

WINDSTREAM HOLDINGS, INC.

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PUBLIC SERVICE  
COMMISSION

December 12, 2014

Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40601

Re: *Application of Windstream Kentucky East, LLC and Windstream Kentucky West, LLC (1) 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.*

Dear Mr. Derouen:

I am the Executive Vice President, Secretary and General Counsel for Windstream Holdings, Inc. and I am writing on behalf of Windstream Kentucky East, LLC and Windstream Kentucky West, LLC ("Windstream") in response to the Commission's Order of December 4, 2014. The Order granted approval of Windstream's transfer of certain assets upon Windstream's acceptance in writing of a number of specified conditions. Windstream appreciates the Commission's December 4, 2014 action.

Because of two ambiguities in the December 4, 2014 Order, the Company requires clarification before it can accept the conditions imposed by the Commission. First, the Order finds that Communications Sales and Leasing, Inc. ("CSL") is a utility and requires that it register as such. In fact, CSL is the parent of t CSL Kentucky System, LLC. ("CSL Kentucky"<sup>1</sup>), the entity that will own the Windstream assets to be transferred. Thus, consistent with both the logic of the Commission's Order and Commission precedent in the case of other operating companies owned by holding companies, CSL Kentucky, and not its parent CSL, should be deemed a utility for purposes of Chapter 278 of the Kentucky Revised Statutes. Similarly, CSL Kentucky should be the entity to register with the Commission.

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<sup>1</sup> CSL Kentucky has yet to be formed. It will be formed prior to the transfer contemplated by the subject transaction and the appropriate information provided the Commission at the time it registers.

December 12, 2014

Page 2

Second, the Company understands the Commission's Order to find that, although ownership of assets used for the provision of service by a third party to the public constitutes a service for purposes of KRS 278.010(13), it did not find that the rental payments made by Windstream to CSL were not payments for telecommunications or any other type of utility service. This understanding is critical to the subject transaction because CSL will be unable to maintain its status as a REIT, and thus the basis for the subject transaction will be voided, if it is deemed to provide telecommunications services to the public.

Earlier today the Company filed its petition for rehearing seeking the two clarifications identified above. Subject to the Commission granting rehearing and entering an Order making the clarifications described above and in the petition, Windstream intends to accept the conditions of the Commission's December 4, 2014 Order.

If you have any questions or require any additional information, please contact Windstream's counsel, Mark R. Overstreet or R. Benjamin Crittenden with the law firm of Stites & Harbison, PLLC at (502) 223-3477.

Sincerely,



John P. Fletcher

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by United States First Class Mail, postage prepaid, on this 12<sup>th</sup> day of December, 2014 upon:

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