

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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COMMISSION

In the Matter of:

THE APPLICATION OF WINDSTREAM KENTUCKY EAST, LLC)
AND WINDSTREAM KENTUCKY WEST, LLC FOR A)
DECLARATORY RULING THAT APPROVAL IS NOT REQUIRED)
FOR THE TRANSFER OF A PORTION OF THEIR ASSETS; (2))
ALTERNATIVELY FOR APPROVAL OF THE TRANSFER OF)
ASSETS; (3) FOR A DECLARATORY RULING THAT)
COMMUNICATIONS SALES AND LEASING, INC. IS NOT)
SUBJECT TO KRS 278.020(1); AND (4) FOR ALL OTHER)
REQUIRED APPROVALS AND RELIEF)

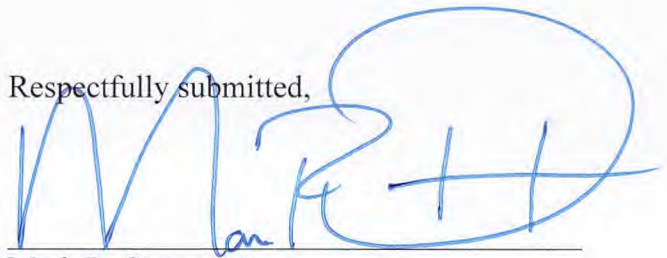
CASE NO.
2014-00283

* * * * *

**WINDSTREAM KENTUCKY EAST, LLC AND WINDSTREAM KENTUCKY WEST,
LLC RESPONSES TO THE KENTUCKY CABLE TELECOMMUNICATION
ASSOCIATION'S REQUESTS FOR INFORMATION**

Windstream Kentucky East, LLC and Windstream Kentucky West, LLC (collectively, "Applicants"), file the following responses to the requests for information propounded by the Kentucky Cable Telecommunication Association in accord with the instructions submitted with the request.

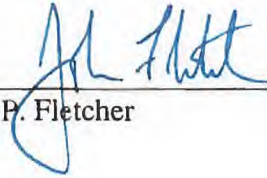
Respectfully submitted,



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VERIFICATION

I, John P. Fletcher, Executive Vice President, Secretary and General Counsel, of Windstream Holdings, Inc., after being duly sworn, state that the facts contained in the responses to data requests for which I am listed as a witness are true and accurate to the best of my knowledge.



John P. Fletcher

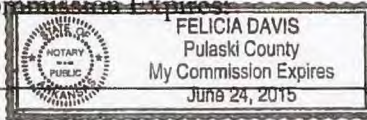
STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

Subscribed and sworn before me on this the 31 day of October, 2014.



Notary Public State at Large

My Commission Expires



VERIFICATION

I, Robert E. Gunderman, Chief Financial Officer and Treasurer of Windstream Holdings, Inc., after being duly sworn, state that the facts contained in the responses to data requests for which I am listed as a witness are true and accurate to the best of my knowledge.


Robert E. Gunderman

STATE OF ARKANSAS)
)
COUNTY OF PULASKI)

Subscribed and sworn before me on this the 31 day of October, 2014.


Notary Public State at Large

My Commission Expires 

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served via United States Postal Service, First Class Mail, postage prepaid, on this the 3rd day of November, 2014 upon:

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Stoll Keenon Ogden
2000 PNC Plaza
500 West Jefferson Street
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Bloomsburg PA 17815



Counsel for Windstream Kentucky East, LLC and
Windstream Kentucky West, LLC

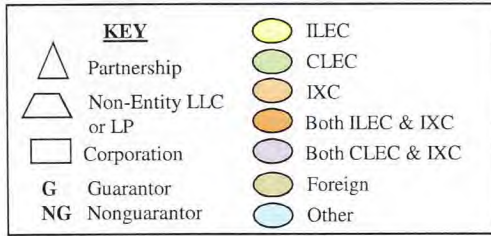
1. Please identify the each of the wholly owned direct or indirect subsidiaries of Communications Sales and Leasing, Inc. ("CSL") referenced in paragraph 2 of the Application.

RESPONSE: Attached hereto as Exhibit A.

