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**BEFORE THE UTAH PUBLIC SERVICE COMMISSION**

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In the Matter of the Application of Windstream Holdings, Inc., McLeodUSA Telecommunications Services, LLC, PAETEC Communications, Inc., Windstream Communications, Inc., Windstream NTI, Inc., Windstream NuVox, Inc., and Talk America Services, LLC for the Approval of the Transfer of Customers to Talk America Services, LLC

Docket No. \_\_\_\_\_

**APPLICATION FOR APPROVAL TO  
TRANSFER CUSTOMERS**

1. Windstream Holdings, Inc. (“Windstream”), McLeodUSA Telecommunications Services, LLC (“McLeod”), PAETEC Communications, Inc. (“PAETEC”), Windstream Communications, Inc. (“Windstream Communications”), Windstream NTI, Inc. (“NTI”), Windstream NuVox, Inc. (“NuVox”) (McLeod, PAETEC, Windstream Communications, NTI and NuVox, collectively, the “CLEC Licensees” or the “Windstream Companies”); and Talk America Services, LLC (“TAS”) (Windstream, the CLEC Licensees, and TAS collectively, the “Applicants”) respectfully submit this Application requesting the Utah Public Service Commission (“Commission”) issue an Order approving the transfer of the residential local and long distance customers of the CLEC Licensees to TAS, to the extent required. Concurrent with this Application, TAS, a newly formed company, is submitting an application for a certificate of convenience and necessity to operate in Utah as a competitive local exchange and long distance

carrier (the “Certificate Application”).

2. In support, the Applicants provide the following information:

**I. THE APPLICANTS**

3. Windstream Holdings, Inc. (“Windstream”), a Delaware corporation headquartered at 4001 Rodney Parham Road, Little Rock, Arkansas 72212, is a publicly traded (Nasdaq: WIN) S&P 500 diversified communications and entertainment company. Windstream’s subsidiaries, including the CLEC Licensees, 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. Together, Windstream’s operations currently have approximately 3.4 million connections (*i.e.*, voice lines, high-speed Internet lines, digital television customers) and approximately \$6 billion in annual revenues. More information about Windstream and its operations can be found at [www.windstream.com/about](http://www.windstream.com/about).

4. Windstream does not provide telecommunications services in its own right. It owns and operates a number of licensed telecommunications providers in all states and the District of Columbia, except Alaska, many of which also hold authority from the Federal Communications Commission (“FCC”) to provide domestic interstate and international telecommunications services. In Utah, the CLEC Licensees, Windstream’s wholly owned Utah operating subsidiaries, hold the following authorizations to provide competitive local exchange and interexchange services:

- A. McLeodUSA Telecommunications Services, LLC is authorized to provide local exchange and interexchange telecommunications services pursuant to authority issued in Docket No. 98-2249-01 on May 19, 1998.
- B. PAETEC Communications, Inc. is authorized to provide local exchange and interexchange telecommunications services pursuant to authority issued in Docket No. 04-2441-01 on March 30, 2005.

- C. Windstream Communications, Inc. is authorized to provide interexchange telecommunications services pursuant to notice dated December 23, 2005.
- D. Windstream NTI, Inc. is authorized to provide interexchange telecommunications services pursuant to notice dated November 3, 1995.
- E. Windstream NuVox, Inc. is authorized to provide local exchange telecommunications services pursuant to authority issued in Docket No. 11-2538-01 on March 29, 2011.

5. TAS, a Delaware limited liability company, is a newly created subsidiary of Communications Sales and Leasing, Inc. (“CSL”). TAS is separately seeking authority in the Certificate Application to become a provider of local exchange and interexchange service. Its immediate parent, CSL, is currently a Windstream subsidiary, but will be spun-off to become a separate, publicly traded company (as described below). Upon TAS receiving a certificate of convenience and necessity to operate as a telecommunications service provider and after notice to customers has been given, the residential customers of the CLEC Licensees will be assigned to TAS, which will provide their telecommunications services pursuant to its new certificate.

## **II. CONTACTS**

6. Questions or any correspondence, orders, or other materials pertaining to this filing should be directed to the following:

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### **III. OVERVIEW OF TRANSACTION**

7. Windstream is planning an intra-corporate transaction (the “Transaction”) in which its 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 unit that will hold title to certain distribution plant assets, none of which are located in Utah (the “Subject Assets”), and will lease those assets exclusively to the Windstream Companies on a long term basis. Under the Transaction, the Subject Assets of the Windstream Companies, including copper, fiber, real estate and other network assets, will be transferred to 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. CSL will elect to operate as a Real Estate Investment Trust (“REIT”), and both CSL and Windstream will thereafter be independent publicly traded companies whose stock will trade independently of the other.

