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State of Utah
Department of Commerce
Division of Public Utilities

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Executive Director

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Director, Division of Public Utilities

MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: December 07, 2016

Re: In the Matter of the Joint Application of EarthLink Business, LLC, EarthLink Holdings Corp. and Windstream Holdings, Inc. for Approval of Transfers of Control, Docket Number 16-2287-01 and 16-2538-01.

RECOMMENDATION (Allow):

The Division of Public Utilities (“Division”) has reviewed the joint application between EarthLink Business, LLC, EarthLink Holdings Corp., and Windstream Holdings, Inc. and believes that the public interest will be promoted by recommending that the Public Service Commission (“Commission”) allow the this Transfer of Control. As a result of the acquisition, the Companies should be in a better position to provide expanded and advanced telecommunications services in the State of Utah.

The Division expects that based on history that a filing of this type and with the information submitted by the company there will be no objections or opposition to this recommendation. Therefore, the Division request that this docket be adjudicated informally in accordance with R746-110-1.

EXPLANATION:

On or about November 16, 2016, EarthLink Business, LLC (“EarthLink Business”), EarthLink Holdings Corp. (“EarthLink Parent”), and Windstream Holdings, Inc. (“Windstream Holdings”) notified the Commission of a transaction, which will result in a transfer of control of Windstream Parent to EarthLink Business.

Windstream Holdings is a Delaware corporation headquartered at 4001 Rodney Parham Road, Little Rock, Arkansas 72212. Through its wholly owned subsidiary, Windstream Services, 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, Windstream’s regulated subsidiaries hold the following authorizations:

1. 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.
2. PAETEC Communications, LLC is authorized to provide local exchange and interexchange telecommunications services pursuant to authority issued in Docket No. 04-2441-01 on March 30, 2005.
3. Windstream Communications, LLC is authorized to provide interexchange telecommunications services pursuant to notice dated December 23, 2005.
4. Windstream NTI, LLC is authorized to provide interexchange telecommunications services pursuant to notice dated November 3, 1995.
5. Windstream NuVox, LLC is authorized to provide local exchange telecommunications services pursuant to authority issued in Docket No. 11-2538-01 on March 29, 2011.

EarthLink Holdings Corp is a Delaware corporation headquartered at 1170 Peachtree Street, Suite 900, Atlanta, GA 30309. It is the parent company of EarthLink Business, LLC. EarthLink Business is a Delaware limited liability company, is authorized to provide local exchange and interexchange services pursuant to authority granted by the Commission in Docket No. 99-2287-01. The following are subsidiaries of EarthLink Business and operate in the state of Utah as long distance providers:

1. DeltaCom, LLC
2. Business Telecom, LLC
3. CTC Communications Corp.

On November 05, 2016, Windstream Holdings and EarthLink Holdings enter into an agreement pursuant to which Windstream Holdings will acquire EarthLink Holdings and its subsidiaries. Under the agreement, EarthLink Business and its subsidiaries will continue to offer the same services, rates, terms and conditions pursuant to their existing authorizations and the only material change resulting from the transaction will be that these certificated entities ultimately will be indirectly owned by Windstream Holdings.

The Applicants submit that the transaction described herein will serve the public interest. The 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.

The Applicants further submit that the transaction will be conducted in a manner that will be largely transparent their customers. 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.

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