

# Morgan Lewis

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December 13, 2016

## **VIA E-FILING**

Oregon Public Utility Commission

201 High St SE, Suite 100

Salem, Oregon 97301

Attn: Filing Center

**Re: Docket No. CP 1566  
Notification Regarding the Proposed *Pro Forma* Change in Indirect  
Ownership of Talk America Services, LLC**

Dear Sir or Madam:

On behalf of Communications Sales & Leasing, Inc. ("CS&L") and together with Talk America Services, LLC ("Licensee") (together with CS&L, the "Parties"), this letter advises the Commission of the proposed *pro forma* change in indirect ownership that will result in a change in the intermediate holding company structure between Licensee and CS&L, with no change in the ultimate owners of the company (the "*Pro Forma* Change"). Because Commission action is not required for the transactions described herein, the Parties submit this letter for informational purposes.

### **Description of the Parties**

CS&L (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 telecommunications industry. Prior to April 24, 2015, CS&L was a wholly owned subsidiary of Windstream Services, LLC, a wholly owned subsidiary of Windstream Holdings, Inc. (together with its subsidiaries, "Windstream"). On April 24, 2015, Windstream contributed to CS&L 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 CS&L to Windstream stockholders. CS&L (and its subsidiaries) 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. CS&L currently owns 4.2 million fiber strand miles, 86 wireless towers, and other property across dozens of states. Additional information on CS&L can

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be found at: [www.cslreit.com/about/](http://www.cslreit.com/about/).

CS&L does not provide telecommunications services in its own right. It owns and operates a number of licensed telecommunications providers in all states and the District of Columbia, except Alaska, California and Hawaii, many of which also hold authority from the Federal Communications Commission ("FCC") to provide domestic interstate and international telecommunications services. In Oregon, CS&L's regulated subsidiary holds the following authorization:

1. Talk America Services, LLC is authorized as a competitive provider pursuant to authorization granted in Docket No. CP 1599 on November 18, 2014.

Exhibit A illustrates the current and post-*Pro Forma* Change corporate ownership structure of CS&L's regulated subsidiary in Oregon. After the *Pro Forma* Change is completed, the Parties will remain well-qualified to provide service to their customers, and their operations will continue to be overseen by the same well-qualified management team with substantial telecommunications experience and technical expertise.

### **Contacts**

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

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with a copy to:  
Daniel Heard,  
Executive Vice President – General Counsel  
and Secretary  
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### **Description of the *Pro Forma* Change**

The proposed *Pro Forma* Change will involve the insertion of two new entities, "New LP LLC" and "New OP LP,"<sup>1</sup> in the ownership chain between CS&L and its current direct

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<sup>1</sup> The names and jurisdiction(s) of organization of these entities has not yet been determined. New LP LLC will be a limited liability company; and New OP LP will be a limited partnership.

subsidiaries, CSL Capital, LLC, Uniti Holdings LP and Uniti Holdings GP, LLC (the "Current Subs"). Upon completion of the *Pro Forma* Change, New OP, LP will wholly own the Current Subs. CS&L will be general partner of New OP LP, with a 99% equity interest, while New LP LLC will be a limited partner of New OP LP, with initially a 1% equity interest. New LP LLC will be wholly owned by CS&L. Thus, the *Pro Forma* Change will not result in any changes to the ultimate ownership of the Licensee, which will remain with CS&L and its shareholders. Rather, the only change is that the Licensee will have new intermediary entities added between it and CS&L. After the *Pro Forma* Change is undertaken the Licensee will continue to conduct all of operations as they are currently conducted.

See **Exhibit A** for a chart illustrating the pre- and post-*Pro Forma* Change Corporate Ownership Structure.

### **Public Interest Considerations**

As a result of the *Pro Forma* Change, two new entities will be inserted into the ownership chain between Licensee and CS&L, with no change to the ultimate ownership of the Licensee. Given that the *Pro Forma* Change only involves inserting additional entities into the CS&L corporate structure, it is purely *pro forma* in nature, it will not result in any new owners of the Licensee other than those in existence immediately before the *Pro Forma* Change takes place, and it will not directly involve the Licensee itself, or its operations.

The net effect of the *Pro Forma* Change will be simply to add two new entities to the Licensee's ownership chain. There will be no change in actual working control of the Licensee, no change in the membership of its board of directors or in the management of its operations, and no change in Licensee's capital structure as a result of the *Pro Forma* Change. The *Pro Forma* Change will not affect employee headcount in the CS&L family of companies. The proposed change in CS&L's corporate ownership structure will provide the company with greater flexibility for future equity and debt transactions, which will increase its access to capital and benefit the Licensee and its customers. The Licensee will remain well-qualified to provide service to its customers, and its operations will continue to be overseen by its existing management team. The telecommunications services provided by the Licensee and the rates, terms and conditions of those services will not change as a result of the *Pro Forma* Change, and the Oregon customers of the Licensee will not be affected in any way by the *Pro Forma* Change.

