

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

GARY PIERCE- CHAIRMAN
BOB STUMP
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AZ CORP COMMISSION
DOCKET CONTROL

T-03267A-11-0314

IN THE MATTER OF THE JOINT APPLICATION)
OF WINDSTREAM CORPORATION AND)
MCLEODUSA TELECOMMUNICATIONS)
SERVICES, LLC d/b/a PAETEC BUSINESS)
SERVICES FOR APPROVAL TO TRANSFER OF)
INDIRECT CONTROL OF MCLEODUSA)
TELECOMMUNICATIONS SERVICES, LLC d/b/a)
PAETEC BUSINESS SERVICES TO)
WINDSTREAM CORPORATION)

DOCKET NO. T-03267A-11-_____

Arizona Corporation Commission

DOCKETED

AUG 11 2011

DOCKETED BY
MR

**VERIFIED NOTICE OF INTENT TO REORGANIZE AND
JOINT APPLICATION FOR WAIVER OF A.A.C. R14-2-803
OR, ALTERNATIVELY, FOR APPROVAL OF REORGANIZATION
(Expedited Approval Requested)**

Windstream Corporation, in its sole capacity as the acquiring parent company entity and not as a regulated entity ("Windstream"), and McLeodUSA Telecommunications Services, LLC d/b/a PAETEC Business Services ("PAETEC Business") (Windstream and PAETEC Business together, the "Applicants") hereby respectfully request that the Arizona Corporation Commission ("Commission") grant a waiver of the requirements of A.A.C. R14-2-803 pursuant to A.A.C. R14-2-806 or, alternatively, grant an expedited approval under A.A.C. R14-2-803, to the extent necessary, as well as any other applicable statutes or rules, for the transfer of indirect control of PAETEC Business to Windstream (the "Transaction"). PAETEC Business is authorized (1) to provide resold and facilities-based local exchange and exchange access services pursuant to Decision No. 62627, granted on June 9, 2000 and (2) to resell interexchange telecommunications services pursuant to

1 Decision No. 61001, granted on July 16, 1998. In its most recent Annual Report filed with
2 the Commission, PAETEC Business generated more than \$1 million of Arizona
3 jurisdictional revenue. PAETEC Business therefore is a Class A investor-owned public
4 service corporation subject to the Commission's Public Utility Holding Companies and
5 Affiliated Interest Rules, A.A.C. R14-2-801 et seq. (the "Affiliated Interest Rules"). The
6 Transaction, therefore, may be considered a Reorganization requiring a notice of intent
7 under the Affiliated Interest Rules.

8 In order to consummate the Transaction later this year, Applicants request that the
9 Commission grant all relief sought herein as expeditiously as possible, and no later than the
10 Commission's Open Meeting scheduled for November 8-9, 2011, so that the Transaction
11 can close as soon as practicable and in order for them to meet critical business objectives.
12 Because November 8-9, 2011 is less than 120 days following the filing of this Notice of
13 Intent, Applicants request that the Commission waive the requirement of A.A.C. R14-2-803
14 that the notice of intent be filed 120 days prior to completion of the Reorganization.

15 In support, Applicants state as follows:

16 **I. DESCRIPTION OF APPLICANTS.**

17 **A. Windstream Corporation.**

18 Windstream Corporation, a Delaware corporation headquartered at 4001 Rodney
19 Parham Road, Little Rock, Arkansas 72212, (501) 748-7000, is a publicly traded (Nasdaq:
20 WIN) S&P 500 diversified communications and entertainment company. Windstream's
21 subsidiaries provide local and long distance telephone services, data hosting services,
22 broadband and high-speed data services and video services to customers throughout the
23 United States.¹ Windstream's operations currently have approximately 3.3 million access
24 lines and approximately \$4 billion in annual revenues. More information about Windstream
25 and its operations can be found at www.windstream.com.

26 ¹ The existing subsidiary operations of Windstream in these states, including Arizona, will not be
27 affected by the instant Transaction.

1 Windstream does not itself provide telecommunications services or hold any
2 telecommunications licenses in its own right. By virtue of its ownership of its regulated
3 subsidiaries in Arizona,² Windstream has demonstrated that it is qualified to own and
4 operate telecommunications carriers in Arizona. Additional information concerning
5 Windstream's legal, technical, managerial and financial qualifications to acquire control of
6 the PAETEC Business was submitted to the Commission with various prior filings with
7 respect to the operations of its subsidiaries in Arizona and is therefore already a matter of
8 public record.

9 **B. PAETEC Business.**

10 PAETEC Business is an Iowa limited liability company and a wholly owned indirect
11 subsidiary of PAETEC Holding Corp. ("PAETEC"), a publicly traded Delaware corporation
12 (NASDAQ GS: PAET). PAETEC and PAETEC Business have principal offices located at
13 One PAETEC Plaza, 600 Willow Brook Office Park, Fairport, New York 14450. Through
14 common ownership by PAETEC, PAETEC Business is currently affiliated with two other
15 entities that are authorized to provide telecommunications services in Arizona: PaeTec
16 Communications, Inc. ("PCI") and Talk America, Inc. ("TA") (PAETEC Business, PCI and
17 TA collectively, the "PAETEC Regulated Entities"). The PAETEC Regulated Entities hold
18 the following authorizations in Arizona:

- 19 1. PAETEC Business is authorized (1) to provide resold and facilities-based
20 local exchange and exchange access services pursuant to Decision No.
21 62627, granted on June 9, 2000 and (2) to resell interexchange
22 telecommunications services pursuant to Decision No. 61001, granted on
23 July 16, 1998.

