

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1325 G STREET, N.W., SUITE 800
WASHINGTON, DC 20005**

ORDER

February 10, 2021

**FORMAL CASE NOS. TA08-4 AND TA10-2, IN THE MATTER OF THE APPLICATION
OF WINDSTREAM SERVICES, LLC, WINDSTREAM ENTERPRISE HOLDINGS, LLC,
MASSCOMM, LLC, AND WINDSTREAM KDL, LLC, FOR AUTHORITY TO
COMPLETE A PRO FORMA INTRA-CORPORATE TRANSACTION, Order No. 20696**

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) accepts the Application of the internal corporate reorganization of Windstream Services, LLC, Windstream Enterprise Holdings, LLC, and their subsidiaries Masscomm, LLC and Windstream KDL, LLC (collectively, “Windstream” or the “Applicants”), (the latter two, “Windstream Licensees”). In accepting the Application of Windstream’s intracorporate reorganization, the Commission dismisses further review of the transaction.

II. BACKGROUND

2. On February 1, 2021, Windstream filed an Application with the Commission seeking approval, to the extent necessary, of an internal corporate reorganization at the holding company level for the purpose of streamlining and simplifying the Applicants’ corporate structure (“Transaction”).¹ The Applicants assert that the internal reorganization will simplify the Applicants’ collective operations and enable Windstream to reconfigure its existing corporate structure in a way to better align it with its operating units.² Windstream states that because the Transaction will occur at the holding company level, it will be transparent to Windstream’s customers.³ The Applicants request that the Commission approve the transaction to the extent required by law and/or Commission rules.⁴

¹ *Formal Case Nos. TA08-4 and TA10-2*, Application of Windstream Services, LLC Windstream Enterprise Holdings, LLC Masscomm, LLC and Windstream KDL, LLC for Authority to Complete A Pro Forma Intra-Corporate Transaction (“Application”), filed February 1, 2021.

² Application at 2.

³ Application at 5.

⁴ Application at 1.

A. Description of the Applicants

3. The Applicants state that Windstream Services, LLC, is a Delaware limited liability company, with headquarters in Little Rock, Arkansas. They state that Windstream Enterprise Holdings, LLC, is a Delaware limited liability company, also headquartered in Little Rock, Arkansas. The Applicants assert that Windstream Services, LLC and Windstream Enterprise Holdings, LLC, through their subsidiaries, are leading providers of advanced network communications and technology solutions for consumers, small businesses, enterprise organizations, and carrier partners across the U.S.⁵ According to their Application, Windstream offers bundled services including broadband, security solutions, voice, and digital TV to consumers. It also provides data, cloud solutions, unified communications, and managed services to business and enterprise clients. Windstream Services, LLC asserts that it controls two certificated competitive local exchange carriers (“CLEC”) that provide telecommunications service in the District of Columbia (“District”):⁶ Windstream KDL, LLC, was granted certification to provide resold and facilities-based local exchange telecommunications services on March 10, 2008, in *Formal Case No. TA 08-4*, Order No. 14757,⁷ and Masscomm, LLC, was granted certification to provide resold and facilities-based local exchange telecommunications services on July 20, 2010, in *Formal Case No. TA 10-2*, Order No. 15888.⁸

B. Description of the Transaction

4. Windstream explains that its business would be more efficient from a management, operations, regulatory, accounting, financial, and customer experience perspective by streamlining its organization. Currently, Masscomm, LLC and Windstream KDL, LLC, are direct subsidiaries of Windstream Services, LLC. The Applicants state that Windstream Services, LLC will contribute 100% of the membership interests of each company, Masscomm, LLC and Windstream KDL, LLC, to its subsidiary Windstream Enterprise Holdings, LLC.⁹ Windstream asserts that customers of the Windstream Licensees will continue to receive services from the Windstream Licensees under the same rates, terms, and conditions of service as provided before the Transaction.¹⁰

⁵ Application at 3.

⁶ Application at 3.

⁷ *Formal Case No. TA08-4, In the Matter of the Application of Kentucky Data Link, Inc. to Provide Local Telecommunications Services in the District Of Columbia*, Order No. 14757, rel. March 10, 2008.

⁸ *Formal Case No. TA10-2, In the Matter of the Application of Masscomm, Inc. d/b/a Mass Communications to Provide Local Telecommunications Services in the District Of Columbia*, Order No. 15888, rel. July 20, 2010.

⁹ Application at 4; citing Exhibit B. *See also* Exhibit C, showing proposed new corporate organization.

¹⁰ Application at 4.

