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FEB 10 2016

PUBLIC SERVICE  
COMMISSION

February 10, 2016

***VIA OVERNIGHT COURIER***

Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602-8294

**Re: Notification Regarding the Proposed Transfer of Control of PEG  
Bandwidth IL, LLC to Communications Sales & Leasing, Inc.**

Dear Mr. Derouen:

By this letter, Communications Sales & Leasing, Inc. ("CSAL"); PEG Bandwidth Holdings, LLC ("PEG Holdings"); and PEG Bandwidth IL, LLC ("PEG-IL") (collectively, the "Parties") notify the Commission of the proposed transfer of control of PEG-IL from PEG Holdings to CSAL (the "Transaction"). Pursuant to the Orders issued in Admin. Case No. 359 on June 21, 1996 and Admin. Case No. 370 on January 8, 1998 and 807 KAR 5:011, Section 11, prior action by the Commission is not required for the transaction described herein. Accordingly, the Parties submit this letter for informational purposes.

**Description of the Parties**

**A. PEG-IL, PEG Bandwidth and PEG Holdings**

PEG-IL is a limited liability company organized under the laws of the State of Delaware, with principal offices located at 3 Bala Plaza East, Suite 502, Bala Cynwyd, PA 19004. PEG-IL is a wholly owned subsidiary of PEG Bandwidth, LLC, also a Delaware limited liability company ("PEG Bandwidth"). PEG Bandwidth does not provide telecommunications services in its own right in Kentucky. However, it owns a number of subsidiaries that are authorized telecommunications service providers in 18 states (including Kentucky) and is itself certified as a telecommunications service provider in Ohio. PEG-IL is principally a carrier's carrier and provides telecommunications services to providers of wireless telecommunications as well as other carriers. In Kentucky, PEG-IL is registered as a competitive local exchange carrier (Utility ID 5057210).

**Morgan, Lewis & Bockius LLP**

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PEG Bandwidth is currently controlled by PEG Holdings, a Delaware limited liability company. PEG Holdings is a holding company and does not provide telecommunications services in its own right. PEG Holdings, in turn, is currently owned by Associated Partners, L.P. ("AP"), a Guernsey limited partnership, and KKR Wireless Investors, L.P. ("KKR"), a Delaware limited partnership. Neither AP nor KKR provide telecommunications in their own right. AP and KKR are investment partnerships that focus on opportunities in infrastructure, telecommunications, Internet/media, and related technologies.

## **B. CSAL, CSL Bandwidth, and Merger Sub**

Communications Sales & Leasing, Inc. (NASDAQ: CSAL), a Maryland corporation headquartered at 10802 Executive Center Drive, Benton Building, Suite 300, Little Rock, Arkansas 72211, is a publicly traded real estate investment trust that engages in the acquisition and construction of infrastructure in the communications industry. Prior to April 24, 2015, CSAL was a wholly owned subsidiary of Windstream Services, LLC ("Windstream Services"), a wholly owned subsidiary of Windstream Holdings, Inc. ("Windstream Holdings," and together with its subsidiaries, "Windstream"). On April 24, 2015, Windstream contributed to CSAL certain telecommunications network assets (in certain states), including fiber and copper networks and other real estate through a sale-lease back transaction, and then spun off CSAL in a share exchange with Windstream stockholders. CSAL now operates as an independent, publicly traded company, and leases telecommunications network assets and property back to Windstream for the operation of Windstream's business. CSAL currently owns 3.5 million fiber strand miles, 235,000 route miles of copper, and other property across dozens of states. Additional information on CSAL can be found at: [www.cslreit.com/about.html](http://www.cslreit.com/about.html).

CSAL does not provide telecommunications services in its own right. However, it owns Talk America Services, LLC ("TAS"), a Delaware limited liability company, which is licensed as a telecommunications service provider in several states. In Kentucky, TAS is registered as a Competitive Local Exchange Carrier (Utility ID 5057190) and as a Long Distance Carrier (Utility ID 5179740).

CSL Bandwidth Inc. ("CSL Bandwidth"), a Delaware corporation, and wholly owned subsidiary of CSAL, was formed for purposes of holding the ownership interests of PEG Bandwidth and its subsidiaries following the Transaction. Penn Merger Sub, LLC ("Merger Sub") is a Delaware limited liability company, wholly owned by CSL Bandwidth (and thus indirectly wholly owned by CSAL), and was created for the purpose of effectuating the proposed merger with PEG Bandwidth. Both CSL Bandwidth and Merger Sub have the same principal place of business as CSAL, and neither provides telecommunications services in their own right.