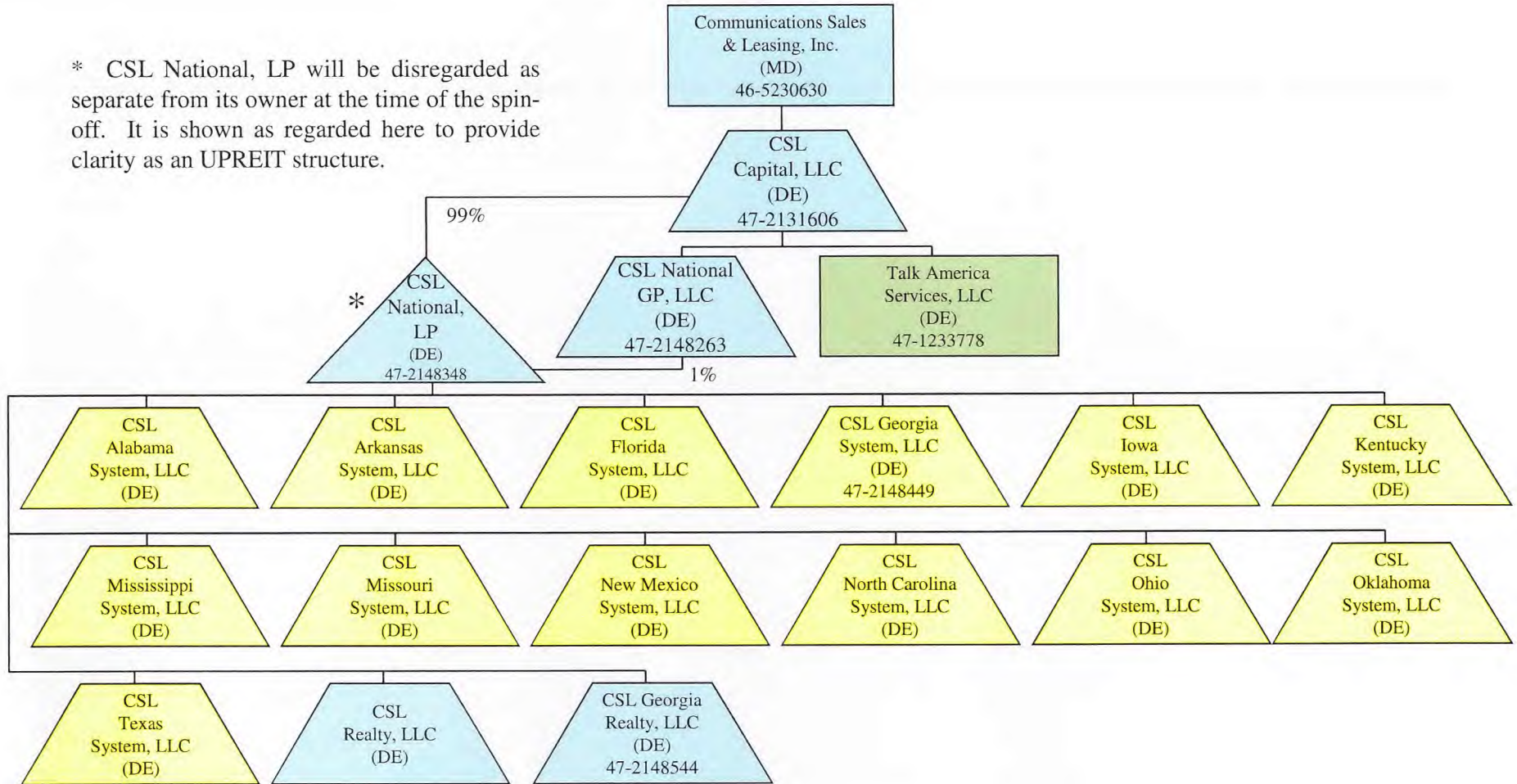
Witness: Robert Gunderman

Exhibit A

Communications Sales & Leasing, Inc. Ending Legal Entity Structure



* CSL National, LP will be disregarded as separate from its owner at the time of the spin-off. It is shown as regarded here to provide clarity as an UPREIT structure.



* Unless otherwise indicated, all ownership percentages are 100%

2. Paragraph 21 of the Application states that the "Lease" will give the Operating Companies "exclusive rights to use the distribution systems" and "to access and affix communications electronics, switching, or other equipment to the distribution systems for the provision, routing and delivery of voice, data and other communications services." Please fully explain whether this language, and other language in this paragraph, will require both CSL and the Operating Companies to allow cable operators and other third parties to maintain attachments on CSL's utility poles, and in CSL's conduits and rights-of-way.

RESPONSE: Under the terms of the Master Lease, the Operating Companies will have long term exclusive control of the assets, including poles. The Operating Companies will continue to be subject to all existing regulatory obligations, including allowing cable operators and other third parties to maintain attachments on said poles under existing rules and regulations. By having long term exclusive control of the assets, including poles, the Operating Companies will be able to meet and comply with all regulatory obligations, including pole attachments. Pursuant to the terms of the Master Lease, CSL will be required to allow the Operating Companies to discharge all regulatory obligations including pole attachment obligations.

Witness: John P. Fletcher

3. Will the Kentucky Public Service Commission retain jurisdiction to require CSL to allow cable operators and other third parties to attach to all of CSL's utility poles and conduits under tariff and pursuant to just and reasonable rates, terms and conditions? Please fully explain your answer, including statutory and case citations demonstrating that the PSC will retain such jurisdiction.

RESPONSE Applicants do not know whether and how the Commission will assert jurisdiction over CSL. However, in Applicants view the Commission would not have jurisdiction over CSL because, as a Real Estate Investment Trust ("REIT"), it will not be providing any telecommunications services in Kentucky. CSL will lease on a long term exclusive basis all of its real estate assets, including poles, to the Operating Companies. As discussed in response to Question No. 2 above, the Operating Companies will continue to have the obligation under existing Kentucky law to provide cable operators and third parties access to the poles and the Commission will continue to have full jurisdiction over the Operating Companies.

Witness: John P. Fletcher

4. Will the Kentucky Public Service Commission retain jurisdiction to require the Operating Companies to allow cable operators and other third parties to attach to all utility poles and conduits under tariff and pursuant to just and reasonable rates, terms and conditions? Please fully explain your answer, including statutory and case citations demonstrating that the PSC will retain such jurisdiction.

RESPONSE: The Commission will retain jurisdiction to require the Operating Companies to allow cable operators and third parties to attach to all utility poles pursuant to tariff under just and reasonable rates. The transaction does not remove or reduce any existing regulatory obligation of the Operating Companies. The Operating Companies will continue to be subject to all rules and regulations and having exclusive long term control of the transferred assets will allow the Operating Companies to meet their regulatory obligations. Pursuant to the terms of the Master Lease, CSL will be required to allow the Operating Companies to discharge all regulatory obligations including pole attachment obligations.

Witness: John P. Fletcher

5. With respect to paragraph 22 of the Application, please further describe the poles and conduits currently "leased" by the Operating Companies in Kentucky, identifying the pole owners and the duration of any lease.

RESPONSE: Attached hereto as Exhibit B.

Witness: Robert E. Gunderman

Exhibit B

Question No. 5. With respect to paragraph 22 of the Application, please further describe the poles and conduits currently "leased" by the Operating Companies in Kentucky, identifying the pole owners and the duration of any lease.

