

**COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION**

IN THE MATTER OF

Application of Windstream Holdings II, LLC;
New Windstream, LLC; Windstream
Kentucky East, LLC; and Windstream
Kentucky West LLC

for Approval of an Internal Reorganization

Docket No. 2024-00182

APPLICATION

Windstream Holdings II, LLC, a Delaware limited liability company (“Windstream Holdings”), with its subsidiaries holding Kentucky incumbent local exchange carrier authorizations (the “Windstream Licensees”) and New Windstream, LLC, a Delaware limited liability company (“New Windstream”) (together with Windstream Holdings and the Windstream Licensees, the “Applicants”),¹ respectfully request that the Kentucky Public Service Commission (the “Commission”) grant authority, to the extent it may be required pursuant to KRS 278.020(6),

¹ “Windstream Licensees” refers to Windstream Kentucky East, LLC and Windstream Kentucky West, LLC. This filing also serves as notice of a *pro forma* transfer of control for the following non-ILEC Windstream subsidiaries holding authorizations from the Commission: Broadview Networks, Inc.; Business Telecom, LLC; DeltaCom, LLC; McLeodUSA Telecommunications Services, LLC; Network Telephone, LLC; PAETEC Communications, LLC; Talk America, LLC; The Other Phone Company, LLC; US LEC of Tennessee, LLC; Windstream Communications, LLC; Windstream FiberNet, LLC; Windstream KDL, LLC; Windstream New Edge, LLC; Windstream Norlight, LLC; and Windstream NuVox, LLC. *See Exemptions for Providers of Local Exchange Service Other Than Incumbent Local Exchange Carriers*, Admin. Case NO. 370 (Ky. Pub. Serv. Comm’n Jan. 8, 1998).

for Applicants to consummate the *pro forma* internal reorganization described below (the “Reorganization”).

The Reorganization, which will take place entirely at the parent holding company level, will result in New Windstream becoming the ultimate parent of the Windstream Licensees and certain intermediate holding company changes, but will not cause any change in operations or customer service in Kentucky. The ultimate beneficial owners of New Windstream will be the same investors who hold equity in Windstream Holdings immediately prior to the Reorganization, and the identities of the two largest non-controlling equity holders will remain unchanged.²

In support of this *Pro Forma* Application, Applicants provide the following information:

I. INTRODUCTION

Through the proposed Reorganization, New Windstream, with the identical pre-closing ownership and governance structure as Windstream Holdings, will become the ultimate parent of the Windstream Licensees, and additional intermediate holding companies will be added to Windstream’s parent company structure. In addition, Windstream will conduct a rights offering and repurchase certain membership interests in the company financed with proceeds from the rights offering. Windstream plans to undertake this Reorganization in order to generate tax efficiencies and to enable certain equity holders to increase their investment in the company while others decrease their investment.

² New Windstream is under common control with Windstream Holdings and the Windstream Licensees. Accordingly, KRS 278.020(8)(b) applies to the proposed Reorganization and the Commission’s approval pursuant to KRS 278.020(7) is not separately required. However, the Applicants respectfully request that the Commission grant the application by the end of the third quarter of 2023, and no later than the 120-day timeframe applicable to applications under KRS 278.020(7).

No assignment of licenses, certificates, assets, or customers by the Windstream Licensees or the immediate parent entities of the Windstream Licensees will occur as a consequence of the proposed Reorganization, which will occur at the parent holding company level. The identity of the two largest groups of investors in Windstream will remain unchanged, and will both continue to hold non-controlling shares in the company. The Windstream Licensees will continue to provide service under the same terms, conditions, rates and brand names as today. Accordingly, the Reorganization will be, for all practical purposes, imperceptible to the customers of the Windstream Licensees.

Windstream proposes to complete the Reorganization no later than third quarter of 2024, and respectfully requests that the Commission grant the approval requested herein by that time.

II. DESCRIPTION OF THE PARTIES AND RELATED ENTITIES

A. The Windstream Companies

1. Windstream

Windstream is a Delaware limited liability company organized on July 30, 2020, headquartered at 4005 North Rodney Parham Road, Little Rock, AR 72212. Windstream is a holding company and not a utility as the term is defined in KRS 278.010(3). Windstream, through operating subsidiaries, provides fiber-based broadband to residential and small business customers in 18 states, managed cloud communications, networking and security services for mid-to-large enterprises and government entities across the United States, and customized wavelength and dark fiber solutions for carriers, content providers and hyperscalers in the United States.

