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Counsel for Windstream Corporation

Counsel for PAETEC Holding Corp. and the
PAETEC Regulated Entities

**BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH**

Joint Application of

PAETEC Holding Corp.,

***PaeTec Communications, Inc.,
McLeodUSA Telecommunications
Services, LLC***

and

Windstream Corporation

*for the Indirect Transfer of Control of PaeTec
Communications, Inc. and McLeodUSA
Telecommunications Services, LLC to
Windstream Corporation*

JOINT APPLICATION

Docket No. _____

JOINT APPLICATION

PAETEC Holding Corp. (“PAETEC”), PaeTec Communications, Inc. (“PCI”), McLeodUSA Telecommunications Services, LLC (“McLeodUSA”), (PCI and McLeodUSA, together, the “PAETEC Regulated Entities”) and Windstream Corporation in its sole capacity as the acquiring entity (“Windstream”) (PAETEC, the PAETEC Regulated Entities, and Windstream collectively, the “Applicants”), by their undersigned counsel and pursuant to Utah Code Ann. §§ 54-4-28 & 54-4-29 and the rules of the Commission, including R746-349-7,

respectfully request approval for the indirect transfer of control of the PAETEC Regulated Entities to Windstream (the “Transaction”).

In order to consummate the Transaction this year, Applicants request that the Commission grant all relief sought herein as expeditiously as possible, and no later than November 1, 2011, so that Applicants can close the Transaction as soon as practicable in 2011 and in order for them to meet critical business objectives.

In support of this Joint Application, Applicants provide the following information:

I. DESCRIPTION OF THE APPLICANTS

A. Windstream Corporation

Windstream Corporation, a Delaware corporation headquartered at 4001 Rodney Parham Road, Little Rock, Arkansas 72212, (501) 748-7000, is a publicly traded (Nasdaq: WIN) S&P 500 diversified communications and entertainment company. Windstream's subsidiaries provide local and long distance telephone services, data hosting services, broadband and high-speed data services and video services to customers throughout the United States.¹ Windstream's operations currently have approximately 3.3 million access lines and approximately \$4 billion in annual revenues. More information about Windstream and its operations can be found at www.windstream.com.

Windstream does not itself provide telecommunications services or hold any telecommunications licenses in its own right, but by virtue of its ownership of its regulated subsidiaries, Windstream is qualified to own and its subsidiaries are qualified to operate telecommunications carriers in Utah. Additional information concerning Windstream's legal, technical, managerial and financial qualifications to acquire control of the PAETEC Regulated

¹ The operations of Windstream's existing subsidiaries in these states, including Utah, will not be affected by the instant Transaction.

Entities was submitted to the Commission with various prior filings with respect to the operations of its subsidiaries in Utah and is therefore already a matter of public record.

B. PAETEC Holding Corp

PAETEC is a publicly traded Delaware corporation (NASDAQ GS: PAET) with principal offices located at One PAETEC Plaza, 600 Willowbrook Office Park, Fairport, New York 14450. PAETEC, through its regulated operating subsidiaries including the PAETEC Regulated Entities that operate in Utah, has a presence in 86 of the nation's top 100 MSAs, delivering communications solutions primarily to business customers in 49 states and the District of Columbia. Additional information regarding PAETEC, including its most recent Securities and Exchange Commission Form 10-Q, is available at www.paetec.com/investors.

The PAETEC Regulated Entities hold the following authorizations in Utah:

1. PCI is authorized to provide local exchange and interexchange telecommunications services pursuant to a Certificate granted in Docket No. 04-2441-01 (March 30, 2005).
2. McLeodUSA is authorized to provide local exchange and interexchange telecommunications services pursuant to a Certificate granted in Docket No. 98-2249-01 (May 19, 1998).

Organization charts illustrating the corporate structure of the PAETEC Regulated Entities pre- and post-Transaction are appended hereto as **Exhibit A**.

II. DESIGNATED CONTACTS

Questions, correspondence or other communications concerning this Application should be directed to the following designated representative of Applicants:

For PAETEC

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For Windstream

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With a copy to:

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With a copy to:

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III. DESCRIPTION OF THE TRANSACTION

Pursuant to the terms of an Agreement and Plan of Merger (“Agreement”) dated July 31, 2011 among Windstream, Peach Merger Sub, Inc. (“MergerCo”) (a direct, wholly-owned subsidiary of Windstream created for purposes of the merger), and PAETEC, MergerCo will merge with and into PAETEC, and PAETEC will continue to exist as the surviving corporation (the “Transaction”). As a result of the Transaction, PAETEC will become the direct, wholly-owned subsidiary of Windstream. Thus, Windstream will be the new ultimate parent company of PAETEC Regulated Entities, although these entities will all continue to be wholly owned by their existing intermediate parent companies. For the Commission’s convenience, pre- and post-transaction organizational charts are provided as Exhibit A. A copy of the PAETEC’s 8-K filing

with the SEC containing the Agreement is publicly available online, and is incorporated by reference herein.²

Accordingly, this change in ultimate control will not involve a transfer of the operating authority, assets or customers of the PAETEC Regulated Entities. Immediately following consummation of the Transaction, PAETEC Regulated Entities will continue to offer the same services, rates, terms and conditions pursuant to their existing respective authorizations. Since these certificated entities will be ultimately owned by Windstream as a result of the Transaction, they may in the future change their names to reflect the “Windstream” brand. The Applicants emphasize that any modifications to the names of the PAETEC Regulated Entities, or any other changes to their rates, terms or conditions of those service that may occur in the future following the consummation of the Transaction will be undertaken pursuant to the requirements of applicable law and Commission rules.