<u>Company</u>	<u>Agreement Expiration Date</u>
Time Warner National Division Total	Month to Month
Time Warner Cable Midwest LLC Total	12/1/2016
Kentucky Power (AEP) Total	11/30/2015
Berea Municipal Utilities (Berea College) Total	Month to Month
Blue Grass Energy Total	12/31/2014
City of Olive Hill Total	4/30/2015
Clark Energy Cooperative Total	2/28/2015
Electric Plant Board - City of Vanceburg Total	12/31/2014
Farmers Rural Electric Total	1/1/2015
Fleming-Mason Rural Electric Cooperative Corporation Total	1/1/2015
Glasgow Electric Plant Board Total	12/31/2014
Grayson Rural Electric Total	12/31/2018
Inter-County Energy Total	12/31/2014
South Kentucky RECC FKA Monticello Electric Plant Board Total	1/1/2015
Nolin Rural Electric Cooperative Corporation Total	1/1/2015
Salt River Elec Cooperative Corporation Total	12/31/2016
South Kentucky RECC Total	1/1/2015
Taylor County Rural Electric Cooperative Corp. Total	1/1/2015
Tri-County Electric Total	12/31/2015
Warren RECC Total	12/31/2015
Hodgenville Housing Authority Total	1/1/2015
City of Nicholasville Total	6/4/2015
Barbourville Utility Commission Total	Month to Month
City of Bardwell Total	Month to Month
Cumberland Valley Electric Total	7/27/2016
Fleming-Mason Rural Electric Cooperative Corporation Total	1/1/2015
Hickman-Fulton Co Total	7/25/2016
Housing Authority of London Total	No expiration specified
Jackson Energy Cooperative Total	12/31/2014
Jackson Purchase Energy Total	12/31/2014
Kenergy Total	1/1/2015
Meade County Total	2/20/2015
West Kentucky Rural Electric Total	8/11/2015
Housing Authority of Cumberland Total	Month to Month
Louisville Gas and Electric Company Total	11/10/2015
Duo County Telephone Total	Month to Month
Leslie County Telephone Co Total	3/14/2015
North Central Rural Telephone Total	11/24/2015
AT&T Kentucky (fka BellSouth Telecommunications, Inc.) Total	5/12/2015
AT&T LEC Services Billing Total	Month to Month

6. Please explain whether the use of the term "lease" in the Application is meant to include tariffed arrangements.

RESPONSE: To the extent the term lease is used in reference to the Master Lease, it is not meant to include tariffed arrangements. To the extent the word lease is used in reference to services provided by the Operating Companies, like pole attachments, and those services are provided pursuant to a tariff, then those services will continue to be provided pursuant to the tariff after the transaction closes.

Witness: John P. Fletcher

7. Please explain the difference, if any, between "exclusive usage rights," and "exclusive benefits" as those terms are used in the Application.

RESPONSE: There is no substantive difference.

Witness: John P. Fletcher

8. Identify the total number of utility poles and the total number of feet of underground conduit in Kentucky being transferred to CSL.

RESPONSE: Applicants will transfer 184,252 poles and 4.7 million feet of underground conduit to CSL.

Witness: Robert E. Gunderman

Exhibit C

Question No. 9. Identify the total number of entities, including utilities and cable providers, with attachments to the Operating Companies' poles in Kentucky.

Company

Access Cable TV
Armstrong Utilities - KY
AT&T
Barbourville Utility Commission
Blue Grass Energy
Bracken Cable, Inc.
Brandenburg Telecom LLC
C&W Cable Inc
City Holding Company
City of Bardwell
Clark Energy Cooperative
Cole Automotive Group
Comcast-KY
Community Telecom Services
Community TV
Crystal Broadband Networks, Inc.
Duo County Telecom
Eastern Cable Corp
Electric Plant Board - City of Vanceburg
FiberNet, LLC
Fields Cable Vision
Fleming-Mason Rural Electric Cooperative Corporation
Glasgow Electric Plant Board
Grayson Rural Electric
Hazard Independent Schools
Hazard Television Company
Inter-County Energy
InterMountain Cable
Irvine Community TV
Jackson Energy Cooperative
Jackson Purchase Energy
Kentucky Power (AEP)
Kentucky Telephone Company
L & L Communications
Limestone Cable Vision Co.
Louisville Gas and Electric Company
Mark West Energy Appalachia, LLC
Meade County
MediaCom Southeast LLC
Mikrotec CATV LLC
New Wave
Nolin Rural Electric Cooperative Corporation
North Central Rural Telephone
Paducah Power System
Perfect TV Cable
Rapid Cable
Rockcastle County Board of Education
Salt River Elec Cooperative Corporation
SE Acquisitions c/o Birch Communications
South Central Telecom

Exhibit C

Question No. 9. Identify the total number of entities, including utilities and cable providers, with attachments to the Operating Companies' poles in Kentucky.

Company

South Kentucky RECC

SuddenLink (Cequel III)

Taylor County Rural Electric Cooperative Corp.

Time Warner Cable

Tri-County Electric

TV Service Inc

Warren RECC

West Kentucky Rural Electric

Wilcop Cable TV

Wild Communications, Inc.

Zito Media LP

9. Identify the total number of entities, including utilities and cable providers, with attachments to the Operating Companies' poles in Kentucky.

RESPONSE: Attached hereto as Exhibit C.

Witness: Robert E. Gunderman

10. Explain the effects the proposed transaction will have on pole attachment rates and future compliance with the pole rate methodology set forth in Administrative Case 251.

RESPONSE: None. The Operating Companies will continue to be subject to the requirements set forth in Administrative Case 251 after the transaction closes.

