

JUN 11 2020

PUBLIC SERVICE
COMMISSION

June 11, 2020

VIA E-FILING

Kent Chandler, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-8294

Re: Notification of DeltaCom, LLC, Windstream KDL, LLC, and Windstream NuVox, LLC Sellers, and Uniti Group Finance Inc. and Uniti National LLC, Purchasers, to Transfer Certain Assets of Sellers to Purchasers

Dear Mr. Chandler:

DeltaCom, LLC ("DeltaCom"), Windstream KDL, LLC ("Windstream KDL"), and Windstream NuVox, LLC ("Windstream NuVox") (together, the "Windstream Licensees" or "Sellers"), Uniti Group Finance Inc. ("Uniti Group Finance"), and Uniti National LLC ("Uniti National" and together with Uniti Group Finance, "Purchasers") (Purchasers and Sellers collectively, the "Parties") hereby notify the Kentucky Public Service Commission ("Commission") that Sellers will transfer certain fiber optic assets to Purchasers¹ (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 only to ensure the continuing accuracy of the Commission's records.

The Transaction is part of a larger Settlement Agreement between Windstream Holdings, Inc. (ultimate parent company of Windstream Licensees) ("Windstream") and Uniti Group Inc. to resolve a number of disputes between the two organizations. In February 2019, Windstream and its subsidiaries, including the Windstream Licensees (collectively, the "Debtors") filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code.² On April 20, 2020, Debtors and Uniti Group Inc., along with their relevant subsidiaries, agreed to enter into series of agreements intended to settle all disputes between Windstream and Uniti, including an Asset Purchase Agreement (the "Agreement"). Under the Agreement, Uniti Group Finance will acquire certain assets of Windstream's competitive telecommunications subsidiaries. Prior to consummation of the Agreement, Uniti Group Finance intends to effect a partial assignment of its rights under the Agreement to its subsidiary, Uniti National, such that Uniti National and Uniti Group Finance will each have the right to acquire specified assets from the Sellers. Importantly,

¹ Uniti Group Finance is currently the party that has the right to acquire the fiber optic assets from the Sellers under the Agreement (as defined below). As described below, prior to the consummation of the Transaction, Uniti Group Finance will assign the right to acquire certain of the fiber optic assets to Uniti National.

² *In re Windstream Holdings, Inc.*, Chapter 11, Case No. 19-22312, U.S. Bankr. Court (S.D.N.Y.). The website of Debtors' claims and noticing agent includes a complete list of the debtor entities and is available at <http://www.kccllc.net/windstream>.

the transfer of assets does not include any of those owned or controlled by Windstream's incumbent local exchange carrier subsidiaries, and in practical terms will have no effect on the nature, quality, quantity, or price of the services offered in Kentucky by any Windstream subsidiaries. The Settlement Agreement, including the Agreement and Transaction addressed by this filing, was approved by the Bankruptcy Court in an order issued on May 12, 2020.³ The consummation of the Transaction is a necessary component for Debtors to exit bankruptcy.⁴

In support of this filing, the Parties provide the following information:

Description of the Parties

A. Sellers

Windstream Licensees are wholly owned subsidiaries of Windstream. Windstream is a Delaware corporation headquartered at 4001 Rodney Parham Road, Little Rock, Arkansas 72212, with stock traded in the "Over the Counter" ("OTC") market under the symbol "WINMQ" and through its subsidiaries, is a leading provider of advanced network communications and technology solutions for consumers, businesses, enterprise organizations, and wholesale customers across the United States. Windstream's subsidiaries, including the Windstream Licensees, provide voice and data services that enhance the communication capabilities of consumers and businesses in the United States. In addition, Windstream's operating subsidiaries supply core transport solutions on a local and long-haul fiber network currently spanning approximately 150,000 route miles.

Windstream does not provide telecommunications services in its own right. Instead, it owns and operates a number of licensed telecommunications providers that operate throughout the United States providing intrastate and interstate telecommunications services. In Kentucky, the Windstream Licensees hold the following authority to provide intrastate telecommunications services:

- DeltaCom, LLC is authorized to provide local exchange services pursuant to Utility ID 22251072 and interexchange services pursuant to Utility ID 5107200.
- Windstream KDL, LLC is authorized to provide local exchange services pursuant to Utility ID 22251009 and interexchange services pursuant to Utility ID 5100900.
- Windstream NuVox, LLC is authorized to provide local exchange services pursuant to Utility ID 5005500 and interexchange services pursuant to Utility ID 22250055.

³ See Order Approving the Settlement Between the Debtors and Uniti, Case No. 19-22312 (Bank. S.D.N.Y. entered May 12, 2020), *appeal pending*.

⁴ Debtors have sought Commission approval related to the indirect transfer of control as a result of its Chapter 11 restructuring in an Application filed electronically on June 1, 2020, Docket No.: 2020-00179.