23 ² Windstream has one subsidiary that is currently authorized to provide telecommunications services
24 in Arizona and another subsidiary that is currently seeking authority to provide telecommunications
25 services in Arizona: Windstream Communications, Inc. ("WCI") is authorized to provide resold long
26 distance telecommunications services pursuant to a certificate granted by Decision No. 68965
27 (Docket No. T-20436A-05-0909) on September 21, 2006; and Windstream NuVox, Inc. ("WIN-
NuVox") has an application pending for a certificate to provide resold local exchange
telecommunications services in Docket No. T-20786A-11-0088. WCI and WIN-NuVox have less
than \$1 million in Arizona jurisdictional revenue, and they are therefore not "Class A" public service
corporations subject to the Affiliated Interests Rules.

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and
William A. Haas
Corporate Vice President of Public Policy & Regulatory
PAETEC Holding Corp.
One Martha's Way
Hiawatha, IA 52233
Tel: 319-790-7295
Email: william.haas@paetec.com

For Windstream:

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VP- Regulatory Counsel
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Little Rock, Arkansas 72212
Tel: 501-748-6374
Email: kimberly.k.bennett@windstream.com

and
J.T. Meister
VP-State Government Affairs
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Little Rock, AR 72212
Tel: 501-748-5619
Email: james.t.meister@windstream.com

III. DESCRIPTION OF TRANSFER OF CONTROL.

A. Transfer of Control of the PAETEC Regulated Entities.

Pursuant to the terms of an Agreement and Plan of Merger (“Agreement”) dated July 31, 2011 among Windstream, Peach Merger Sub, Inc. (“MergerCo”) (a direct, wholly-owned subsidiary of Windstream created for purposes of the merger), and PAETEC, MergerCo will merge with and into PAETEC, and PAETEC will continue to exist as the surviving corporation (the “Transaction”). As a result of the Transaction, PAETEC will become the direct, wholly-owned subsidiary of Windstream. Thus, Windstream will be the new ultimate parent company of PAETEC Business (and the other PAETEC Regulated Entities).

Accordingly, this change in ultimate control will not involve a transfer of the operating authority, assets or customers of PAETEC Business (or the other PAETEC

1 Regulated Entities). Immediately following consummation of the Transaction, PAETEC
2 Business (and the other PAETEC Regulated Entities) will continue to offer the same
3 services, rates, terms and conditions pursuant to their existing respective authorizations.
4 Since the PAETEC Regulated Entities will be ultimately owned by Windstream as a result
5 of the Transaction, PAETEC Business and the other PAETEC Regulated Entities may in the
6 future change their names to reflect the “Windstream” brand. The Applicants emphasize
7 that any modifications to the names of the PAETEC Regulated Entities, or any other
8 changes to their rates, terms or conditions of those service that may occur in the future
9 following the consummation of the Transaction will be undertaken pursuant to the
10 requirements of applicable law and Commission rules.

11 For the Commission’s convenience, pre- and post-transaction organizational charts
12 are provided as Exhibit A. A copy of the PAETEC’s 8-K filing with the SEC containing
13 the Agreement is publicly available online, and is incorporated by reference herein.³

14 **C. Windstream’s Qualifications.**

15 Windstream has the technical, managerial, and financial qualifications to acquire
16 control of the PAETEC Business (and the other PAETEC Regulated Entities).
17 Windstream’s operating subsidiaries provide local and long distance telephone services,
18 data hosting services, broadband and high-speed data services and video services to
19 customers throughout the United States. Windstream’s operations currently have
20 approximately 3.3 million access lines and approximately \$4 billion in annual revenues. A
21 copy of Windstream’s most recent financial statements from its Form 10-K for the year
22 ended December 31, 2010 are available online, and are incorporated by reference herein.⁴

23 ³ See *Agreement and Plan of Merger among Windstream Corporation, Peach Merger Sub, Inc., and*
24 *PAETEC Holding Corp.*, at Exhibit 2.1 (July 31, 2011), available at:
25 [http://sec.gov/Archives/edgar/data/1372041/000119312511204606/0001193125-11-204606-
index.htm](http://sec.gov/Archives/edgar/data/1372041/000119312511204606/0001193125-11-204606-
index.htm) (“Agreement”). Applicants will provide staff a paper copy of this voluminous filing upon
request.

26 ⁴ See *Annual Report of Windstream for Fiscal Year Ended December 31, 2010 (SEC Form 10-K)*,
27 (Feb. 22, 2011), available at:
<http://sec.gov/Archives/edgar/data/1282266/000119312511042169/0001193125-11-042169->

1 Windstream is operated by a highly qualified management team, all of whom have
2 extensive backgrounds in telecommunications. Information concerning the legal, technical,
3 managerial and financial qualifications of Windstream was submitted with the various
4 applications filed with the Commission with respect to its operations in Arizona, and is,
5 therefore, already a matter of record. Applicants request that the Commission take official
6 notice of these existing descriptions of Windstream's qualifications and incorporate them by
7 reference herein. In addition, Windstream has a history of successfully acquiring and
8 integrating network facilities and customers from other companies including the recent
9 acquisitions of NuVox and the Q-Comm entities (Kentucky Data Link, Norlight and
10 Norlight Telecommunications). There is no new information regarding Windstream that
11 could lead the Commission to determine otherwise in this case.