### **Contacts**

For the purposes of this filing, contacts are as follows:

For CSAL:

Russell M. Blau  
Jeffrey R. Strenkowski  
Denise S. Wood  
Morgan Lewis & Bockius, LLP  
2020 K Street, NW  
Washington, DC 20006  
Tel: (202) 373-6000  
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jeffrey.strenkowski@morganlewis.com  
denise.wood@morganlewis.com

With a copy to:

Daniel Heard  
Senior Vice President - General Counsel  
and Secretary  
Communications Sales & Leasing, Inc.  
10802 Executive Center Drive  
Benton Building, Suite 300  
Little Rock, Arkansas 72211  
Tel: (501) 850-0844  
Email: daniel.heard@csltreit.com

For PEG Holdings, PEG-IL and PEG Bandwidth:

Pat Crocker  
Crocker & Crocker  
Kalamazoo Building  
107 W. Michigan Avenue, 4th Floor  
Kalamazoo, Michigan 49007  
Tel: (269) 381-8893  
Fax: (269) 381-4855  
Email: patrick@crockerlawfirm.com

With a copy to:

Jay Birnbaum  
General Counsel  
c/o PEG Bandwidth, LLC  
Three Bala Plaza East, Suite 502  
Bala Cynwyd, PA, 19004  
Tel: (301) 469-4930  
Email: jbirnbaum@agrp.com

### **Description of the Transaction**

On January 7, 2016, CSAL, CSL Bandwidth, Merger Sub, PEG Holdings, and PEG Bandwidth entered into an Agreement and Plan of Merger ("Agreement"), pursuant to which CSAL will acquire control of PEG Bandwidth and its subsidiaries, including PEG-IL. Specifically, under the Agreement, CSAL's indirect, wholly owned subsidiary, Merger Sub, will merge with and into PEG Bandwidth, with PEG Bandwidth surviving the merger as a wholly owned indirect subsidiary of CSAL. As a result, PEG-IL will become an indirect, wholly owned subsidiary of CSAL. For the Commission's reference, pre- and post-transaction organization charts are provided as Exhibit A.

While the Transaction will result in changes in the ultimate parent-level ownership of PEG-IL, it is not expected to change or affect its day-to-day operations or customer-facing activities. The Parties anticipate customers will benefit from the enhanced access of PEG-IL to capital and financial strengths of CSAL and also the availability of additional management expertise following the Transaction. The post-Transaction management of

PEG-IL will continue substantially in the same manner as pre-Transaction but will also be able to draw upon the substantial experience in the telecommunications industry of the current management teams of CSAL and its subsidiaries.

PEG-IL will continue to offer competitive and innovative products following the Transaction at the same rates and on the same terms and conditions as currently provided (subject to future changes pursuant to applicable law and contract provisions). The Transaction is expected to be transparent to customers of PEG-IL and is not expected to result in the discontinuance, reduction, loss or impairment of service to any customer. Ultimately, the Transaction will benefit businesses and consumers by enabling PEG-IL to become a stronger competitor in its markets. Any future changes in the rates, terms and conditions of service to the affected customers will be undertaken pursuant to customer contracts and any applicable federal and state notice and tariff requirements. The Transaction will not affect the current operation of PEG-IL, trigger any federal or state anti-slamming or bulk customer transfer rules (because the certificated, customer-facing service providers will be unchanged), or adversely affect the market for telecommunications services in the state. The Transaction also will not adversely affect competition for the provision of telecommunications in the state because the customers served by PEG-IL will continue to be served by PEG-IL after the close of the Transaction, and there will be no loss of market participants as a result of the Transaction.

\* \* \* \*

An original and four (4) copies of this notification letter are enclosed. Please date-stamp and return the extra copy in the envelope provided. This letter has also been filed via e-mail. Should you have any questions, please do not hesitate to contact us.

