

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF	)	
WINDSTREAM PARENT, INC.; WINDSTREAM	)	
HOLDINGS II, LLC; WINDSTREAM KENTUCKY	)	CASE NO.
EAST, LLC; AND WINDSTREAM KENTUCKY	)	2024-00183
WEST LLC; AND UNITI GROUP INC.; FOR	)	
APPROVAL OF A TRANSFER OF CONTROL	)	

ORDER

On June 14, 2024, Windstream Parent, Inc. (Windstream Parent), Windstream Holdings II, LLC (Windstream Holdings), Windstream Kentucky East, LLC (Windstream East), Windstream Kentucky West, LLC (Windstream West), New Windstream, LLC (New Windstream), and Uniti Group Inc. (Uniti), (collectively, Joint Applicants) filed an application, pursuant to KRS 278.020(6) and KRS 278.020(7), requesting approval for Joint Applicants to consummate a transaction that will result in the transfer of control from New Windstream and Uniti to Windstream Parent.<sup>1</sup> The Joint Applicants responded to one round of data requests and supplemented the application on August 21, 2024.<sup>2</sup> There are no intervenors in this case.

On August 30, 2024, the Joint Applicants filed a statement that it was their belief that sufficient information had been filed in the record and requested that the matter be

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<sup>1</sup> At closing of or shortly after the Transaction, Parent's legal name is expected to be changed and it will be traded under the ticker symbol UNIT. Applicants are using the designation "Parent" for purposes of this Joint Application to avoid confusion.

<sup>2</sup> Joint Applicants' Response to Commission Staff's First Response for Information (Staff's First Request) (filed July 26, 2024).

submitted for a decision based on the written record.<sup>3</sup> The matter stands submitted to the Commission for a decision based upon the evidentiary record.

### PROPOSED RESTRUCTURING

On June 14, 2024, Windstream Holdings tendered an application for the approval of an internal *pro forma* reorganization that would result in New Windstream becoming the ultimate parent of Windstream Holdings, Windstream East, and Windstream West.<sup>4</sup> On August 6, 2024, the reorganization was granted and involved the merger of Windstream Holdings into New Windstream Holdings II, LLC, with New Windstream Holdings II, LLC surviving as New Windstream, LLC.<sup>5</sup>

Joint Applicants are now requesting a transaction that is separate from the *pro forma* reorganization by Windstream. On May 3, 2024, Windstream Holdings and Uniti entered into an Agreement and Plan of Merger,<sup>6</sup> under which Uniti and Windstream Licensees will become subsidiaries of Windstream Parent. The proposed transaction is structured only as a change of ownership at the holding company level, wherein Uniti will merge into a newly formed subsidiary of Windstream Parent, with Uniti surviving.<sup>7</sup> As a

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<sup>3</sup> Statement Regarding a Hearing (filed Aug. 30, 2024) at 3.

<sup>4</sup> Case No. 2024-00182, *Electronic Joint Application of Windstream Holdings II, LLC; New Windstream, LLC; Windstream Kentucky East, LLC; and Windstream Kentucky West, LLC for Approval of an Internal Reorganization* (Ky. PSC Aug. 6, 2024).

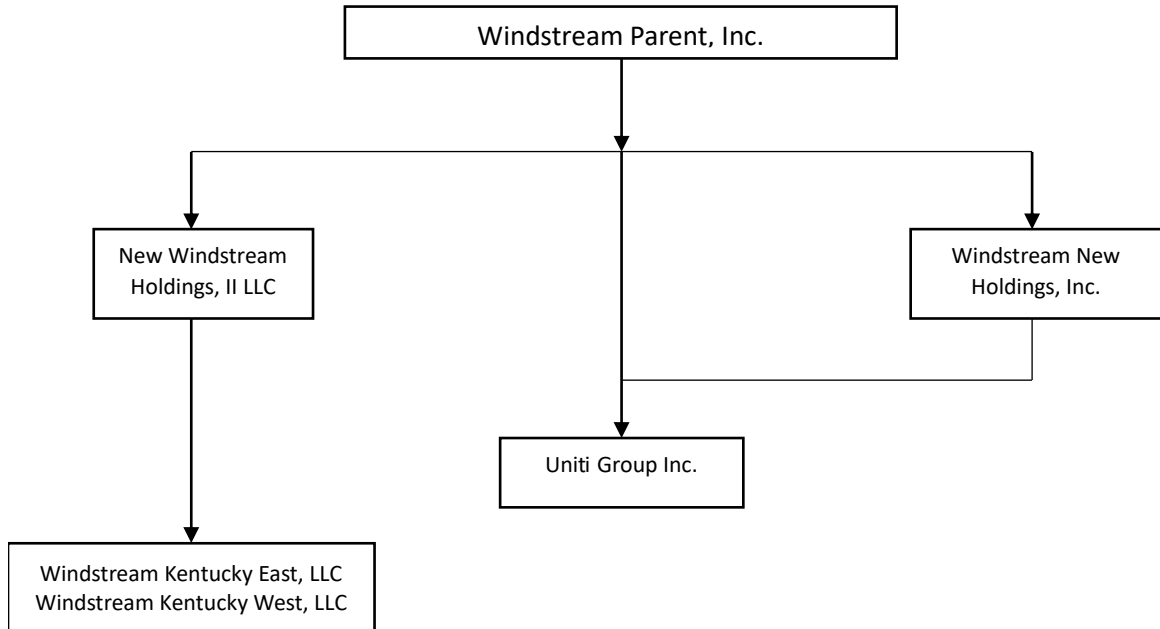
<sup>5</sup> Case No. 2024-00182, August 6, 2024 Order at 3.

<sup>6</sup> The Agreement is publicly available through Uniti's filing with the Securities and Exchange Commission. See Uniti Group Inc., Current Report (Form 8-K) Exhibit 2.1 (May 3, 2024), [https://www.sec.gov/Archives/edgar/data/1620280/000095010324006323/dp210423\\_ex0201.htm](https://www.sec.gov/Archives/edgar/data/1620280/000095010324006323/dp210423_ex0201.htm) ("2024 Merger Agreement Exhibit 2.1").

<sup>7</sup> Application (filed June 14, 2024) at 7, paragraph A.

result, both the Windstream Kentucky Licensees and the Uniti Licensees will become indirect subsidiaries of Windstream Parent.<sup>8</sup>

The Joint Applicants' proposed restructuring is summarized the graphic below:



### LEGAL STANDARD

The Joint Applicants filed their application pursuant to KRS 278.020(6) and KRS 278.020(7). KRS 278.020(6) states that

No person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission. The commission shall grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service.

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<sup>8</sup> Application at 7, paragraph A.

To satisfy the provisions of KRS 278.020(6), the Joint Applicants must demonstrate that under the proposed restricting, they will maintain the “financial, technical, and managerial abilities to provide reasonable service.”

KRS 278.020(7) provides that no entity “shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the Commission”, and “The Commission shall approve any proposed acquisition when it finds that the same is to be made in accordance with law, for a proper purpose and is consistent with the public interest.”

### DISCUSSION

Joint Applicants seek approval of the proposed transaction under KRS 278.020(6). Joint Applicants state that following the transaction, with both Uniti and Windstream Holdings combined into one company, Windstream Licensees will benefit from enhanced resources and access to capital markets.<sup>9</sup> Combining the companies also will allow Windstream Parent to realize more efficiencies with respect to the companies’ shared resources.<sup>10</sup>

Joint Applicants further maintain that the transaction will not affect any of the operations of the Windstream subsidiaries. The Windstream Licensees will continue to employ personnel experienced at and dedicated to providing high-quality telecommunications service.<sup>11</sup> In addition, Joint Applicants state that customers in

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<sup>9</sup> Application at 10, paragraph A 1.

<sup>10</sup> Application at 10, paragraph A 1.

<sup>11</sup> Application at 11, paragraph A 2.

Kentucky 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.<sup>12</sup>

Joint Applicants also seek approval of the proposed transaction under KRS 278.020(7). Joint applicants maintain that customers will receive at least the current high-quality local exchange and long-distance service, subject to the same rules, regulations, and applicable tariffs.<sup>13</sup>

Having reviewed the record and being otherwise sufficiently advised, the Commission finds the transaction that will result in the transfer of control from New Windstream and Uniti to Windstream Parent and will enhance the financial capability the Joint Applicants. In fact, according to a response to a request for information, the Joint Applicants stated it anticipated “that within 36 months it will achieve savings of up to \$100 million in annual operational expenses, including through system integrations and corporate efficiencies, and up to \$20-30 million in annual capital expenses, including by leveraging existing Uniti networks for Windstream’s fiber-to-the-home (FTTH).”<sup>14</sup> In addition, based on the evidence, the Commission finds that the merger and restructuring will not affect any of the managerial operations or technical capabilities, in furtherance of the standard set forth in KRS 278.020(6).

The Commission further finds that Joint Applicants request is in accordance with the law, is for a proper purpose, is consistent with the public interest and comports with the requirements of KRS 278.020(7). The Joint Applicants have provided evidence that

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<sup>12</sup> Application at 12, paragraph A 3.

<sup>13</sup> Application at 13, paragraph B.

<sup>14</sup> Joint Applicants’ Response to Staff’s First Request, Item 1.

the proposed transaction will not affect existing price regulation plans, service quality obligations, or tariffs.<sup>15</sup> There has been a focus on expanding broadband services to rural communities, and the Joint Applicants currently estimate that the Windstream Parent will be able to expand last-mile FTTH buildout by up to one million additional locations nationally relative to what the companies would undertake individually.<sup>16</sup> In addition, according to the application, access to Windstream's existing network assets will enable Uniti to expedite its current long-term buildout plans by an estimated four years by enabling Uniti to leverage existing Windstream assets rather than engaging in duplicative construction.<sup>17</sup>

IT IS THEREFORE ORDERED that:

1. The proposed transaction that will result in the transfer of control from New Windstream and Uniti to Windstream Parent is approved.
2. The Joint Applicants shall notify the Commission, in writing, within seven days of the transaction being completed. If the transaction has not been completed within six months of the date of this Order, the Joint Applicants shall provide a written status report to the Commission every 30 days thereafter. The information provided in response to this paragraph shall be filed in post case correspondence using this case number as a reference.
3. Any material revision to the proposed transaction shall require approval by the Commission in order for the amendment to be effective.

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<sup>15</sup> Application at 13.


<sup>16</sup> Application at 14-15.

<sup>17</sup> Application at 14-15.

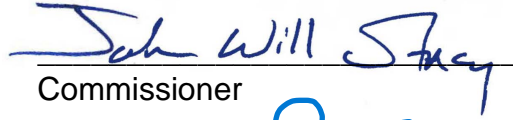
4. This case is closed and removed from the Commission's docket.

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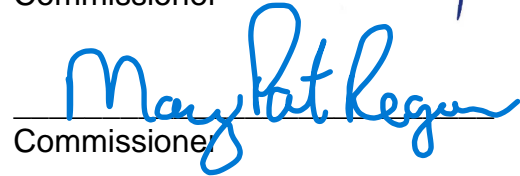
PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

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