12 **IV. RULE 803(A) INFORMATION.**

13 The proposed transaction and related transfer of control of PAETEC Business
14 constitutes a reorganization under the Commission's Affiliated Interests Rules. The
15 proposed Transaction will not impair the financial status of PAETEC Business or otherwise
16 prevent PAETEC Business from attracting capital at fair and reasonable terms nor will it
17 impair PAETEC Business' ability to provide sage, reasonable and adequate service.
18 Although generally described above, Applicants submit the following information pursuant
19 to A.A.C. R14-2-803(A):

20 **1. The names and business addresses of the proposed officers and directors**
21 **of the holding company.**

22 **Officers**

22	Jeffery R. Gardner	President and Chief Executive Officer
23	Brent K. Whittington	Chief Operating Officer
23	Anthony W. Thomas	Chief Financial Officer
24	John P. Fletcher	Executive Vice President, General Counsel and Secretary
24	Michael D. Rhoda	Senior Vice President – Government Affairs
25	Robert G. Clancy, Jr.	Senior Vice President and Treasurer
25	Susan Bradley	Senior Vice President – Human Resources

26
27 index.htm ("Windstream's Form 10-K"). Applicants will provide staff a paper copy of this
voluminous filing upon request.

1 Grant Raney Executive Vice President – Network Operations
Cindy Nash Chief Information Officer
2 Richard J. Crane Executive Vice President and Chief Marketing Officer
John C. Eichler Vice President and Controller
3

Directors

4 Carol B. Armitage
Samuel E. Beall, III
5 Dennis E. Foster
Francis X. (“Skip”) Frantz
6 Jeffery R. Gardner
Jeffrey T. Hinson
7 Judy K. Jones
William A. Montgomery
8 Alan L. Wells

9 All of these persons can be reached through Windstream’s General Counsel at 4001 Rodney
10 Parham Road, Little Rock, Arkansas 72212.

11 **2. The business purposes for establishing or reorganizing the holding**
12 **company.**

13 See “Description of the Transfer of Control,” above, and “Public Interest
14 Considerations,” below.

15 **3. The proposed method of financing the holding company and the**
16 **resultant capital structure.**

17 Windstream is a publicly traded company with an established capital structure and
18 significant financial resources. The methods it uses for financing will not change as a result
19 of this transaction. The transaction described above will add new subsidiaries to the
20 Windstream family of companies. As part of this transaction, the current shareholders of
21 PAETEC will receive 0.460 shares of Windstream common stock (subject to certain
22 adjustments) as compensation for the transaction.
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4. The resultant effect on the capital structure of the utility.

As a result of the Transaction, PAETEC Business will have a new ultimate parent company, Windstream. The immediate capital structure of PAETEC Business will not change; PAETEC Business will remain a direct subsidiary of McLeodUSA LLC.⁵

5. An organization chart of the holding company that identifies all affiliates and their relationships within the holding company.

See Exhibit A. Below is a list of Windstream's current subsidiaries that are telecommunications carriers:

- Windstream Alabama, LLC
- Windstream NuVox, Inc.
- Windstream Arkansas, LLC
- Windstream NuVox, Arkansas, Inc.
- Windstream Florida, Inc.
- Georgia Windstream, LLC
- Windstream Accucomm Telecommunications, LLC
- Windstream Georgia Communications, LLC
- Windstream Georgia Telephone, LLC
- Windstream Georgia, LLC
- Windstream Standard, LLC
- Windstream NuVox Illinois, Inc.
- Windstream NuVox Indiana, Inc.
- Windstream Iowa Communications, Inc.
- Windstream Montezuma, Inc.
- Windstream Iowa-Comm, Inc.
- Windstream IT-Comm, LLC
- Windstream NuVox Kansas, Inc.
- Windstream Kentucky East, LLC
- Windstream Kentucky West, LLC
- Windstream Lakedale, Inc. d/b/a Windstream Connections
- Windstream Lakedale Link, Inc. d/b/a Windstream Lakedale NorthStar
- Windstream NorthStar, LLC
- Windstream EN-TEL, LLC
- Windstream Direct, LLC
- Windstream Mississippi, LLC
- Windstream Missouri, Inc.
- Windstream NuVox Missouri, Inc.

⁵ The Transaction will not have any effect on the immediate capital structure of the other PAETEC Regulated Entities or WCI or WIN-NuVox.