Respectfully submitted,



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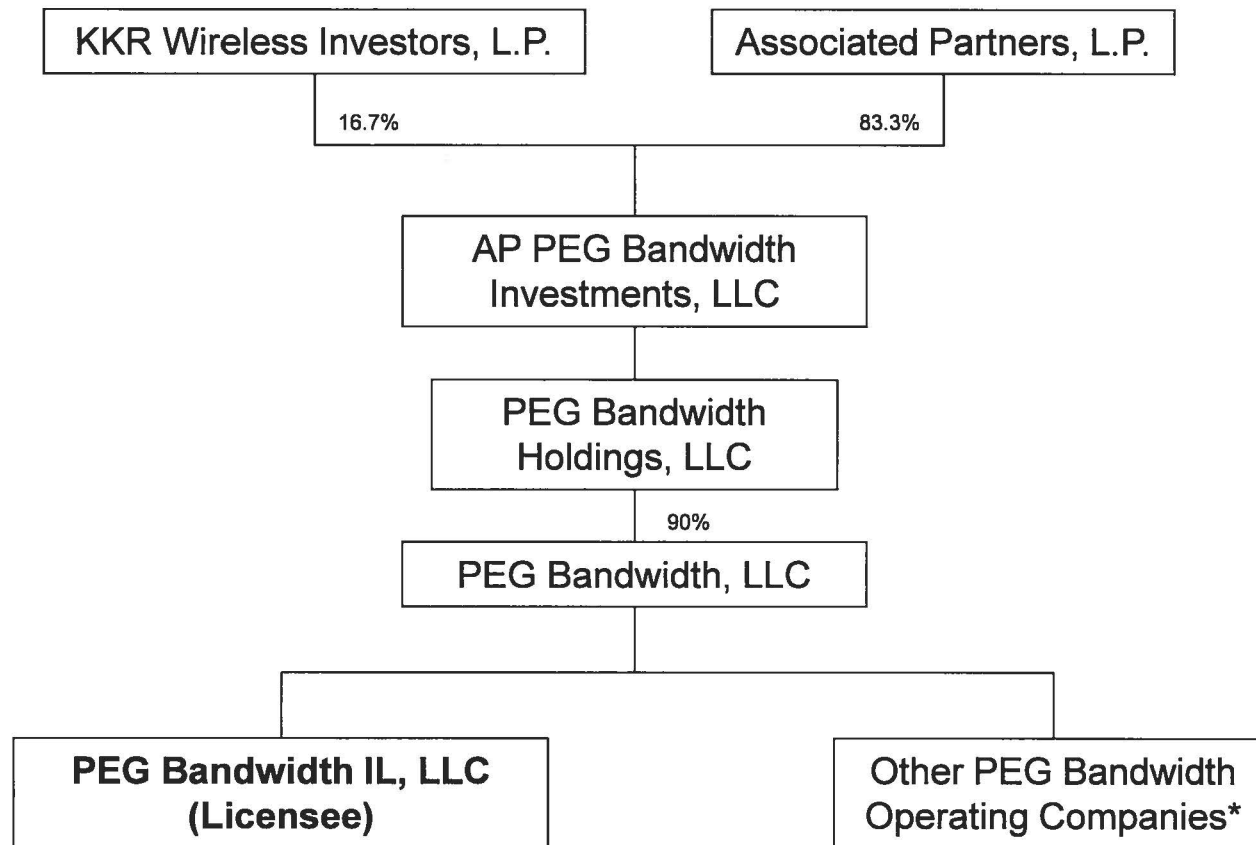
Russell M. Blau  
Jeffrey R. Strenkowski  
Denise S. Wood