Witness: John P. Fletcher

11. Will any party maintain sufficient data to allow the PSC and interested parties to determine the appropriate pole attachment rates for poles to be owned by CSL? If the answer is affirmative, please fully explain which party will maintain such data and how such data will be maintained.

RESPONSE: After the transaction closes, the Operating Companies will maintain the data necessary to comply with Administrative Case 251 under the same procedures the data is maintained today.

Witness: Robert Gunderman

12. For each of the following elements of the pole rate formulas in Administrative Case 251, please describe which company will keep the data and explain the mechanism for maintaining or collecting the data:

- a. The embedded (original) cost of 35, 40 and 45 foot poles;
- b. The total number of 35, 40 and 45 foot poles;
- c. The depreciation reserves for 35, 40 and 45 foot poles
- d. Pole maintenance expense;
- e. Operating expenses;
- f. Rate of return/cost of money.
- g. The number of 2 and 3 (or more) party poles.

RESPONSE: See response to Question No. 11.

Witness: Robert Gunderman

13. If there will be any changes in the way the pole rate formula data will be kept from how it is kept today, please explain.

RESPONSE: There will be no changes in the way data will be kept by the Operating Companies after the transaction closes.

Witness: Robert Gunderman

14. Are the Operating Companies willing to provide KCTA and the Commission data in this proceeding sufficient to show the bases of the Operating Companies' existing tariffed pole attachment rates, and the current data necessary to calculate pole attachment rates for 2014 pursuant to Administrative Case 251, so that this information can be tracked going forward?

RESPONSE: Windstream objects to providing KCTA with the data requested in this Question. Windstream's pole attachment rates have been approved by the Commission as just and reasonable. Windstream's pole attachment rates will remain in effect following the transaction. Any rate changes going forward will be subject to the Commission's jurisdiction to the extent set forth in KRS Chapter 278. Accordingly, the data relied upon by Windstream to establish pole attachment rates is outside the scope of this proceeding and not subject to disclosure.

Witness: John P. Fletcher

15. Please provide the back-up data and calculations used by the Operating Companies to calculate the pole attachment rates currently found in their pole attachment tariffs on file with the PSC?

RESPONSE: See response to Question No. 14.

Witness: John P. Fletcher

16. Please provide the current data (as of year-end 2013) for the Operating Companies necessary to calculate the pole attachment rates pursuant to Administrative Case 251.

RESPONSE: See response to Question No. 14.

Witness: John P. Fletcher

17. After the distribution assets are spun off to CSL, will the Operating Companies and CSL commit to provide, on reasonable request, KCTA and the Commission data necessary to calculate pole rates pursuant to the formula in Administrative Case 251?

RESPONSE: The Operating Companies commit to comply with all the requirements set forth in Administrative Case 251 after the transaction closes.

Witness: Robert Gunderman

18. What assurance does the Commission have that the Operating Companies and CSL will seek consent from the Commission, or will provide full information to the Commission, regarding any amendment to the Master Lease?

RESPONSE: The Operating Companies agree to provide to the Commission information regarding material amendments to the Master Lease.

Witness: John P. Fletcher

19. Please explain the steps the Applicants will take to ensure that Federal, State or municipal authorities do not direct the removal or cessation of the use of any pole or cable duct such that the Operating Companies would be entitled to invoke Section S21.8 b. of Windstream P.S.C. No. 7 or equivalent tariff language?

RESPONSE: Applicants will take all reasonable steps available to them to ensure access to poles and cable ducts is not impaired. Steps taken will depend on the specific reasons federal, state, or municipal authorities rely on for the removal or cessation of the use of any pole or cable duct.

Witness: John P. Fletcher

20. Please explain whether CSL will have any rights under the Master Lease or any other document to install or purchase poles that will not be controlled by the Operating Companies and/or that may, for any reason, not be available to KCTA members.

RESPONSE: Neither the Master Lease or any other agreement will allow or authorize CSL to install or purchase poles that will not be controlled by the Operating Companies and CSL will not own any poles in Kentucky that will not be under the long term exclusive control of the Operating Companies.

Witness: John P. Fletcher

21. If CSL will have any of the rights described in the immediately prior data request, please explain whether the PSC's pole attachment jurisdiction will apply to assure that KCTA members may obtain access on just and reasonable rates, terms and conditions.

RESPONSE: CSL will not have any of the rights described in Question No. 21.

Witness: John P. Fletcher

22. Please admit or deny that the Internal Revenue Code does not prohibit a REIT from providing access to its real property to non-affiliated third parties for compensation.

RESPONSE: Deny. Under the provisions of the REIT, a REIT is only permitted to lease real estate and receive rental income and cannot operate the facilities. Therefore, the REIT (CSL) will lease to the Operating Companies on long term exclusive basis the real estate assets, including poles. The Operating Companies will use the real estate to provide services to its customers including pole attachers such as cable operators.

Witness: John P. Fletcher

23. Please provide a copy of the Master Lease.

RESPONSE: The Master Lease is being finalized and has not been executed at this time by the parties. Attached hereto as Exhibit D is a comprehensive summary of the terms of the Master Lease.

Witness: John P. Fletcher

Exhibit D

OUTLINE OF MASTER LEASE

OCTOBER 31, 2014

The following is a preliminary summary of the principal terms of a Master Lease ("Master Lease") contemplated to be entered into among Windstream Holdings, Inc. ("Tenant" or "Windstream") and Communications Sales & Leasing, Inc. or one or more of its wholly-owned subsidiaries (collectively, "Landlord"). The Master Lease would be signed and dated contemporaneously with the closing of the spin-off transaction. The final terms of the Master Lease are subject to receipt of all required regulatory approvals, satisfaction of all conditions precedent to the spin-off, and approval by the Board of Directors of Windstream of the definitive terms of the Master Lease.