- 1 Windstream Nebraska, Inc.
- 2 Windstream of the Midwest, Inc.
- 3 Windstream Systems of the Midwest, Inc.
- 4 Windstream New York, Inc.
- 5 Windstream North Carolina, LLC
- 6 Windstream Concord Telephone, Inc.
- 7 Windstream Lexcom Communications, Inc.
- 8 Windstream Lexcom Long Distance, LLC
- 9 Windstream Ohio, Inc.
- 10 Windstream Western Reserve, Inc.
- 11 Windstream NuVox Ohio, Inc.
- 12 Windstream Oklahoma, LLC
- 13 Oklahoma Windstream, LLC
- 14 Windstream NuVox Oklahoma, Inc.
- 15 Windstream Southwest Long Distance, LP
- 16 Windstream Pennsylvania, LLC
- 17 Windstream D&E, Inc.
- 18 Windstream Conestoga, Inc.
- 19 Windstream Buffalo Valley, Inc.
- 20 Windstream D&E Systems, Inc.
- 21 Windstream South Carolina, LLC
- 22 Windstream Knoxville Data Link, Inc.
- 23 Texas Windstream, Inc.
- 24 Valor Telecommunications of Texas, LP d/b/a Windstream Communications
Southwest
- 25 Windstream Communications Kerrville, LLC
- 26 Windstream Sugar Land, Inc.
- 27 Windstream Communications Telecom, LLC
- Windstream Kerrville Long Distance, LLC
- Windstream KDL-VA, Inc.
- Windstream Communications, Inc.
- Windstream Norlight, Inc.
- Windstream KDL, Inc.
- Windstream NTI, Inc.

21 See also Windstream's Form 10-K at Exhibit 21,⁶ for the current list of all of the affiliates
22 and subsidiaries of Windstream.

26 ⁶ See *supra* note 4.

1 **6. The proposed method for allocating federal and state income taxes to**
2 **the subsidiaries of the holding company.**

3 Federal and State income tax allocations among Windstream and its subsidiaries are
4 consistent with the provisions of Treasury Regulation Sections 1.1552-1(a). Windstream's
5 approach to allocating tax liability will not change materially as a result of this transaction.

6 **7. The anticipated changes in the utility's cost of service and the cost of**
7 **capital attributable to the reorganization.**

8 Applicants note that as a non-dominant carrier, PAETEC Business' rates are not
9 regulated on a cost of service basis, as contemplated by this question. In any event, the
10 Applicants do not expect any change to the cost of service or capital structures of PAETEC
11 Business as a result of the Transaction. As described above, the Transaction should be
12 transparent and seamless for customers except for a possible future change in the name of
13 the PAETEC Regulated Entities' names to reflect "Windstream."

14 **8. A description of diversification plans of affiliates of the holding**
15 **company.**

16 There are no current plans for diversification or business activities unrelated to
17 operations of the subsidiaries of Windstream. See Windstream's Form 10-K⁷ for a
18 description of the types of business conducted by the Windstream companies.

19 **9. Copies of all relevant documents and filings with the United States**
20 **Securities and Exchange Commission and other federal and state**
21 **agencies.**

22 Applicants have provided information on how to access the SEC Form 8-K for
23 PAETEC (containing the merger agreement) and SEC Form 10-K for Windstream.⁸ All
24 SEC filings made by PAETEC and Windstream are publicly available on-line. The
25 Applicants will provide such numerous and voluminous documents upon request.

26 _____
⁷ See *supra* note 4.

27 ⁸ See *supra* notes 3 and 4.

1 In addition to Arizona, advance approval of the transaction is concurrently being
2 sought from the public utility commissions in the following states: California, Colorado,
3 Delaware, Georgia, Hawaii, Indiana, Louisiana, Maryland, Minnesota, Mississippi, New
4 Jersey, New York, Ohio, Pennsylvania, Texas, Utah, Virginia, and West Virginia. Approval
5 of the Transaction is also being sought from the Federal Communications Commission
6 (“FCC”). Windstream and PAETEC will also make a Hart-Scott-Rodino filing in
7 connection with the transaction.

8 **10. The contemplated annual and cumulative investment in each affiliate for**
9 **the next five years, in dollars and as a percentage of projected net utility**
10 **plant, and an explanation of the reasons supporting the level of**
11 **investment and the reasons this level will not increase the risks of**
12 **investment in the public utility.**

13 Applicants note that as non-dominant carriers, the PAETEC Regulated Entities and
14 WCI (and upon certification, WIN-NuVox) rates are not regulated on a cost of service basis,
15 as contemplated by this question. In any event, specific projections for each affiliate for
16 each of the next five years are not available. The future levels of investment will be
17 determined in response to market forces and operational needs.

18 **11. An explanation of the manner in which the utility can assure that**
19 **adequate capital will be available for the construction of necessary new**
20 **utility plant and for improvements in existing utility plant at no greater**
21 **cost than if the utility or its affiliate did not organize or reorganize as a**
22 **public utility holding company.**

23 Applicants note that as non-dominant carriers, the PAETEC Regulated Entities and
24 WCI (and upon certification, WIN-NuVox) rates are not regulated on a cost of service basis,
25 as contemplated by this question. In any event, PAETEC Business (and these other
26 utilities) will be able to attract capital on terms no less favorable than prior to the
27 Transaction. Adequate, and probably increased, capital will be available for growth and
development in Arizona.