*Counsel to Communications Sales & Leasing,  
Inc.*

**EXHIBIT A**

**Pre- and Post-Transaction Corporate Ownership Charts**

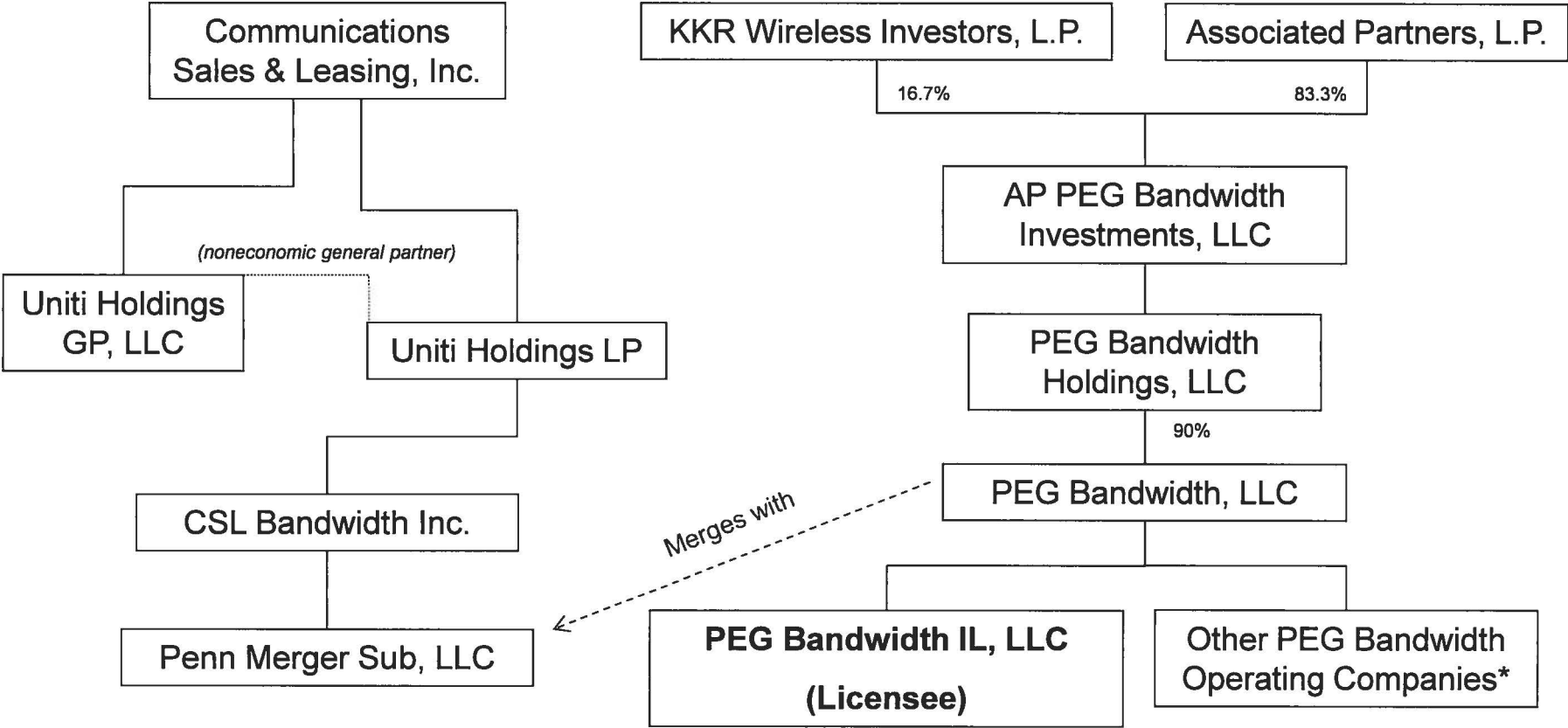
## Pre-Transaction Organizational Structure



\*No other PEG Bandwidth operating company holds authority in this state

Unless otherwise indicated all ownership percentages are 100%.