LEASED PROPERTY

- Leased Property includes, among other things, all of Landlord's rights and interest in the following: (1) operational facilities used in Tenant's ILEC operations 13 states and in Tenant's CLEC operations in 24 states, categorized by geographic area (each a Facility") which includes the (i) central office land and buildings in the geographic area of the applicable Facility and (ii) all fiber optic cable lines, copper cable lines, conduits, telephone poles, attachment hardware (including bolts and lashing), guy wires, anchors, pedestals, concrete pads, amplifiers and such other fixtures and other items of property, including all components thereof (such as cross connect cabinets, windstream outside plant mini-cabinet mounting post (WOMP), fiber distribution hubs, fiber access terminals and first entry fiber splice cases), together with all replacements, modifications, and additions thereto in the geographic area of the applicable Facility (collectively, the "Distribution Systems"); (2) all Easements, Permits and Pole Agreements related to the Leased Property and (3) all system maps and records for the Distribution Systems.
- The Master Lease is a single, indivisible lease of the Leased Property and not separate leases.

TERM

- Initial Term: 15 years
- Renewal Terms: In addition, Tenant may renew the Master Lease for up to 4 Renewal Terms of 5 years for any or all of the Facilities (each, a "Renewal Term"). Tenant must deliver a Renewal Notice at least 24 months prior to the end of the then current term (a "Renewal Election Outside Date") if Tenant exercises its right to renew the Master Lease. If Tenant elects to renew less than all of the Facilities, the Renewal Notice must specify which Facilities it elects not to renew for such Renewal Term.
- Extension of Initial Term: During the first five years of the Master Lease, Tenant may extend the Initial Term as to all of the Facilities (and no less than all) from 15 to 20 years (the "Initial Extension Right"). If Tenant exercises the Initial Extension Right (i) the number of Renewal Terms will be reduced to 3 so that the maximum term (taking into account all renewals) is 35 years and (ii) Landlord will be obligated to provide the Funding Commitment as described below (see Maintenance/Capital Improvements below).

Exhibit D

RENT

- Initial Term: \$650,000,000¹. The Rent is subject to annual increases at a rent escalator of 0.5% commencing the 4th year, provided that any funding made by Landlord to Tenant for Tenant Capital Improvements will be subject to an annual escalation of 0.5%.
- Renewal Terms: No later than 210 days prior to the Renewal Election Outside Date for each Renewal Term, Landlord must deliver a notice to Tenant stating Landlord's proposed Renewal Rent and Successor Tenant Rent. If Landlord and Tenant have not entered into a written agreement confirming the Renewal Rent and Successor Tenant Rent by 180 days prior to the Renewal Election Outside Date, an independent appraisal process will automatically be initiated to determine the Renewal Rent and Successor Tenant Rent, which shall be equal to the Fair Market Rental for each Facility based on the methodology used to establish the Initial Rent and memorialized in Exhibit E to the Master Lease. Beginning the second year of each Renewal Term, the Rent shall increase at an escalation rate by 0.5%
- Triple Net Lease: Tenant responsible for all costs relating to the Leased Property, including real estate taxes, insurance premiums, maintenance costs, and all fees under the Easements, Permits and Pole Agreements, subject to limited carve outs. In the event Landlord defaults on its obligation to fund a Capital Improvement under the Master Lease and fails to cure such default within 30 days of Tenant's notice of failure to make such payment, Tenant may offset the amount Landlord was so obligated to but failed to fund to Tenant against the subsequent payments of Rent.

EXCLUSIVE USE OF LEASED PROPERTY

- The Leased Property is being leased to Tenant on an exclusive basis and in its present condition. Any of Tenant's Subsidiaries have the right to use, occupy and operate the Leased Property and discharge any of Tenant's obligations under the Master Lease on Tenant's behalf.
- Tenant is only permitted to use the Leased Property for the provision, routing and delivery of voice, data, video, data center, cloud computing and other communication services, the colocation activities in the data center space, the entry into pole attachment agreements with third parties, the provision of dark or dim fiber services to third parties or ancillary activities provided under the Communications Regulations (the "Primary Intended Use") consistent with its current use or with prevailing communications industry use at any time. Any sublease (including, but not limited to, any rights granted pursuant to pole attachment agreement, a dark fiber agreement, a dim fiber agreement or a collocation agreement) entered into in accordance with the terms of the Master Lease shall constitute a permitted use.
- Tenant must continuously operate the Facilities for one or more of the activities constituting the Primary Intended Use, with the specific use conducted at any portion of the Facilities to be determined by Tenant in its reasonable discretion, with limited exceptions.
- Tenant and Tenant's Subsidiaries have the right to affix Electronics and other equipment (collectively, but not limited to, "Tenant's Property") to the Distribution Systems.

RESTRICTIONS

- Landlord cannot, without Tenant's prior consent, (i) construct for any Person other than Tenant or its Subsidiaries fiber, copper, coaxial and fixed wireless facilities within the same local exchange area of the incumbent local exchange carriers (each an "ILEC") that are Subsidiaries of Tenant and are

¹ The final rent amount for the initial term will be determined following receipt of the final appraisal process of the Leased Property.

Exhibit D

operating the Facilities being leased by Tenant under this Master Lease or (ii) construct for any Person other than Tenant or its Subsidiaries extensions (including extensions in the form of fiber, copper, coaxial or fixed wireless facilities) of any ILEC Facility under the Master Lease into a geographic area that adjoins the local exchange area of any ILEC Facilities that are leased by Tenant under this Master Lease. There are no restrictions in the Master Lease on Landlord's ability to acquire fiber, copper, coaxial and fixed wireless facilities from any Person.