Windstream's incumbent local exchange carrier ("ILEC") operating subsidiaries offer services to residential, business, and government customers in Alabama, Arkansas, Florida,

Georgia, Iowa, Kentucky, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, and Texas.

Windstream's competitive local exchange carrier ("CLEC") operating subsidiaries in all 50 states and the District of Columbia offer services primarily to enterprise business and government customers, such as software-defined wide area networking, unified communications as a service, solutions to enable businesses to compete more effectively in the digital economy, and offers a variety of other data services, such as cloud computing, as well. Windstream's wholesale customer segment leverages optical technology that delivers fast, flexible and customized wavelength and dark fiber solutions to carriers, content providers, and hyperscalers in the United States.

Windstream attests that it is in good standing in the State of Delaware. Because Windstream is a holding company, it does not operate as a utility or directly transact business in the Commonwealth. New Windstream is a Delaware limited liability company formed on April 19, 2024, and wholly owned subsidiary of Windstream which, like Windstream itself, is a holding company that does not operate as a utility or directly transact business in the Commonwealth. Windstream and New Windstream each join this Application only to the extent required by KRS 278.020. The Windstream ILEC Licensees are the applicants transacting business in Kentucky and are authorized to transact business in the Commonwealth.

2. Windstream Licensees

Windstream's operating subsidiaries offer services in all 50 states and the District of Columbia. In Kentucky, Windstream's ILEC subsidiaries act as incumbent local exchange carriers offering residential and small business services. Its CLEC subsidiaries offer business and enterprise services throughout the Commonwealth.

In Kentucky, the Windstream Licensees hold the following ILEC authorizations:

- Windstream Kentucky East, LLC, a Delaware limited liability company organized on October 31, 2007, is authorized to provide incumbent local exchange services pursuant to Utility ID 5022700. Its telephone number is 800-347-1991.
- Windstream Kentucky West, LLC, a Kentucky limited liability company organized on October 31, 2007, is authorized to provide incumbent local exchange services pursuant to Utility ID 11000. Its telephone number is 800-347-1991.

Windstream Kentucky East, LLC is authorized for support in the RDOF Phase I Auction.

These awards will not be impacted by the parent company-level merger.

Information required by 807 KAR 5:001, Section 14 regarding the corporate organization of the Windstream Licensees is included in Section II(A). The Windstream Licensees' email address and mailing addresses are included in Section III. Windstream attests that both of the Windstream ILEC licensees are in good standing in the state in which it was organized. The Windstream ILEC Licensees are authorized to transact business in the Commonwealth of Kentucky.

3. New Windstream

New Windstream is a Delaware limited liability company formed on April 19, 2024, and wholly owned subsidiary of Windstream. New Windstream's email address and mailing address are both providing in Section III. As a result of the proposed Reorganization, it will become the ultimate parent company of the Windstream Licensees.

New Windstream attests that it is in good standing in the State of Delaware. Because New Windstream will be a holding company, it does not operate as a utility or directly transact business in the Commonwealth, and is therefore not required to hold authorization to transact business in Kentucky.

III. DESIGNATED CONTACTS

All communications and correspondence concerning this Application should be directed to Applicant's counsel as identified below:

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IV. DESCRIPTION OF THE REORGANIZATION

A. *Addition of New Parent Company.*

Upon receipt of the requisite regulatory approvals, Windstream Holdings, the current ultimate parent of the Windstream Licensees, will conduct a *pro forma* reorganization.

Windstream Holdings is currently the immediate parent of New Windstream. It will form several new subsidiaries under New Windstream, including New Windstream Holdings II, LLC, which will be an indirect subsidiary (via additional newly-formed intermediate holding companies) of New Windstream, LLC. Windstream Holdings will then merge into New Windstream Holdings II, LLC, with New Windstream Holdings II, LLC surviving. As New Windstream will be the ultimate parent of New Windstream Holdings II, LLC, New Windstream will become the ultimate parent of Windstream Holdings' Licensed Subsidiaries.

New Windstream will operate pursuant to the same limited liability company agreement as Windstream Holdings does today, and will have the identical ownership as Windstream Holdings immediately prior to the reorganization, with owners of equity and warrants in Windstream Holdings at closing receiving equivalent equity and warrants in New Windstream.

B. *Non-substantial Changes in Ownership.*

Prior to this *pro forma* reorganization, Windstream Holdings will undergo non-substantial changes in the relative ownership shares held by its existing equity holders that will not result in a change of majority ownership or majority control of Windstream Holdings or the Licensed Subsidiaries. Specifically, Windstream Holdings will offer existing Windstream Holdings members the right to purchase warrants exchangeable for common units in the company. Windstream Holdings will then use the proceeds from this offering to repurchase units from certain members who wish to sell their units.