V. WAIVER OF RULE 803 REQUIREMENTS.

Applicants request that, pursuant to A.A.C. R14-2-806, the Commission grant a
waiver of the requirements of A.A.C. R14-2-803 with respect to the proposed Transaction

1 (both with respect to the requirement to file the Notice of Intent at least 120 days prior to
2 the reorganization and the requirement for the Commission to approve the reorganization).

3 **A. The Proposed Transaction Will Not Directly or Indirectly Result in or**
4 **Cause an Increase in PAETEC Business' Maximum Rates on File with**
5 **the Commission for Any Competitive Service.**

6 The Commission has granted partial waivers of the Rules. *See e.g.* Decision Nos.
7 64737, 68346 and 69212. In granting such waivers, the Commission determined that only
8 when a transaction “could directly or indirectly result in or cause an increase in its
9 maximum rate on file with the Commission for any competitive service” would a company
10 have to make the necessary filings under A.A.C. R14-2-803, R14-2-804(A), (B), and (C).
11 See Decision No. 64737. The Commission granted a waiver for PAETEC’s indirect
12 acquisition of TA in 2010, Decision No. 72015, having determined that waiving the
13 Commission’s reorganization notification requirements in order to allow the companies to
14 effectuate a transfer of control was in the public interest.

15 Likewise, Applicants request that, pursuant to A.A.C. R14-2-806, the Commission
16 grant a waiver of the requirements of A.A.C. R14-2-803 with respect to the proposed
17 Transaction. PAETEC Business has operated in Arizona for over ten years and has
18 contributed to the vibrant competitive telecommunications markets. Its customer base in
19 Arizona is protected by a \$600,000 performance bond, which is among the largest in place
20 in Arizona. Moreover, as described below in Section VII, the Transaction is in the public
21 interest. Given these factors, the Commission need not expend its scarce resources on
22 processing this application and should grant Applicants a waiver of Rule 803.

23 **B. Applying the Rules to the Proposed Transaction and Related Financing**
24 **Arrangements Would Be Unnecessarily Costly and Burdensome.**

25 As any company who has been subject to the Affiliated Interest Rules can attest,
26 filings under A.C.C. R14-2-803 require a significant amount of financial and business
27 information, some of which may not be part of the normal analysis a competitive company

1 may go through in determining whether to undertake a transaction. A competitive company
2 expends significant resources and time to comply with the Affiliated Interest Rules.
3 Further, once the voluminous amount of information is filed, the approval process can take
4 many months. In a competitive industry, delaying a transaction for an indefinite period of
5 time while awaiting Commission approval can have significant negative effects on the value
6 of the transaction for both parties and in some instances may preclude the companies from
7 going forward with the transaction at all.

8 In instances such as this when a public utility with no monopoly power competes in
9 a competitive market, with its revenues from and investment in Arizona comprising only a
10 small portion of its total corporate family revenues and investment, application of the
11 Affiliated Interest Rules is not necessary for such a transaction. The risk to Arizona
12 consumers from the proposed Transaction is remote at best and compliance with the Rules
13 would be unduly burdensome. Applying the Affiliated Interest Rules to this Transaction
14 would constitute over-regulation and would cause needless expense and unnecessary
15 administrative burdens for the Applicants and the Commission.

16 **C. Verification.**

17 Under A.A.C. R14-2-806(B), any request for a waiver of the Rules must be made by
18 verified application. Accordingly, attached hereto as Exhibit B are the Affidavits of
19 William A. Haas, Vice President of Public Policy & Regulatory, PAETEC Holding Corp.
20 and Michael D. Rhoda, Senior Vice President - Government Affairs of Windstream
21 Corporation, attesting to the accuracy of the factual statements in this Joint Application.

22 **VI. ALTERNATIVE REQUEST FOR APPROVAL UNDER RULE 803.**

23 If the Commission does not grant the limited waiver of the approval requirement
24 requested above, the Applicants request that the Commission authorize PAETEC and
25 Windstream to complete the Transaction and resulting reorganization of a Public Utility
26 Holding Company under A.A.C. R14-2-803(B).

27

1 **VII. PUBLIC INTEREST CONSIDERATIONS.**

2 Applicants submit that the Transaction described herein will serve the public
3 interest. Applicants expect that the Transaction will enable the combined entities to better
4 meet the local, national and global needs of enterprises, wholesale buyers, and other
5 customers. The Transaction will bring together two successful carrier organizations that
6 have proven themselves in a highly competitive marketplace. The Transaction will help
7 create a stronger competitor by bringing together each organization's respective strengths.
8 Operating as an integrated company will allow each of the operating companies to be more
9 competitive and to deliver greater value and variety of services to their customers than they
10 do individually.

11 Moreover, the Transaction will be conducted in a manner that will be largely
12 transparent to customers of the PAETEC Business (and the other PAETEC Regulated
13 Entities). The Transaction will not result in a change of carrier for customers or any
14 assignment of authorizations, and in no event will it result in the discontinuance, reduction,
15 loss, or impairment of service to customers. Following consummation of the transaction,
16 the PAETEC Business (and the other PAETEC Regulated Entities) will continue to provide
17 high-quality communications services to its customers without interruption and without
18 immediate change in rates, terms or conditions other than in the ordinary course.

