A)(9). Chart of Accounts That Includes Account Numbers, Names and Brief Descriptions

The financial information contained in Exhibit B was compiled in accordance with Generally Accepted Accounting Principles (“GAAP”). The requirement for a chart of accounts is typically necessary with an entity using regulated rate base or rate of return methodology so that authorities can be confident of the proper classification of revenue and expenses for end user price calculations in a monopoly environment. This is not the financial environment surrounding the services offered by Applicant. Therefore, Applicant asks that the requirement for a chart of accounts be waived.

10. R746-349-3(A)(1), R746-349-3(A)(10) - (12). Financial Qualifications

Initially, Applicant, as a subsidiary of CSL, will be funded by CSL through new debt to be issued in the public markets. With this financing, Applicant will be well-qualified financially to

operate within the State of Utah. As a newly formed company, Applicant does not currently have historical financial statements. Therefore, Applicant submits under seal as **Exhibit B** confidential *pro forma* financial statements representing Applicant's expected financial status, subject to change based on the final terms of the Reorganization and stock price allocation, following the proposed transfer of certain "subject assets" of the Windstream Companies to CSL. The information provided in **Exhibit B** is proprietary and has marked "**Confidential – Subject to Public Service Commission of Utah Rule 746-100-16.**" Applicant requests that **Exhibit B** be afforded confidential treatment as this exhibit contains financial information, which, if disclosed, would result in substantial harm to Applicant's competitive position. As shown in the information provided, Applicant is financially qualified to operate within Utah. Also included with **Exhibit B** is a letter from Jeffery W. Small, Senior Vice President-Corporate Development and Operations attesting to the accuracy, integrity and objectivity and that the financial statements were prepared in accordance with GAAP.

11. R746-349-3(A)(12)(b) & (c). Projected Operations

Applicant will initially only resell the services of the Windstream Companies, and will apply to the Commission to amend its certification if it decides to offer services as a facilities-based provider. Applicant will operate the business as currently configured as opposed to constructing any new facilities in the state at this time. Applicant's network will consist of leased facilities provided by other carriers.

12. R746-349-3(A)(6), R746-349-3(A)(13). Implementation Schedule.

See Response to Paragraph 6.

13. R746-349-3(A)(14). Current Service Offerings.

TAS is not currently authorized to provide intrastate telecommunications services in any jurisdiction, and therefore has not been denied authority to provide telecommunications services in any state, but is in the process of obtaining authority to provide intrastate telecommunications services in all of the contiguous United States and the District of Columbia. Applicant is not seeking authority to provide services within Alaska and Hawaii.

14. R746-349-3(A)(15). Public Interest Considerations

The granting of this Application will promote the public interest by allowing the previously described Transaction to be completed, thereby permitting the residential customers of the Windstream Companies to continue to receive their telecommunications services without interruption. Further, TAS's operations will be overseen by a well-qualified management team with substantial telecommunications experience and technical expertise. The entry of Applicant into the Utah telecommunications market will enhance competition in the provision of telecommunications services within the State of Utah. By enhancing competition, Applicant will bring significant benefits to telecommunications users within the State of Utah by providing: (a) lower-priced and better-quality service; (b) innovative telecommunications services; (c) efficient use of existing communications resources; and (d) increased diversification and reliability in the supply of communications services. Applicant's proposed intrastate services are designed to meet the telephone needs of subscribers and permit subscribers to realize cost savings in communications services. Accordingly, Applicant anticipates that its proposed service will provide its subscribers with better quality services and will increase consumer choice through innovative, diversified, and reliable service and equipment offerings.

Applicant respectfully submits that grant of this Application will thereby serve the public interest by providing end users with a broader choice of competitively priced telecommunications services than currently exists.

15. R746-349-3(A)(16). Proof of Authority to Conduct Business.

Applicant is a newly formed Delaware limited liability company, formed on June 27, 2014, and a subsidiary of Communications Sales and Leasing, Inc. (“CSL”). A copy the Company’s Certificate of Formation and its Authority to Transact Business in Utah are attached hereto as **Exhibit C** and **Exhibit D**.

16. R746-349-3(A)(17) & (18). Unauthorized Switching, Solicitation of New Customers, and Prevention of Unauthorized Switching or Other Illegal Activities.

As a newly formed Company, Applicant has never had complaints filed against it with any state or federal commission regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered. Applicant will comply with all applicable laws and regulations to prevent the unauthorized switching of local service customers by the Applicant, its employees or agents.

17. R746-349-4(E). Tariffs.

Upon certification of Applicant, and prior to commencing service, Applicant will file the relevant interexchange and/or local exchange tariff that complies with all Commission rules and regulations and lists the rates, terms, and conditions of service.

III. CONCLUSION

The information contained in this Application and the exhibits hereto fully describe Applicant and its ability to provide residential subscribers in Utah with viable and economical telecommunications services.

Applicant's request to provide resold local exchange, resold interexchange and broadband telecommunications services within the State of Utah should be granted upon a showing by Applicant that it possesses the managerial qualifications, financial revenues, and technical competence to provide such services. Applicant has demonstrated above that it possesses these qualifications.

WHEREFORE, Talk America Services, LLC respectfully requests that the Commission enter an Order granting it a Certificate of Public Convenience and Necessity to provide resold local exchange, resold interexchange and broadband telecommunications service as described in this Application, and granting such additional or further relief as may be necessary or appropriate.

Respectfully submitted this 24th day of September, 2014.

/s/ William J. Evans

William J. Evans

Joseph M. Stultz

PARSONS BEHLE & LATIMER

One Utah Center

201 South Main Street, Suite 1800

Salt Lake City, Utah 84111

Attorneys for Applicant,

Talk America Services, LLC

CERTIFICATE OF SERVICE
(Talk America Services, LLC)

I hereby certify that on this 24th day of September, 2014, I caused to be e-mailed, a true and correct copy of the foregoing **APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY** to:

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/s/ Colette V. Dubois _____