- Landlord may require Tenant (or require Tenant to cause Tenant's Subsidiaries) to convey legal title to Landlord to any or all of the easements, permits and pole agreements provided that (i) Landlord has obtained all certificates, consents, approvals, licenses or permits necessary for Landlord to hold such legal title, (ii) Landlord pays all applicable transfer taxes, costs and expenses related to the conveyances, (iii) Landlord cooperates with Tenant to allow Tenant to obtain all necessary certificates, consents, approvals, licenses and permits necessary for Tenant to continue to operate and maintain the Leased Property in Tenant's name and (iv) Landlord executes such additional documents requested by Tenant to enable Tenant to exercise its rights as to the Leased Property and perform its obligations under the Master Lease. Landlord is responsible for all fees under the transferred easements, permits and pole agreements and rents solely due to the legal title being transferred to Landlord.

MAINTENANCE/CAPITAL IMPROVEMENTS

- Tenant is responsible for maintaining the Leased Property in accordance with prudent industry practice and in compliance with (among other things) all federal and state utility commissions delivery standards, and all permits, pole agreements, and easements. The maintenance responsibilities include: (1) repairing fiber and copper cuts with respect to the Distribution Systems and (2) replacing poles, conduits and other facilities at the Leased Property as required to comply with Tenant's maintenance obligations. Tenant is required to submit periodic reports to Landlord on operational matters to enable Landlord to confirm that Tenant is complying with its maintenance and other obligations under the Master Lease.
- Tenant has the right to make Capital Improvements (which includes maintenance, repairs, extensions, upgrades, additions, replacements or overbuild to the Distribution Systems) without Landlord's consent that are constructed in accordance with Tenant's current engineering standard (which may be modified without Landlord's consent so long as the standard is consistent with prevailing industry practice and is in compliance with applicable law).
- If Tenant exercises the Initial Extension Right, Landlord has the obligation to fund up to \$50 million annually (the "Funding Commitment") towards Capital Improvements for a maximum period of 5 consecutive Lease Years (or such lesser period as provided below) following Tenant's exercise of the Initial Extension Right, but in no event will Landlord have an obligation to fund any Capital Improvements from and after the 7th anniversary of the Commencement Date. Landlord may agree to provide additional funding for Tenant Capital Improvements if requested by Tenant and otherwise agreed to by Landlord.
 - Any funds provided by Landlord prior to the 2nd anniversary of the Commencement Date will result in an increase of annual Rent based on the following formula: (i) the amount of funds advanced by Landlord to Tenant on the particular date multiplied by (ii) a capitalization rate of 8.125%.
 - Any funds provided by Landlord from and after the 2nd anniversary of the Commencement Date through the 7th anniversary of the Commencement Date will result in an increase of annual rent based on the following formula: (i) the amount of funds advanced by Landlord to Tenant on a particular date multiplied by (ii) a capitalization rate not to exceed 200 basis points above the average of Landlord's highest cost of debt's

Exhibit D

average implied yield over the preceding 60 trading days and Landlord's average implied dividend yield over the preceding 60 trading days.

- Tenant is required to provide (i) an Annual Construction Summary each year reflecting the Capital Improvements made by Tenant in the prior year and (ii) the demarcation between the Leased Property and Tenant's Property with respect to Tenant Capital Improvements in excess of \$500,000. A separate report will be delivered by a nationally recognized accounting firm confirming that the summary is accurate and that the Capital Improvements have not degraded the structural integrity of the Leased Property.
 - If Tenant constructs a Capital Improvement that is not funded by Landlord (each a "Tenant Capital Improvement") which constitutes maintenance, repair, overbuild, upgrade or replacement of the Leased Property (each a "TCI Replacement"), then such TCI Replacement automatically becomes part of the Leased Property.
 - If a Tenant Capital Improvement constitutes an Extension of the Distribution Systems to a New Geographic Area where Tenant or its Subsidiaries are licensed as an ILEC (each a "TCI ILEC Extension") then, at the end of the term for the applicable Facility, the TCI ILEC Extension will be included as part of the Communication Assets sold to a Successor Tenant.
 - If a Tenant Capital Improvement occurs where Tenant or its Subsidiaries are a competitive local exchange carrier and is not a TCI Replacement (each a "TCI CLEC Extension"), Tenant may remove the connections between the TCI CLEC Extension and the Leased Property or, if the connection between the TCI CLEC Extension and the Leased Property is functionally independent, elect to leave such connection in place by delivering notice of either such election to Landlord (which notice shall also indicate Tenant's intent to enter into an interconnection agreement with the Successor Tenant for continuing access to the Leased Property). If the connection between the TCI CLEC Extension and the Leased Property is not functionally independent and if Tenant elects not to remove such TCI CLEC Extension connection or does not provide timely notice to Landlord, the TCI CLEC Extension will be included as part of the Communication Assets sold to a Successor Tenant.
 - A Tenant Capital Improvement that constitutes a Long-Haul Fiber Route (a "Long Haul TCI") shall be treated as Tenant's Property, and in no event shall any such Long Haul TCI (i) become part of the Leased Property, (ii) be considered a TCI ILEC Extension or a TCI CLEC Extension or (iii) be considered part of the Communication Assets. A Long Haul TCI will not become part of the Leased Property even though the Long Haul Fiber Route constituting the Long Haul TCI enters into or passes through a geographic area where Tenant or its Subsidiaries are licensed as an incumbent local exchange carrier.

INSURANCE

- Tenant is responsible for maintaining property insurance and additional liability insurance with respect to the Leased Improvements, the Capital Improvements and all Tenant's Property.
- Tenant may self-insure its insurance obligations or use a captive provider.