B. Purchasers

Uniti Group Finance is a Delaware corporation, and Uniti National is a Delaware limited liability company. Both are headquartered at 10802 Executive Center Drive, Suite 300, Little Rock, Arkansas 72211, and each is a subsidiary of Uniti Group Inc. ("Uniti Group" and together with its subsidiaries, "Uniti"), a Maryland corporation headquartered at the same address. Uniti Group is a publicly traded real estate investment trust that engages in the acquisition and construction of infrastructure utilized by the communications industry. Uniti Group does not provide telecommunications services in its own right. It owns and operates a number of licensed telecommunications providers in the District of Columbia and a number of states. As described further below, neither Uniti Group Finance nor Uniti National is currently engaged in the provision of telecommunications services in Kentucky or elsewhere, and as such, neither currently holds any authorization in Kentucky to provide telecommunications services. To the extent Uniti National (or any other subsidiary of Uniti) plans to begin providing regulated telecommunications services in Kentucky, it will seek authority from the Commission at that time.⁵

Contacts

Inquiries or copies of any correspondence, orders, or other materials pertaining to this Letter should be directed to:

For Purchasers:

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With a copy to

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⁵ CSL Kentucky System, LLC ("CSL KY") and Southern Light, LLC ("Southern Light") (together, the "Uniti Licensees") are affiliates of Uniti National. In Kentucky, CSL-KY is registered as a competitive local exchange carrier (Utility ID 5057240), and Southern Light is registered as a competitive local exchange carrier (Utility ID No. 5053410). The Uniti Licensees may utilize some of the fiber assets transferred to Purchasers to provide telecommunications services in Kentucky through intercompany lease arrangements.

For Sellers:

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With a copy to:

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Background and Description of the Transaction

Windstream and its subsidiaries sought voluntary bankruptcy protection under Chapter 11 of the Bankruptcy Code in the Southern District of New York in February 2019. Beginning in August 2019, Windstream and Uniti engaged in mediation overseen by the Bankruptcy Court to address certain claims the organizations had against one another. On April 20, 2020, Windstream and Uniti entered into a settlement agreement intended to address those claims, which will ultimately allow Windstream to emerge from bankruptcy. As part of the settlement agreement, the parties have entered into the Agreement, through which Uniti Group Finance will acquire certain Windstream fiber assets currently owned by some of Windstream's competitive local exchange carrier subsidiaries. Specifically, under the Agreement the Sellers and other Windstream subsidiaries will sell roughly 3,966 fiber route miles nationwide to Uniti Group Finance and, pursuant to a partial assignment of the Agreement prior to consummation, to Uniti National. Uniti will then grant an indefeasible right of use ("IRU") to Windstream's subsidiaries having an initial term of 20 years for those fiber assets that Windstream's subsidiaries use to provide services, along with additional fibers to provide Windstream's subsidiaries with spare capacity. Uniti Group Finance and Uniti National will thus have access to sublease or otherwise utilize those fiber assets that are not being granted back to Windstream's subsidiaries.

The Transaction will not interfere with the ability of any Windstream company to provide its services. To the contrary, Windstream's subsidiaries will retain access to the fiber assets they currently use to provide service through an IRU having an initial term of 20 years. Uniti Group Finance and Uniti National will be able to lease to their affiliates or third parties or otherwise utilize those fiber assets that are not granted back to Windstream's subsidiaries.

The net result of the Transaction is that Uniti will purchase certain fiber assets from Windstream's competitive local exchange carrier subsidiaries, including the Windstream Licensees in Kentucky. Uniti will retain access to a substantial portion of the fiber assets that are currently unused, and Windstream's subsidiaries will retain access to those fiber assets currently used in Kentucky to provide services to customers, plus additional fibers to provide Windstream's subsidiaries with spare capacity.

The Transaction will be transparent to Sellers' customers, who will continue to receive services from Windstream's subsidiaries as they do today.

Public Interest Considerations

The Parties respectfully submit that the proposed Transaction serves the public interest. The Transaction is part of the court-approved resolution of the disputes between Windstream and Uniti Group, and is part of the process of allowing Windstream and its subsidiaries to emerge from bankruptcy. The Transaction is a key component of a settlement between Windstream and Uniti which will maintain access to the fiber assets required by the Windstream Licensees (in Kentucky) and other Windstream entities around the country to serve existing (and potential new) customers. In return, Uniti will receive access to unused fiber assets in Kentucky and elsewhere that it can itself sell, lease, or otherwise utilize. As such, the proposed Transaction will have no adverse impact on the customers of the Windstream Licensees, and will be transparent to its customers. Immediately following the Transaction, Windstream Licensees will continue to provide service to its existing customers at the same rates, terms, and conditions, as governed by its existing contracts.

Conclusion

Please acknowledge receipt of this filing. Should you have any questions, please do not hesitate to contact us.

Respectfully submitted,



/s/ Christopher W. Savage

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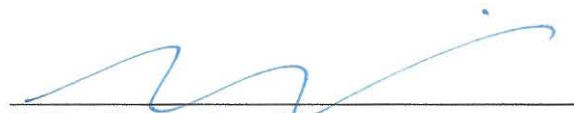
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Counsel for Purchasers

VERIFICATION

I, Jeffrey R. Strenkowski, state that I am the Vice President and Deputy General Counsel of Governmental Affairs of Uniti Group Inc. (“Uniti”); that I am authorized to make this Verification on behalf of Uniti and its subsidiaries (collectively, the “Company”); that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to the Company are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 19th day of May, 2020.




Jeffrey R. Strenkowski
Vice President, Deputy General Counsel of
Governmental Affairs
Uniti Group Inc.

VERIFICATION

I, Carol Keith, state that I am the Deputy General Counsel of DeltaCom, LLC, Windstream KDL, LLC, and Windstream NuVox, LLC, (collectively, the “Windstream Licensees”); that I am authorized to make this Verification on behalf of the Windstream Licensees; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to the Windstream Licensees are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 10th day of June, 2020.



Carol Keith
Deputy General Counsel
DeltaCom, LLC, Windstream KDL, LLC, and
Windstream NuVox, LLC