8. As no Utah assets are involved in the Transaction, Applicants are only requesting approval of the assignment of the residential customers to TAS. Once TAS has obtained the requisite regulatory commission certifications to operate as a competitive local exchange and interexchange carrier in Utah and other states, and following notice to affected customers, the residential local and long distance customers of the CLEC Licensees will be transferred to TAS. The CLEC Licensees will retain all of their business customers, and will also retain their existing certifications in Utah and other states in order to continue providing services to those customers.

9. The Windstream Companies’ operations and provision of service will not change as a result of the Transaction. The CLEC Licensees will continue to provide the same services to their business customers, at the same rates, and pursuant to the same tariffs and under the same names, as they do now. Upon the certification of TAS and the assignment of the residential

customers to it, TAS will provide the same high quality service that the CLEC Licensees do today.

10. Aside from a change in the name of their telecommunications provider, this residential customer base transfer will be virtually invisible to the customers transferred to TAS, and the rates, terms, and conditions of service provided to the transferred residential customers will not change as a result of the transfer. TAS will assume the residential customer contracts and relationships that the CLEC Licensees have with their residential customers. Where services are provided pursuant to filed tariff, TAS will adopt the tariffs of the Licensee or file tariffs that incorporate such rates, terms and conditions of service. Where services are provided on a non-tariffed basis, TAS will continue to provide service to the customers pursuant to the relevant service contracts or price lists.

11. TAS will initially operate as a reseller of the CLEC Licensees' local exchange and interexchange services. Accordingly, in the Certificate Application TAS seeks certification to be a resold competitive local exchange and resold interexchange telecommunications service provider in Utah. The customer transfer to TAS will not be consummated until TAS has received all required regulatory authorizations to provide interstate and intrastate telecommunications services and has complied with FCC and state requirements for notice to the affected customers. Attached hereto as **Exhibit A** is a sample notice that would be provided to the CLEC Licensees' customers at least 30 days prior to the transfer to TAS.

12. The assignment of customers to TAS will not take place until after the consummation of the *pro forma* Transaction in which its parent, CSL, will be spun-off from Windstream and operate as a separate publicly-traded company, initially with the same shareholders that own Windstream. Accordingly, at the time that the customers are assigned and

TAS begins operation under a new certificate, it will no longer be an indirect subsidiary of Windstream, although its ultimate shareholder owners will be the same as Windstream's shareholders.

#### **IV. THE PUBLIC CONVENIENCE AND NECESSITY**

13. Applicants submit that the customer assignment, which is part of a larger corporate restructuring, is consistent with the public interest. The Windstream Companies operate in an industry that has been and continues to be subject to rapid technological advances, evolving consumer preferences, and dynamic change. The public convenience and necessity require that the Applicants increase their efficiencies and lower their costs by means of efforts like the Transaction so that they can continue to provide the full range of advanced high quality services to residential and business customers.

14. The CLEC Licensee customers will receive the same high quality local exchange and long distance service as they do today, subject to the same rules, regulations, and applicable tariffs. The Transaction will not affect the CLEC Licensees' service quality obligations or tariffs. Further, any subsequent end user rate changes will continue to be governed by the same rules and procedures as they are today, and the terms and prices for existing wholesale services under applicable tariffs or agreements will remain unchanged as a result of this Transaction. Consequently, for the reasons stated above, the transfer of customers to be undertaken as part of the Transaction is consistent with the public convenience and necessity and is in the public interest.

WHEREFORE, Applicants have demonstrated that the Transaction is consistent with the public interest. Applicants urge the Commission to approve the transfer of customers of the CLEC Licensees to TAS. The CLEC Licensees and TAS will have the requisite technical,

managerial, and financial capability to provide quality communications services, and the transfer of customers will not adversely affect the public in this State. Applicants also request that the Commission consider the TAS Certificate Application with this Application, and approve its request for authority to operate as a competitive local exchange and interexchange service provider. Finally, Petitioners request that the Commission grant any other relief as may be necessary and/or proper in order to allow them to consummate the Transaction as proposed herein.

Respectfully submitted this 24th day of September, 2014.

/s/ William J. Evans

William J. Evans

Joseph M. Stultz

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*Attorneys for Applicants*

**CERTIFICATE OF SERVICE**

(Windstream Holdings, Inc.)

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 APPROVAL TO TRANSFER CUSTOMERS** to:

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/s/ Colette V. Dubois

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