CASUALTY

- In all instances of a casualty in which a Facility and/or any Tenant Capital Improvements to a Facility are damaged, Tenant must restore the Leased Property in a manner consistent with Prudent Industry Practice (excluding any TCI ILEC Extensions, TCI CLEC Extensions and any Long Haul TCI, which Tenant shall not be required to repair).

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- The Master Lease will not terminate as a result of a casualty, and Tenant is not entitled to any rent abatement.

CONDEMNATION

- The Master Lease will terminate as to a Facility if the Facility is totally and permanently taken.
- If there is a partial Taking, the Master Lease does not terminate and Tenant is required to restore the Leased Property to the condition it existed prior to such Taking (except for any TCI ILEC Extensions, TCI CLEC Extensions and any Long Haul TCI) even if the Condemnation proceeds do not cover all restoration costs. The Rent is subject to an equitable abatement during such restoration.

EVENTS OF DEFAULT

- Events of Defaults include, without limitation, the following:
 - Tenant fails to pay (i) any installment of Rent and such failure continues for 10 days following Notice from Landlord or (ii) any other amounts that Tenant is required to pay under the Master Lease and such failure continues for 30 days following Notice from Landlord;
 - Any applicable license or agreement material to a Facility's operation for its Primary Intended Use is terminated, revoked or suspended for more than 45 days;
 - Any event or condition occurs that (1) results in any Material Indebtedness (defined as Indebtedness of any one or more of Tenant and Tenant's Subsidiaries in an aggregate principal amount exceeding \$75,000,000) becoming due prior to its stated maturity, (2) enables or permits the holders of any Material Indebtedness to cause it to become due or require any payment, repurchase, redemption or defeasance prior to its stated maturity, or (3) Tenant fails to pay the principal of any Material Indebtedness when due, except that no Event of Default shall be deemed to have occurred under (1), (2) and (3) above to the extent any payment, repurchase, redemption or defeasance of any Material Indebtedness is not an Event of Default under the Credit Agreement.
- Landlord may exercise self-help rights if Tenant defaults under the Master Lease.
- An Event of Default as to any Facility is an Event of Default as to all the Facilities.

SALE OF LEASED PROPERTY/TRANSFER OF LANDLORD

- Landlord may sell all, but not less than all, of the Leased Property to a single buyer that is not a Competitor of Tenant without the consent of Tenant. In connection with such sale, Landlord and the buyer shall concurrently enter into an assignment agreement pursuant to which Landlord assigns to such buyer all of its rights, title and interest under this Master Lease, and the buyer agrees to perform all of the obligations, terms, covenants and conditions of Landlord hereunder from and after the effective date of the sale. Landlord and the successor owner shall be jointly and severally liable for any obligation to provide a Funding Commitment to Tenant that arises from and after the date of the sale.
- Tenant's consent is required if: (1) a Competitor acquires 10% or more of the Equity Interests of Landlord or Communications Sales and Leasing, Inc. ("CS&L Parent"), (2) a Competitor acquires all or substantially all of Landlord's assets relating to the Facilities, (3) there is a merger or consolidation with or into a Competitor or (4) there is a sale or other transfer of any Equity Interests in any entity comprising Landlord that would result in CS&L Parent not being the beneficial owner, whether directly or indirectly, of 100% of the Equity Interests in such entity unless the Equity Interests that are sold or transferred are convertible into Equity Interests in CS&L Parent.

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INDEMNIFICATION

- Tenant is responsible for protecting, indemnifying, save harmless and defending Landlord against all losses, including, without limitation, (1) any use, misuse, maintenance or repair by Tenant of the Leased Property, (2) any claims of trespass with respect to the Leased Property and (3) all third party claims, including any claims of bodily injury or property damage occurring on or about the Leased Property.

ASSIGNMENT/CHANGE OF CONTROL/SUBLETTING

- There is a general prohibition on Tenant's right to assign the Master Lease without Landlord's consent in its reasonable discretion. Any Change in Control constitutes an assignment of the Master Lease. A Change in Control includes the following:
 - The direct or indirect transfer of 50% or more of the voting power of the Voting Stock of Tenant (a "Tenant COC");
 - The first day on which a majority of the members of the board of directors of Tenant are not Continuing Directors (i.e., a member of the board on the date of the Master Lease signing or nominated/elected to the board with the approval of the majority of the Continuing Directors);
 - The direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Tenant and its Subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act); or
 - The adoption of a plan relating to the liquidation or dissolution of Tenant.
- Permitted Assignments
 - With Landlord's prior written consent, which consent shall not be unreasonably withheld, allow to occur or undergo a Change of Control (including a transfer or assignment of the Master Lease to a third party in conjunction with the sale of all or substantially all of Tenant's assets relating to the Facilities);
 - Without Landlord's prior written consent, assign the Master Lease to any of Tenant's Subsidiaries;
 - Without Landlord's prior written consent:
 - Tenant shall be permitted to undergo a Tenant COC if the acquirer is a Discretionary COC Transferee (a transferee with the required experience, licenses or certifications, solvency and financial qualifications) and the Parent Company of such Discretionary COC Transferee (or Discretionary COC Transferee itself) has become a Guarantor and provided a Guaranty. If there is a Tenant COC, no Landlord approval is required with respect to the assignment documents if Tenant remains obligated under the Master Lease, the requirements for a Guaranty from the Parent Company or Discretionary COC Transferee are met, and any modifications required under the Master Lease are made.
 - Tenant shall be permitted to assign the Master Lease in connection with a foreclosure (a "Foreclosure Assignment") by a Permitted Leasehold Mortgagee

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or a Permitted Leasehold Mortgagee Designee, subject to certain conditions being met.