In sum, the *Pro Forma* Change will improve the company's access to debt and equity capital. This, in turn, will enable both the holding company and its operating subsidiaries to keep their cost of capital low. The Licensee will continue to have the same requisite managerial, technical and financial capabilities to provide quality communications services. The Oregon customers of the Licensee will receive the same full range of products and services that they received prior to the *Pro Forma* Change at the same prices and under the same terms and conditions. All of the above facts demonstrate that the *Pro Forma* Change is in the public interest.

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

Respectfully submitted,

*/s/ Jeffrey R. Strenkowski*

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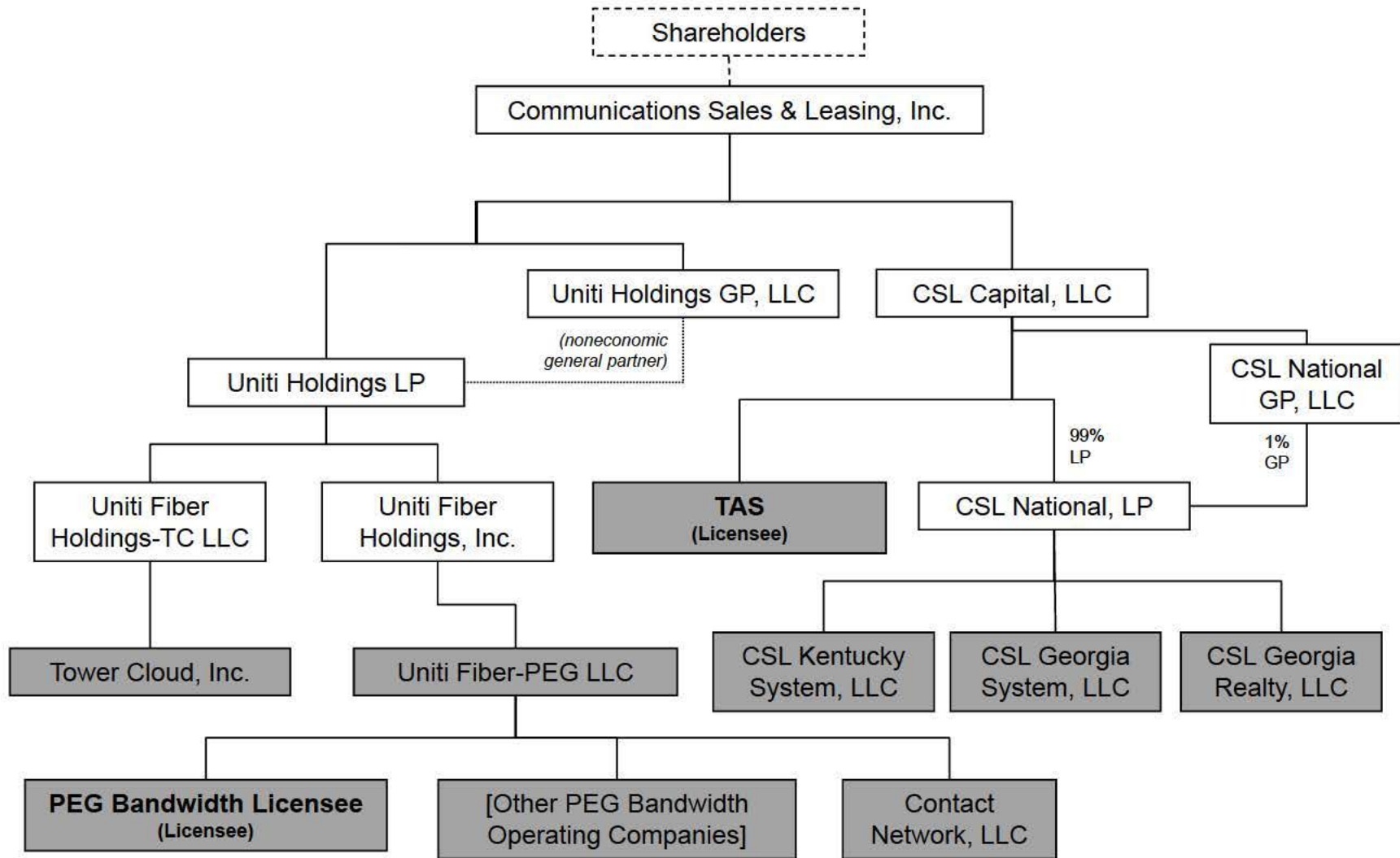
Ronald W. Del Sesto, Jr.  
Jeffrey R. Strenkowski  
Denise S. Wood

*Counsel to the Parties*

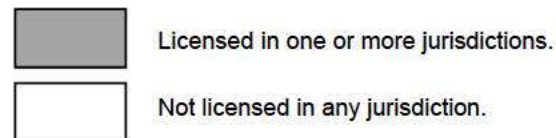
**EXHIBIT A**

**Pre- and Post-*Pro Forma* Change Corporate Ownership Charts**

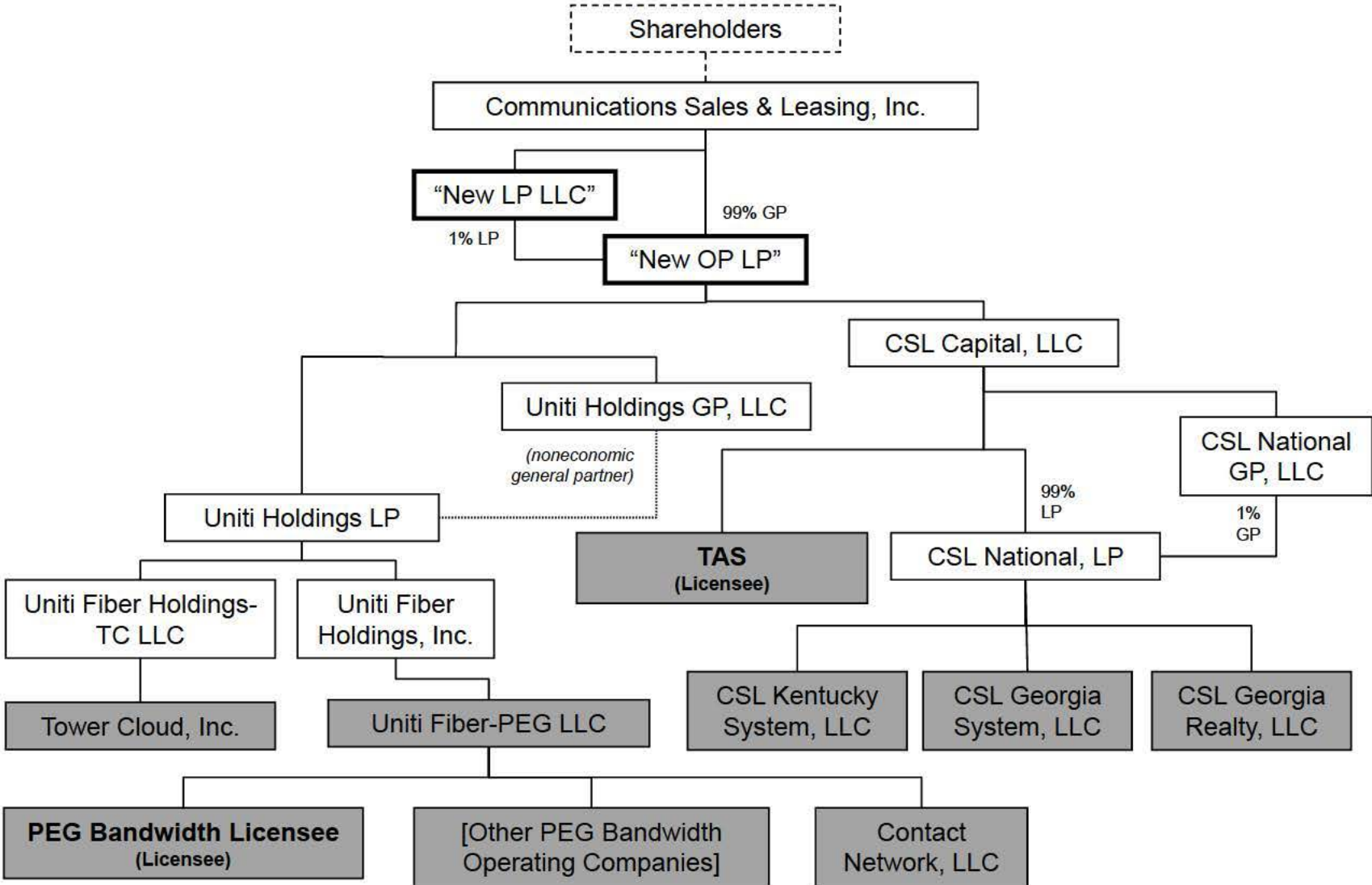
# Pre-Pro Forma Transaction Organizational Structure



Unless otherwise indicated all ownership percentages are 100%.



# Post-Pro Forma Transaction Organizational Structure



Unless otherwise indicated all ownership percentages are 100%.

	Licensed in one or more jurisdictions.
	Not licensed in any jurisdiction.

## Verification



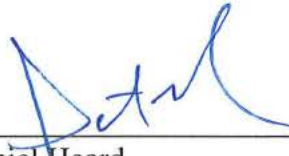
STATE OF ARKANSAS

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PULASKI COUNTY

**VERIFICATION**

I, Daniel Heard, hereby declare that I am Executive Vice President - General Counsel and Secretary of Communications Sales & Leasing, Inc. (the "Company"); that I am authorized to make this Verification on behalf of the Company and its subsidiaries; that the foregoing filing was prepared under my direction and supervision; that I am familiar with the facts set forth in the foregoing filing; and that, with respect to the Company and its subsidiaries, the contents of that filing are true and correct to the best of my knowledge, information, and belief.



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Daniel Heard  
Executive Vice President – General Counsel and Secretary  
Communications Sales & Leasing, Inc.  
10802 Executive Center Drive  
Benton Building Suite 300  
Little Rock, AR 72211

Subscribed and sworn to me this 9 day of November, 2016.

  
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Notary Public