19 The public interest will also be served by expeditious consideration and approval of
20 the Transaction no later than at the Commissions Open Meeting scheduled for November 8-
21 9, 2011. For various important business, tax and financial reasons, Applicants require that
22 the Transaction be closed as quickly as possible. Delay in the regulatory approval process –
23 and thus in the ability of the Applicants to move forward promptly with the integration
24 process – risks creating uncertainty and competitive harm, especially in the public equity
25 markets for the companies' respective stock. The competitive telecommunications
26 marketplace continues to be a very challenging business environment. The proposed
27 Transaction is aimed at strengthening the competitive position of the combined entities and,

1 therefore, delay in the regulatory approval process prevents the parties from realizing the
2 economic benefits of integration of the carriers' networks or offering the expanded
3 combined network footprint to customers as quickly as the parties otherwise could.

4 **VIII. RELIEF REQUESTED AND CONCLUSION.**

5 For the foregoing reasons, Applicants submit that the public interest, convenience,
6 and necessity would be furthered by the transfer of control of the PAETEC Regulated
7 Entities as described herein. Therefore, Applicants respectfully request that the
8 Commission:

- 9 1. Waive the requirements of A.A.C. R-14-2-803 pursuant to A.A.C. R-14-2-
10 806.

11 Alternatively, Applicants request that the Commission:

- 12 1. Waive the requirement of A.A.C. R14-2-803 that the Notice of Intent be
13 filed at least 120 days prior to the Reorganization; and
14 2. Approve the transfer of indirect control of the PAETEC Business resulting
15 from the proposed Transaction pursuant to A.A.C. R14-2-803 without a
16 hearing.

17 Applicants further respectfully request expedited consideration and approval of this
18 Application without hearing no later than the Commission's Open Meeting scheduled for
19 November 8-9, 2011.

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1 RESPECTFULLY SUBMITTED this 11th day of August, 2011.

2 ROSHKA DEWULF & PATTEN, PLC

3 

4 Michael W. Patten
5 Timothy J. Sabo
6 One Arizona Center
7 400 East Van Buren Street, Suite 800
8 Phoenix, AZ 85004
9 Tel: (602) 256-6100
10 Fax: (602) 256-6800
11 Email: mpatten@rdp-law.com
12 tsabo@rdp-law.com
13 Attorneys for Applicants

10 ORIGINAL and thirteen (13) copies
11 of the foregoing filed
12 this 11th day of August, 2011, with:

13 Docket Control
14 1200 W. Washington Street
15 Phoenix, Arizona 85007

16 Copy of the foregoing hand-delivered
17 this 11th day of August, 2011, to:

18 Lyn Farmer, Esq.,
19 Chief Administrative Law Judge
20 Hearing Division
21 Arizona Corporation Commission
22 1200 W. Washington Street
23 Phoenix, Arizona 85007

24 Janice Alward, Esq.,
25 Chief Counsel, Legal Division
26 Arizona Corporation Commission
27 1200 W. Washington Street
Phoenix, Arizona 85007

Steve Olea, Director
Utilities Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