- Tenant shall be permitted to assign the Master Lease to any Person that is not a Foreclosure Assignment if the Person is Discretionary Transferee who agrees in writing to assume the obligations of Tenant, and the Parent Company of such Discretionary Transferee (or the Discretionary Transferee itself) has become a Guarantor and provided a Guaranty.
- Without Landlord's prior written consent, pledge or mortgage its Leasehold Estate to a Permitted Leasehold Mortgagee.
- Permitted Subleasing Arrangements
 - Without Landlord's consent, Tenant shall be permitted to enter into any pole attachment agreement with a third party that is required in order to discharge or comply with Tenant's obligations under any Communications License or Communications.
 - Tenant shall be permitted to enter into any other sublease agreement (including, without limitation, any rights granted by Tenant through a dark fiber agreement, a dim fiber agreement, or a collocation agreement) without Landlord's consent, provided that the route miles or space pursuant to such sublease does not constitute greater than 30% in the aggregate of the route miles or space of all the Facilities in the aggregate then subject to the Master Lease (such portion, a "Material Portion"). Any such sublease (other than a sublease with a Discretionary Transferee) must be made in the normal course of the Primary Intended Use and to third party users or operators of portions of the Leased Property in furtherance of the Primary Intended Use or is required to discharge Tenant or its Subsidiaries' obligations under any Communications License or Communications Regulations. Any sublease or collocation arrangement for a Material Portion will require Landlord's consent, except no consent will be required to the extent (x) permitted under the Specified Subleases, (y) the subtenant under such sublease is a Discretionary Transferee or (z) with respect to any collocation arrangement, Tenant or its Subsidiaries is obligated to enter into such collocation arrangement in order to discharge its obligations under any Communication License or Communications Regulations.
 - Landlord shall have the right to reasonably approve the identity of any subtenant to ensure that the subtenant is adequately capitalized, competent and experienced for the operations it will be conducting, except no such consent from Landlord shall be required for (i) any subtenant that is a Discretionary Transferee, (ii) any third parties under any pole attachment agreements, collocation arrangements, dim fiber arrangements and dark fiber arrangements or (iii) any subtenants under the Specified Subleases and any permitted assignment by such subtenants with respect to a Specified Sublease.

FINANCIAL REPORTING

- Tenant will have certain financial reporting obligations under the Master Lease which are consistent with Tenant's Credit Agreement except for modifications to take into account the Master Lease and the filing and reporting obligations of Landlord.

END OF TERM

- Upon expiration or termination of the Master Lease, Tenant shall transfer the Communications Assets to the Successor Tenant for fair market value (the "Communication Assets FMV"). The term "Communications Assets" means the business operations conducted by Tenant and its Subsidiaries

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at the Affected Facility, including the license to operate as an ILEC in the local exchange area in which the Affected Facility is located, the Electronics and other equipment owned by Tenant or Tenant's Subsidiaries located in the local exchange area and used in the operation of such Affected Facility (excluding the Shared Corporate Assets), any customer relationships related to such Affected Facility which Tenant can no longer support due to the end of the Term (for the purposes of determining whether the Tenant can support a customer, Tenant will not be able to meet this standard by entering into an interconnection agreement with the Successor Tenant pursuant to which the Tenant obtains wholesale access that allows Tenant to re-sell the Affected Facility to a customer), all Tenant's Property relating to such Affected Facility, all TCI ILEC Extensions and any TCI CLEC Extensions to such Affected Facility that Tenant elects to include as part of the Communication Assets and, if requested by a Successor Tenant, required by an applicable collective bargaining agreement or required by applicable law, all employees primarily dedicated to the maintenance, operation or support of the Affected Facility.

- The Communications Assets FMV will be determined as follows:
 - First, determining the rent Landlord would be entitled to receive from the Successor Tenant under a 10 year lease (the "Successor Tenant Rent"), which Master Lease shall be consistent with the terms described below. The Successor Tenant Rent shall be determined at the same time as the Renewal Rent (See Rent above). In the case of an expiration of the Master Lease on the 35th anniversary of the Commencement Date (the "Final Lease Expiration") or a termination of the Master Lease, the Successor Tenant Rent will be the Fair Market Rental determined pursuant to the appraisal process set forth in the Master Lease.
 - Second, identifying a pool of qualified potential successor tenants (each, a "Qualified Successor Tenant") prepared to lease the applicable Facility at the Successor Tenant Rent and bid for the Communication Assets. Landlord will select 3 potential Qualified Successor Tenants (1 of which will be Landlord or an Affiliate of Landlord) and Tenant will select 4 potential Qualified Successor Tenants (1 of which will be the Credit Agreement Agent or its designee), each of whom must meet the criteria of a Discretionary Transferee (or in the case of a Credit Agreement Agent or its designee, a Discretionary COC Transferee).
 - Third, determining the highest price a Qualified Successor Tenant would agree to pay for the Communication Assets as follows:
 - (1) Except for circumstances in which a Third Party Qualified Auctioneer is required to be engaged as outlined in clause (2) below, the Communications Assets FMV may be negotiated and agreed upon by Tenant and Successor Tenant (the "Negotiated Communications Assets FMV") by entering into a definitive agreement (such agreement, a "Communications Assets Sale Agreement") within the time period set forth in the Master Lease. If Landlord is notified by the Credit Agreement Agent that a Credit Agreement Agent Trigger Event exists and the Successor Tenant is not the Credit Agreement Agent (acting on behalf of the lenders under the Credit Agreement) or its designee, such Negotiated Communications Assets FMV cannot be less than the Credit Agreement Payoff Amount.
 - (2) Landlord and Tenant will be required to engage a Third Party Qualified Auctioneer upon the occurrence of any of the following: (i) Tenant does not enter into a Communications Assets Sale Agreement in accordance with the terms of the Master Lease, (ii) a Lease Termination Notice has been delivered to Tenant,