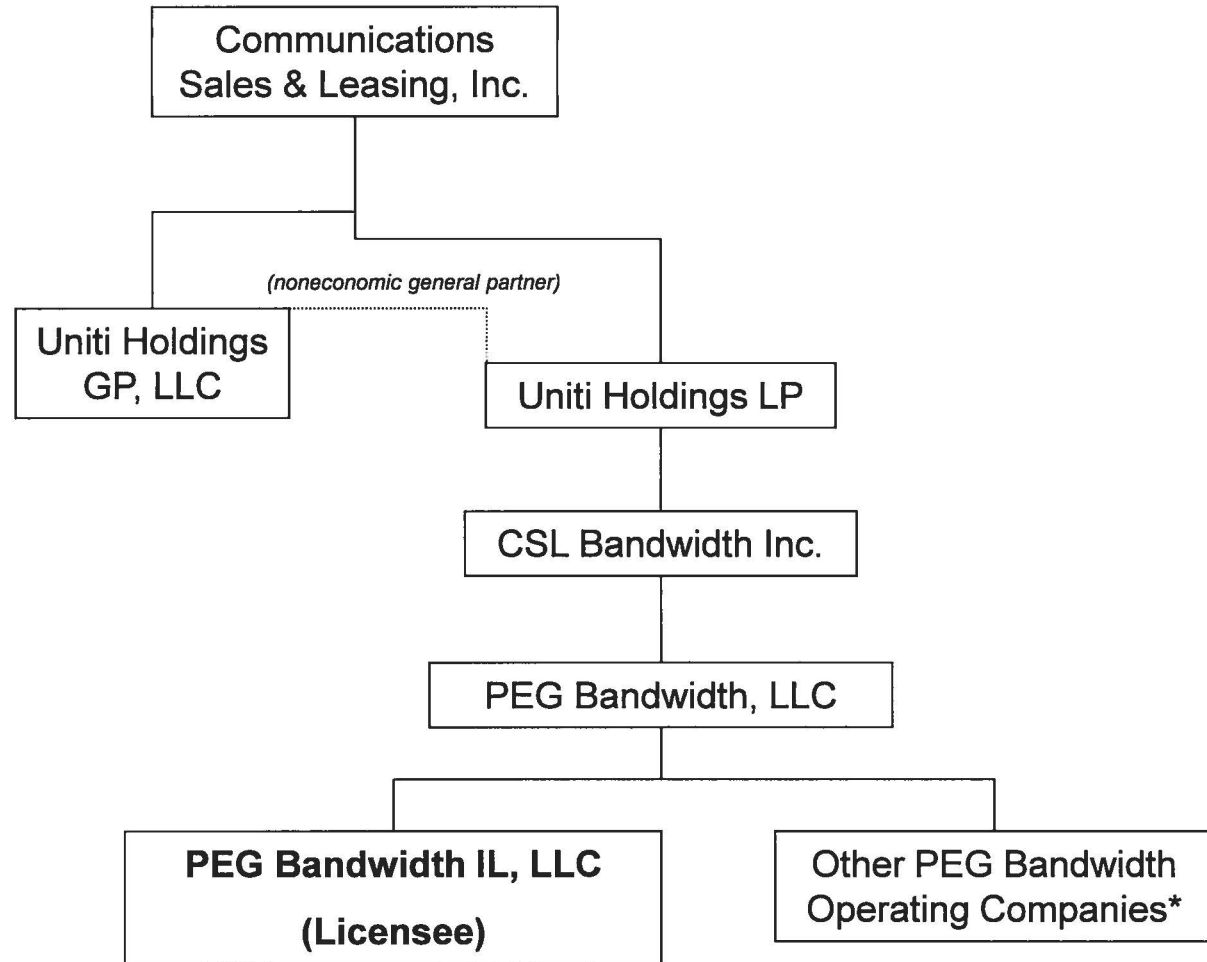
# Transaction



\*No other PEG Bandwidth operating company holds authority in this state

Unless otherwise indicated all ownership percentages are 100%.

## Post-Transaction Organizational Structure



\*No other PEG Bandwidth operating company holds authority in this state

Unless otherwise indicated all ownership percentages are 100%.



## **Verifications**

STATE OF ARKANSAS

§  
§  
§

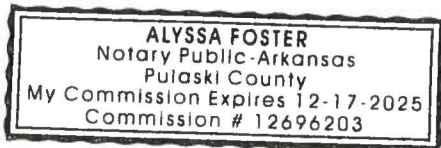
PULASKI COUNTY

**VERIFICATION**

I, Daniel L. Heard, hereby declare that I am the Senior Vice President - General Counsel and Secretary of Communications Sales & Leasing, Inc.; that I am authorized to make this Verification on behalf of Communications Sales & Leasing, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

\_\_\_\_\_  
Daniel L. Heard  
Senior Vice President - General Counsel and  
Secretary  
Communications Sales & Leasing, Inc.

Sworn and subscribed before me this 12 day of January, 2016.


  
\_\_\_\_\_  
Notary Public

My commission expires 12-17-2025

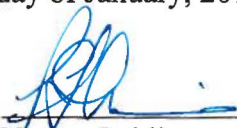
STATE OF PENNSYLVANIA §  
MONTGOMERY COUNTY §

**VERIFICATION**

I, James Volk, hereby declare that I am the Chief Financial Officer of PEG Bandwidth, LLC; that I am authorized to make this Verification on behalf of PEG Bandwidth, LLC and its subsidiaries; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
James Volk  
Chief Financial Officer  
PEG Bandwidth, LLC

Sworn and subscribed before me this 14<sup>th</sup> day of January, 2016.

  
\_\_\_\_\_  
Notary Public

My commission expires 8/26/16

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Patricia C. Sheinman, Notary Public  
Lower Merion Twp., Montgomery County  
My Commission Expires Aug. 26, 2016  
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES