

300 WEST VINE STREET SUITE 2100 LEXINGTON, KY 40507-1801 MAIN: (859) 231-3000 FAX: (859) 253-1093



May 5, 2016

MAY 0 5 2016

PUBLIC SERVICE COMMISSION

Aaron D. Greenwell Acting Executive Director Kentucky Public Service Commission 211 Sower Boulevard P.O. Box 615 Frankfort, KY 40602-0615

Re: Notification of the Proposed Transfer of Control of NTELOS Holdings Corp. to Shenandoah Telecommunications Company

Dear Mr. Greenwell:

Pursuant to the Commission's Order issued in Administrative Case No. 370 on January 8, 1998, this letter is to notify the Commission that Shenandoah Telecommunications Company ("Shentel") and NTELOS Holdings Corp., the parent company of West Virginia PCS Alliance, L.C. d/b/a NTELOS ("NTELOS"), have entered into a merger agreement pursuant to which Shentel will acquire direct ownership and control of NTELOS Holdings Corp. and NTELOS, as described more fully below (the "Merger" or "Transaction"). The proposed transaction is scheduled to close on May 6, 2016.

The Parties

Shentel. Shentel is a holding company that provides, through its operating subsidiaries, a broad range of telecommunications services. Shentel is traded on the NASDAQ Global Select Market under the symbol "SHEN." Shentel has a long, successful history of providing a broad range of communications services in rural markets in the mid-Atlantic United States. Through its affiliates Shentel provides: wireless voice and data services; voice, video, and Internet services (delivered over hybrid-fiber coaxial cable networks); fiber network services; and traditional local and long-distance telephone services. Shentel has been providing telephone service in rural Shenandoah County, Virginia since 1902. It began offering DSL Internet service to its telephone subscribers in 1994, and now is able to offer high-speed Internet access service through 100% of its approximately 21,600 access lines. Shentel began building its fiber optic network, which now totals more than 4,400 route miles serving rural communities in Virginia, West Virginia, Maryland and Pennsylvania, in 1984. In 1990, Shentel's wireless subsidiary, Shenandoah Personal Communications, LLC ("Shentel PC") began offering rural cellular

Aaron D. Greenwell May 5, 2016 Page 2

service, and it became the first rural PCS provider in the United States (through an agreement with American Personal Communications) in 1995.

Since 1999, Shentel PC has been the exclusive wireless communications affiliate of Sprint in primarily rural portions of West Virginia, Pennsylvania, Maryland and Virginia. Under their longstanding partnership in providing Sprint-branded wireless service in these areas, Shentel PC deploys and operates the wireless network and manages local retail operations, while Sprint holds and controls the spectrum used in the network, provides customer handsets, and provides customer service and other managed services. Through this partnership with Sprint, Shentel PC provides digital wireless service to more than 440,000 customers as of June 30, 2015.

NTELOS. NTELOS, through various operating subsidiaries, including West Virginia PCS Alliance, L.C. in Kentucky, is a regional provider of digital wireless communications services to customers primarily in West Virginia and Virginia, as well as parts of Maryland, North Carolina, Pennsylvania, Ohio, and Kentucky. It operates a CDMA digital PCS network that covers more than 86,000 consumers in Kentucky, and has deployed 4G LTE to some communities in the state. NTELOS provides retail wireless services to approximately 297,500 subscribers, of which 7,041 reside in Kentucky. NTELOS also provides wholesale network access to other telecommunications carriers, most notably through an arrangement with subsidiaries of Sprint. NTELOS presently operates one (1) retail store in Kentucky.

Sprint. Sprint is one of the nation's leading mobile broadband providers. Sprint and its affiliates served more than 57 million connections as of June 30, 2015 and is widely recognized for developing, engineering and deploying innovative technologies, including the first wireless 4G service from a national carrier in the United States; leading no-contract brands including Virgin Mobile USA, Boost Mobile, and Assurance Wireless; instant national and international push-to-talk capabilities; and a global Tier 1 Internet backbone. A more detailed description of Sprint's operations can be found at: <u>http://newsroom.sprint.com/about-us/</u>.

For purposes of this Notification, copies of any correspondence or communications should be additionally directed to:

K.C. Halm Bradley Guyton Davis Wright Tremaine LLP 1919 Pennsylvania Ave., NW, Suite 800 Washington, D.C. 20006

Counsel to Shenandoah Telecommunications Company

Aaron D. Greenwell May 5, 2016 Page 3

and

John Monroe Counsel, State Regulatory Affairs 3065 Akers Mill Road, SE, 7th Floor Atlanta, GA 30339

Counsel to Sprint

The Transaction

On August 10, 2015, Shentel and NTELOS entered into a merger agreement pursuant to which NTELOS (and West Virginia PCS Alliance L.C.) will become an indirect wholly-owned subsidiary of Shentel. As a result of the merger, Shentel will acquire all of NTELOS' operations, including wireless network assets and spectrum, retail stores and retail subscribers of NTELOS, including those in Kentucky. A copy of Shentel's pre- and post-close organization is set forth as Exhibit A.

Concurrently with the signing of the agreement with NTELOS, Shentel and Sprint entered into a series of agreements, whereby Shentel will, immediately after consummation of the merger, assign to Sprint all of the FCC spectrum licenses held by NTELOS and its operating subsidiaries, as well as certain spectrum leases acquired from NTELOS. Shentel will convert NTELOS' retail wireless customers into Sprint-branded customers. Shentel will also upgrade the remainder of NTELOS' current network to Sprint's enhanced LTE architecture, and will invest up to \$350 million and deploy 150 additional cell sites to expand coverage in the NTELOS service area, including approximately six (6) in Kentucky.

Post-transaction and pursuant to amended affiliate agreements between the Joint Petitioners, Shentel PC will offer Sprint-branded wireless service, including to NTELOS' existing customers, in NTELOS' service areas in Kentucky and elsewhere, as well as in the areas in which Shentel currently acts as Sprint's affiliate. Post-transaction, Shentel PC intends to continue to operate the NTELOS retail stores currently operating in Kentucky.

No NTELOS subscribers will lose service as a result of this transaction. Upon close of this transaction, and for a period of up to twenty-four months, current NTELOS customers may keep their existing handset and will be transitioned to Sprint rate plans that will be, for the vast majority of subscribers, identical or substantially similar to their existing service contracts for the duration of their existing contracts. During that time, however, and following expiration of their service contracts, NTELOS customers will also have access to a broader array of handsets and service plans, including the many options that are available to Shentel PC customers through its affiliation with Sprint. Current subscribers for whom substantially similar rate plans cannot be created will be able to choose a different rate plan offered by Sprint and Shentel. Following a transition period, all customers will be transitioned to a more robust service delivery platform, which will permit Shentel and Sprint to provide greater service options, expanded handsets, and enhanced features.

Aaron D. Greenwell May 5, 2016 Page 4

Shentel has begun the process of informing NTELOS customers about the pending changes, in part through a new website that provides detailed information in plain language for NTELOS customers: <u>http://welcometoshentel.com/</u>. The Parties will continue these efforts to inform NTELOS customers about the pending changes through other forms of direct customer communication, including direct mail notice to all customers.

The transaction will serve the public interest of Kentucky consumers and, indeed, the state in general, in a variety of ways. NTELOS' customers, including its customers in rural areas, will benefit greatly from this transaction. These customers will be able to avail themselves of the planned new infrastructure investments, enhanced wireless coverage, improved service quality, broader variety of service plans and handsets, expanded roaming opportunities, and the expansion of service to new areas. Together, these benefits will enhance wireless competition as well as mobile broadband service offered in rural areas, and help promote deployment of enhanced broadband technologies, products, and services to those residing in rural areas.

Shentel's acquisition of NTELOS and subsequent assignment of spectrum to Sprint will provide Shentel, operating as a Sprint affiliate, with the increased incentive and ability to make significant upgrades to the existing NTELOS network in Kentucky and elsewhere. Shentel's infrastructure investments will significantly improve network service and coverage, as the planned deployment will accelerate the upgrade of the current NTELOS 3G network to 4G LTE network capabilities, improve service quality for consumers using the existing NTELOS network, and promote competition in the provision of mobile broadband service in these rural areas.

Existing NTELOS customers will enjoy more service, handset, and roaming options than ever before. These added benefits will enable customers to maximize the improved service that will be provided within the NTELOS footprint, as well as improve their overall wireless experience when they travel outside of those service areas. In addition, this transaction will enable Shentel and Sprint to continue their partnership's history of deploying high-capacity wireless networks to serve rural markets.

Please do not hesitate to contact the undersigned if you have any questions.

Sincerely,

Douglas F. Brent Counsel to Sprint

112183.140780/1345820.1

Shentel Pre-Close Org Chart





Shentel Organizational Structure At Closing