Windstream’s three largest current equity holders are the Elliott Funds,³ the PIMCO Funds,⁴ and Oaktree.⁵ Elliott and Oaktree have agreed to make certain commitments to ensure that no investor will acquire majority ownership or control of Windstream Holdings as a result of the rights offering and accompanying repurchase of common units. Windstream Holdings will repurchase most of Oaktree’s common units in the offering but Oaktree has committed to retain sufficient equity in Windstream Holdings to ensure that no remaining investor obtains a majority of the equity in Windstream Holdings. Elliott has agreed to backstop any shortfall in buying demand needed to satisfy selling demand. Elliott has also agreed to ensure that funds managed by Elliott will collectively hold less than 50 percent of the outstanding units after the rights offering concludes by committing to exchange any common units in the company for warrants as needed to keep each of (1) the Elliott Funds’ ownership; and (2) the PIMCO Funds’ ownership below 50 percent after reduction in the number of outstanding units. Common units and warrants in Windstream Holdings will then be converted into common units and warrants in New Windstream at closing.

C. *Governance of Reorganized Company Unchanged.*

New Windstream will operate pursuant to the identical limited liability company agreement as Windstream Holdings does today. Under the Limited Liability Agreement that governs Windstream Holdings today and will govern New Windstream after the Reorganization, neither

³ Elliott Funds means the funds managed by Elliott Investment Management L.P. and its advisory affiliates (collectively, “Elliott”).

⁴ PIMCO Funds means the funds and accounts managed, advised, and sub-advised by Pacific Investment Management Company LLC (“PIMCO”).

⁵ “Oaktree” means Oaktree AIF Investments, L.P., Oaktree Capital Management, L.P., Oaktree Fund GP II, L.P., Oaktree Strategic Income SPV, LLC, and their respective managed funds and accounts.

Elliott, the Elliott Funds, PIMCO, or the PIMCO Funds have or will have the ability to appoint a majority of the Board or manage day-to-day operations of the company. Therefore, although the PIMCO Funds' ownership of Windstream's equity will increase from approximately 21 percent to approximately 49 percent as a result of Windstream repurchasing other minority investors' equity, the increase in their relative equity share will not grant PIMCO or the PIMCO Funds any practical ability to exercise control over the company.

D. *Reorganization is Separate from and Independent of Merger of Windstream with Uniti Group.*

The Reorganization is separate from, and independent of, a proposed future transaction between Windstream and Uniti Group Inc., which the parties jointly announced on May 3, 2024 (the "Windstream-Uniti Merger").⁶ This Petition does not seek approval for the Windstream-Uniti Merger; Windstream and Uniti are separately applying to the Commission for approval of that merger, which is expected to close significantly later in time than the Reorganization.

The Reorganization that is the subject of this Application is solely an internal repurchase of equity from certain investors and reorganization of Windstream's holding company structure, to which Uniti is not a party. The Reorganization is not dependent upon the Windstream-Uniti Merger; Windstream intends to complete the Reorganization promptly and as soon as regulatory approvals are obtained.

V. REQUEST FOR APPROVAL UNDER KRS 278.020(6)

Applicants respectfully request that the Commission grant approval. The proposed Reorganization will allow Windstream Licensees to better compete in the robust

⁶ See Press Release, Windstream, *Uniti to Merge with Windstream Creating Premier Insurgent Fiber Provider* (May 3, 2024), <https://news.windstream.com/news/news-details/2024/Uniti-to-Merge-with-Windstream-Creating-Premier-Insurgent-Fiber-Provider/default.aspx>.

telecommunications marketplace and will not impact service, accommodation, convenience, or the safety of the public.

New Windstream is under common ownership with Windstream Holdings and the Windstream Licensees. It is a subsidiary of Windstream Holdings today, and, after the proposed Reorganization, will be owned by the same equity holders. In addition, it will be governed by the same limited liability company agreement and have the same board and same management. Because the Reorganization *is pro forma*, KRS 278.020(8)(b) exempts the Reorganization from needing approval under KRS 278.020(7).