26 By Mary Spolito

EXHIBIT A

**Diagrams of the Merger
and the Pre- and Post-Transaction Corporate Structure of Applicants**

**Pre-Transaction Corporate Structure of
PAETEC Regulated Entities and Windstream**

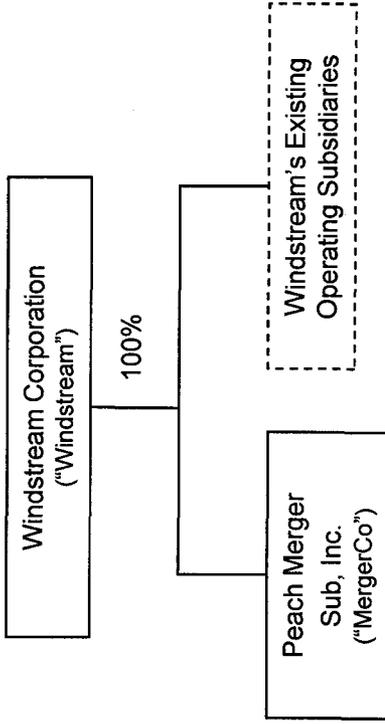
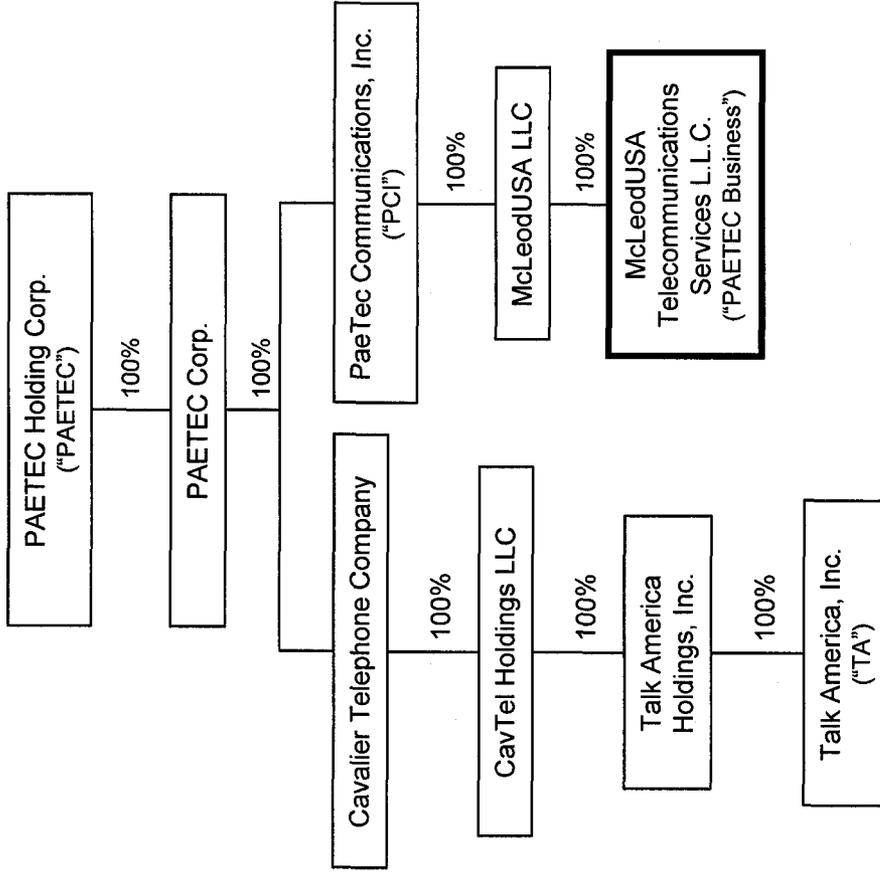
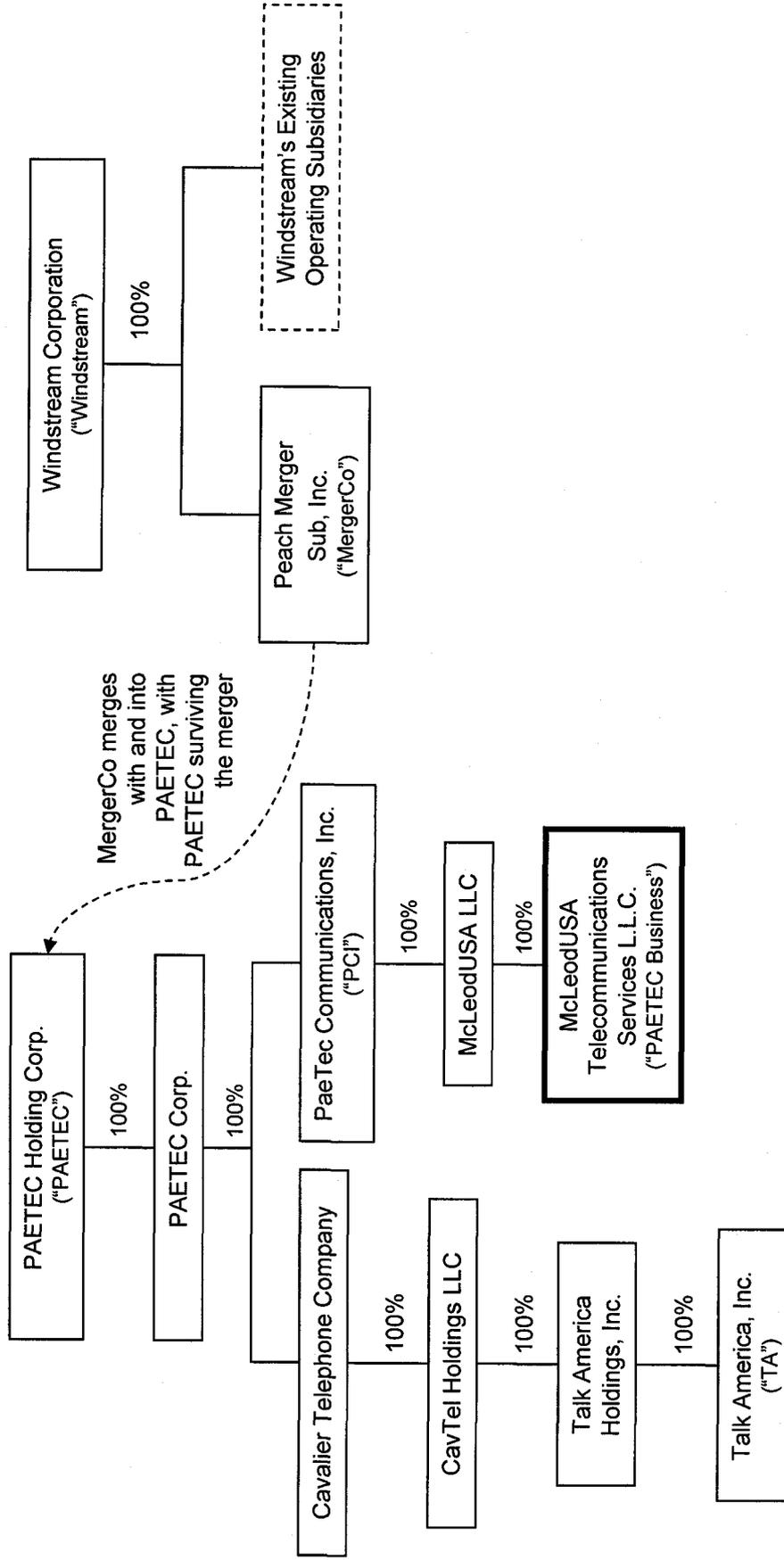


Illustration of the Transaction



Post-Transaction Corporate Structure of PAETEC Regulated Entities and Windstream

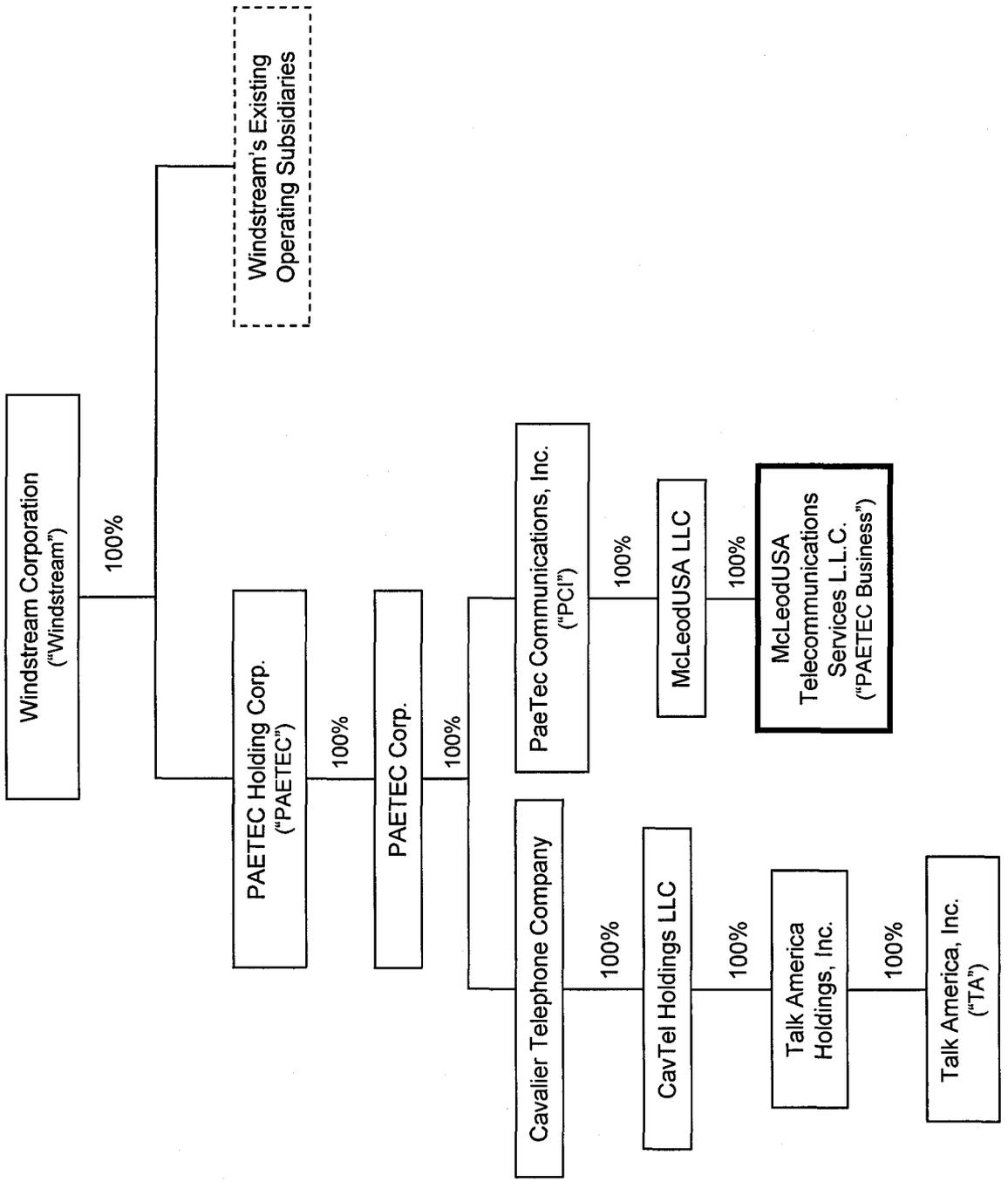


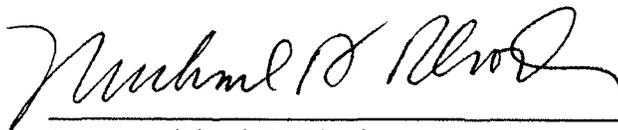
EXHIBIT B

Verifications of William A. Haas, PAETEC and
Michael D. Rhoda, Windstream Corporation

VERIFICATION

I, Michael D. Rhoda, state that I am Senior Vice President Government Affairs for Windstream Corporation ("Windstream"); that I am authorized to make this Verification on behalf of Windstream and its subsidiaries; that the foregoing filing was prepared under my direction and supervision; and that the statements with respect to Windstream and its subsidiaries in the foregoing document 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 11th day of August, 2011.



Name: Michael D. Rhoda
Title: Senior Vice President Government Affairs
Windstream Corporation

SUBSCRIBED AND SWORN TO me this 11th day of August, 2011.



Sandra Jean Griffis
Notary Public