C. Public Interest Considerations

5. The Applicants assert that the Transaction is in the public interest and consistent with the five (5) public interest factors under 15 DCMR § 2511.2(d): public safety and welfare, quality of local telecommunications services, competition, consumer rights, and universal service. They claim that the Transaction will generate substantial benefits with no countervailing harms.¹¹ Windstream explains that, primarily, the Transaction will simplify Windstream's existing corporate structure and will reduce its reporting and accounting burdens thereby becoming more efficient to serve its customers.¹²

6. The Applicants also claim that efficient corporate organization will allow Windstream's customers to continue to enjoy uninterrupted access to the same safe, reliable, and high-quality telecommunications and information services from the same service providers, at the same competitive rates, and under the same terms and conditions as before. According to the Applicants, any changes occurring in the future will result from the normal course of business operations, as was the case prior to the Transaction. The Applicants add that the Transaction will have no effect on the operations, managerial, or technical qualifications of Windstream or the Windstream Licensees. The Applicants claim, therefore, that the Transaction will have no adverse effect on the quality of local telecommunications service or the public safety and welfare of District residents.¹³

7. In addition, the Applicants claim that the Transaction will not adversely affect competition or customer choice in the District because it will not result in a reduction of available service providers. They also maintain that the Transaction will not create any new combinations and is thus not capable of generating anticompetitive horizontal or vertical concentration.¹⁴ The Applicants provide assurance that District customers will continue to have access to the same number of competitive alternatives they have today.¹⁵

8. The Applicants maintain that the Transaction will have no effect on consumer rights and will have no change to the Windstream Licensees' policies with respect to its consumers or customer-facing operations, such as ordering, service installation, customer service, and billing.¹⁶ They claim that the Transaction will occur at the holding company level, and therefore will be transparent to Windstream's customers.¹⁷ Finally, the Applicants claim that the Transaction will

¹¹ Application at 5.

¹² Application at 5.

¹³ Application at 5.

¹⁴ Application at 5.

¹⁵ Application at 5.

¹⁶ Application at 5.

¹⁷ Application at 5.

have no effect on universal service in the District, adding that Windstream and the Windstream Licensees do not offer universal service fund-supported services in the District.¹⁸

III. DECISION

9. Generally, Commission review of intracorporate reorganization cases involving certificated CLECs requires a determination of whether any of the entities involved in the transaction is a public utility¹⁹ and, if so, thus subject to review under 15 DCMR § 2511.2.²⁰ However, according to our holding in *Sidera Networks*, Order No. 17536,²¹ CLEC transactions concerning corporate reorganizations and restructurings that are purely internal or intracorporate in nature, and do not involve the transfer of ownership or control to an outside entity or organization, only require a notification to the Commission of the transaction.²² In addition, purely intracorporate CLEC restructurings or reorganizations are subject to dismissal by the Commission.²³

10. In the instant case, the reorganization appears to be purely internal and intracorporate in nature. In essence, the transaction involves Windstream Services, LLC's transfer of the membership interests of its District Licensees: Masscomm, LLC and Windstream KDL, LLC, to its related holding company subsidiary, Windstream Enterprise Holdings, LLC.²⁴ Under Windstream Enterprise Holdings, LLC, the Windstream Licensees will continue to operate with the same officers and directors, and that the same individuals will perform Windstream's regulatory functions in the District. In addition, the internal reorganization will not impact customers inasmuch as the Windstream Licensees will continue to operate under their current names in the District and will continue to provide service under the same current rates, terms, and conditions. In our view, this corporate reorganization is a transaction that is purely intracorporate

¹⁸ Application at 5.

¹⁹ See D.C. Code § 34-1001 (2020): No franchise nor any right to or under any franchise to own or operate any public utility as defined in this subtitle . . . shall be assigned [or] transferred . . . nor shall any contract or agreement with reference to or affecting any such franchise or right be valid or of any force or effect whatsoever unless the assignment, transfer . . . or agreement shall have been approved by the Commission in writing.

²⁰ See 15 DCMR § 2511.2 (2015). Specifically, 15 DCMR § 2511.2 states: For any change of ownership or control involving a certificated local exchange carrier that must be approved by the Commission pursuant to D.C. Official Code § 34-1001 (2001), all of the entities involved in the transaction must file an application with the Commission at least sixty (60) days before the proposed closing date of the transaction. 15 DCMR § 2511.2(d) states the five standards an application for transfer of control or other type of corporate reorganization must meet in order to receive Commission approval. The five standards are: (1) how the proposed transaction will affect competition in the District of Columbia; (2) how the proposed transaction will affect universal service; (3) how the proposed transaction will affect public safety and welfare; (4) whether the proposed transaction will affect the quality of local telecommunications services; and (5) how the proposed transaction will affect consumer rights.

²¹ *Formal Case No. 892, In the Matter of the Joint Application of Sidera Networks, LLC for Approval of a Pro Forma Intra-Company Transaction*, Order No. 17536, rel. July 10, 2014 ("Order No. 17536").

²² Order No. 17536 at 4.

²³ Order No. 17536 at 4.

²⁴ See Application at Exhibit C.

in nature and is permissible under *Sidera Networks* without additional Commission review. Accordingly, the Commission accepts Windstream's Application of its internal intracorporate reorganization and shall dismiss any further review of this matter.

THEREFORE, IT IS ORDERED THAT:

11. The Application of Windstream Services, LLC, Windstream Enterprise Holdings, LLC, and their subsidiaries Masscomm, LLC and Windstream KDL, LLC of an internal intracorporate reorganization is **ACCEPTED**, and further Commission review of this matter is **DISMISSED**.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:

A handwritten signature in black ink, reading "Brinda Westbrook-Sedgwick". The signature is written in a cursive, flowing style.

CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**