As more fully discussed herein, the Reorganization clearly satisfies the applicable criteria imposed in KRS 278.020(6). This statutory subsection provides that the Commission shall grant approval if “the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service.” The Reorganization satisfies these standards. Following the Reorganization, the Windstream Licensees will maintain the same financial, technical, and managerial ability to provide reliable, high-quality services. Their management, governance, capabilities, staffing, and resources will all remain unchanged.⁷

Customers will receive at least the same high-quality local exchange and long-distance service as they do today, subject to the same rules, regulations, and applicable tariffs. The proposed Reorganization will not affect the personnel supporting Windstream’s services nor will it affect existing price regulation plans, service quality obligations, or tariffs. Further, any subsequent end user rate changes will continue to be governed by the same rules and procedures.

⁷ For additional details on the financial, technical and managerial qualifications of Windstream, please see <https://investor.windstream.com/>.

Similarly, the terms and prices for existing wholesale services under applicable access tariffs or agreements will remain unchanged as a result of this Reorganization.

To the extent the Reorganization has any impact on the operations of the Windstream Licensees, it will be positive. The Reorganization will increase tax efficiencies for Windstream, allowing Windstream Licensees to better compete in the robust telecommunications marketplace. Because the Reorganization is structured only as a *pro forma* change of ownership at the holding company level, it will not affect any of the operations of Windstream Licensees. Customers will continue to have the same service providers and will continue to receive substantially the same services and the same rates, terms, and conditions of service. Any future changes—which the Windstream Licensees expect would only be beneficial to Kentucky consumers—will result from the normal course of business operations, as was the case prior to the proposed Reorganization.

The Reorganization will have no adverse effects on the quality of service enjoyed by the Windstream Licensees' customers, nor will it impact the accommodation, convenience, or safety of the public. The Reorganization will not disrupt any customer-facing operations such as ordering, service installation, customer service, and billing, which will continue to be provided as before. The Reorganization will thus be seamless for Windstream Licensees' customers and accords with the public interest.

Additionally, there will be no impact on competition, as the Reorganization will not alter the service offerings of the Windstream Licensees or reduce the number of competitors in any market they serve.

VI. COMPLIANCE WITH 807 KENTUCKY ANNOTATED RULES § 5:001

Regulation	Requirement	Pertinent Joint Application Location
807 KAR 5:001, Sec. 14(1)	Full name, mailing address, and electronic mail address of applicants.	Sections II and III
807 KAR 5:001, Sec. 14(1)	Full statement of facts upon which the application is based.	<i>Passim.</i>
807 KAR 5:001, Sec. 14(1)	Request for relief sought.	<i>Infra.</i>
807 KAR 5:001, Sec. 14(2)	If the applicant is a corporation.	N/A
807 KAR 5:001, Sec. 14(3)	If the applicant is a limited liability company.	Section II
807 KAR 5:001, Sec. 14(4)	If the applicant is a limited partnership.	N/A

VII. CONCLUSION

Wherefore, for the reasons set forth above, Applicants request the Commission enter an Order:

- (1) Finding that Windstream will continue to have the financial, technical, and managerial ability to provide reasonable service, and approving the Reorganization pursuant to Kentucky Revised Statutes § 278.020(6); and
- (2) Granting the Applicants all other relief to which they may appear entitled and which may be required to consummate the Reorganization.

Respectfully submitted,

/s/ M. Todd Osterloh

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DATED: June 14, 2024

STATE OF ARKANSAS §
 §
COUNTY OF PULASKI §

**VERIFICATION OF WINDSTREAM HOLDINGS II, LLC,
NEW WINDSTREAM, LLC, AND THE WINDSTREAM ILEC LICENSEES**

I am Kristi Moody, and I am Executive Vice President, General Counsel, and Chief Compliance Officer of Windstream Holdings II, LLC (“Windstream”); New Windstream, LLC (“New Windstream”); and of Windstream Kentucky East, LLC; Windstream Kentucky West, LLC; (collectively, the “Windstream ILEC Licensees”). I am authorized to make this verification on their behalf.

I declare that the corporations listed herein are currently in good standing in the state in which they are incorporated, and that they are authorized to transact business in Kentucky. I further declare that the limited liability companies listed herein are currently in good standing in the state in which they are organized, and that they are authorized to transact business in Kentucky.

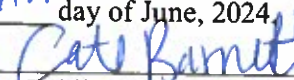
I declare under the penalty of perjury under the laws of the Commonwealth of Kentucky that the foregoing statements with respect to Windstream, New Windstream, and the Windstream Licensees are true and correct to the best of my knowledge, information, and belief.

Executed on this 6th day of June, 2024, at Little Rock, Arkansas.



Kristi Moody
Executive Vice President, General Counsel, and
Chief Compliance Officer
Windstream Holdings II, LLC, Windstream
Parent, Inc., and the Windstream Licensees
4005 N. Rodney Parham Road
Little Rock, AR 72212

SWORN TO AND SUBSCRIBED before me on the 6th day of June, 2024,


Notary Public In and For the
State of Arkansas

My commission expires: 5/1/33

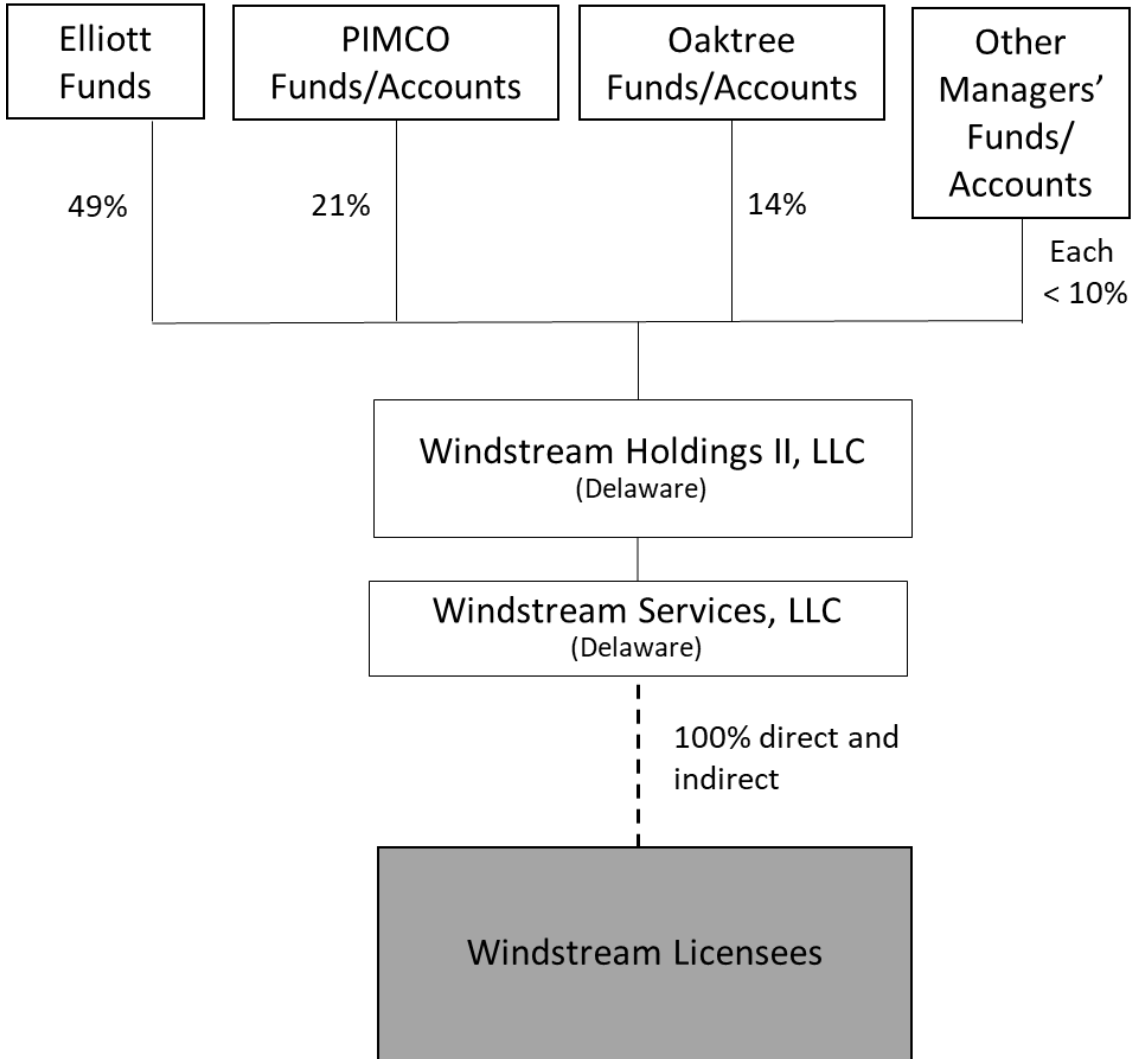


Exhibits

Exhibit No.	Description
1	Pre-Reorganization Structure Chart
2	Post-Reorganization Structure Chart

EXHIBIT 1

Pre-Reorganization Structure Chart



* All ownership shown as of Apr. 24, 2024.

EXHIBIT 2

Post-Reorganization Structure Chart