Windstream has the technical, managerial, and financial qualifications to acquire control of the PAETEC Regulated Entities. Windstream’s operating subsidiaries provide local and long distance telephone services, data hosting services, broadband and high-speed data services and video services to customers throughout the United States. Windstream’s operations currently have approximately 3.3 million access lines and approximately \$4 billion in annual revenues. More information about Windstream and its operations can be found at www.windstream.com. Copies of Windstream’s most recent financial statements from its Form 10-K for the year ended December 31, 2010 are available online and are incorporated by reference herein.³

² See *Agreement and Plan of Merger among Windstream Corporation, Peach Merger Sub, Inc., and PAETEC Holding Corp.*, at Exhibit 2.1 (July 31, 2011), available at: <http://sec.gov/Archives/edgar/data/1372041/000119312511204606/0001193125-11-204606-index.htm>. Applicants will provide staff a paper copy of this voluminous filing upon request.

³ See *Annual Report of Windstream for Fiscal Year Ended December 31, 2010 (SEC Form 10-K)*, (Feb. 22, 2011), available at:

IV. INFORMATION REQUIRED BY R746-394-7

Pursuant to R746-394-7, Applicants provide the following information:

a. identification that it is not an ILEC,

Applicants confirm that none of the Applicants or their affiliates is an ILEC in Utah.

b. identification that it seeks approval of the application pursuant to this rule,

Applicants confirm that they seek approval of the application pursuant to the information adjudication process set forth in this rule.

c. a reasonably detailed description of the transaction for which approval is sought,

A detailed description of the Transaction is provided in Section III, above.

d. a copy of any filings required by the Federal Communications Commission or any other state utility regulatory agency in connection with the transaction, and

Applicants will file Domestic and International Section 214 Applications with the FCC. Copies of the Applications will be filed with this Commission after they are submitted. In connection with this Transaction, Applicants also expect to request approval from the utility regulatory agencies (“PUCs”) in the following states in addition to Utah: Arizona, California, Colorado, Delaware, Georgia, Hawaii, Indiana, Louisiana, Maryland, Minnesota, Mississippi, New Jersey, New York, Ohio, Pennsylvania, Texas, Virginia and West Virginia. Due to the voluminous nature of these state filings, most of which contain the same basic information, Applicants have only attached as Exhibit B a copy of the West Virginia filing requesting approval. Applicants are also providing pre-closing written or verbal notice to the PUCs in the following jurisdictions: Arkansas, Connecticut, the District of Columbia, Florida, Idaho, Iowa, Kansas, Kentucky, Maine, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico,

<http://sec.gov/Archives/edgar/data/1282266/000119312511042169/0001193125-11-042169-index.htm> (“Windstream’s Form 10-K”). Applicants will provide staff a paper copy of this voluminous filing upon

North Carolina, North Dakota, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas Washington and Wyoming. Due to the voluminous and repetitive nature of the notices to be sent to these PUCs, Applicants have not included copies of the notice filings. Applicants will provide any additional filings at the request of the Commission.

- e. **copies of any notices, correspondence or orders from any federal agency or any other state utility regulatory agency reviewing the transaction which is the subject of the application.**

Applicants have not yet received any notices, correspondence or orders from any federal agency or PUC reviewing the Transaction. To the extent requested by the Commission, Applicants will forward any orders or similar actions approving or denying approval of the Transaction.

VI. PUBLIC INTEREST STATEMENT

Applicants submit that the Transaction described herein will serve the public interest. Applicants expect that the merger will enable the combined entities to better meet the needs of enterprises, wholesale buyers, and other customers. The Transaction will bring together two successful carrier organizations that have proven themselves in a highly competitive marketplace. The Transaction will help create a stronger competitor by bringing together each organization's respective strengths. Operating as an integrated company will allow each of the operating companies to be more competitive and to deliver greater value and variety of services to their customers than they do individually.

Moreover, the Transaction will be conducted in a manner that will be largely transparent to customers of the PAETEC Regulated Entities. The Transaction will not result in a change of carrier for customers or any assignment of authorizations, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers. Immediately following consummation of the Transaction, the PAETEC Regulated Entities will continue to provide high-

request.

quality communications services to their customers without interruption and without immediate change in rates, terms or conditions.

The public interest will also be served by expeditious consideration and approval of the Transaction no later than November 1, 2011. For various important business, tax and financial reasons, Applicants require that the Transaction be closed as quickly as possible. Delay in the regulatory approval process – and thus in the ability of the Applicants to move forward promptly with the integration process – risks creating uncertainty and competitive harm, especially in the public equity markets for the companies’ respective stock. The competitive telecommunications marketplace continues to be a very challenging business environment. The proposed Transaction is aimed at strengthening the competitive position of the combined entities and, therefore, delay in the regulatory approval process prevents the parties from realizing the economic benefits of integration of the carriers’ networks or offering the expanded combined network footprint to customers as quickly as the parties otherwise could.

VI. CONCLUSION

For the foregoing reasons, Applicants submit that the public interest, convenience, and necessity would be furthered by grant of this Application, authorizing Applicants to complete the Transaction described herein.

Respectfully submitted,

Windstream Corporation

PAETEC Holding Corp. and the PAETEC
Regulated Entities

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Its Counsel

Their Counsel

Date: August 15, 2011

LIST OF EXHIBITS

Exhibit A	Pre- and Post-Transaction Corporate Organizational Structure
Exhibit B	Copy of West Virginia PSC Filing
Verifications	

EXHIBIT A

Pre- and Post-Transaction Corporate Organizational Structure

EXHIBIT B

Copy of West Virginia PSC Filing

Verifications