

[T]elecommunications carriers that were not authorized to provide switched local exchange telecommunications services in this state as of July 1, 1996, including cable television operators who have not previously offered telecommunications services, must receive a certificate of convenience based upon a demonstration of technical, managerial and financial viability and the ability to meet quality of service standards established by the commission. Any telecommunications carrier or other entity seeking such certificate shall file a statement, which shall be subject to the commission's approval, specifying with particularity the areas in which it will offer service, the manner in which it will provide the service in such areas and whether it will serve both business customers and residential customers in such areas...

4. Commission Staff ("Staff") submitted a Report and Recommendation in regards to the Application on March 2, 2015, attached hereto and made a part hereof by reference. Staff found that TAS is properly registered with the Kansas Secretary of State's Office and its status is "active and in good standing." Staff found that based upon the information provided by TAS, it possesses the necessary technical, managerial, and financial abilities to provide interexchange service in Kansas. For a complete recitation of TAS's qualifications, refer to Staff's Report and Recommendation. Staff received clarification from TAS that the company plans to resell services within AT&T and CenturyLink exchanges through agreements with those companies and the Windstream entities. Finally, Staff found that all other aspects of TAS's Application were acceptable and granting of its Application would benefit the general public. Staff recommended approval of the Application.

5. The Commission finds Staff's findings and recommendations to be reasonable and hereby adopts the same.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. TAS's Application for a Certificate of Convenience and Authority to provide interexchange service within the State of Kansas is approved. TAS's authorization to provide

interexchange service is limited to the provision of service within AT&T and CenturyLink exchanges.

B. TAS shall notify the Commission of any changes in addresses or contact information, timely file annual reports, maintain current registration with the Kansas Secretary of State's Office, pay all Commission and Kansas Universal Service Fund assessments in a timely manner, follow the Telecommunications Carrier Code of Conduct, and report revenues to GVNW for assessment purposes. Failure to meet these requirements could result in the revocation of the Certificate of Convenience and Authority.

C. The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 77-529(a)(1).

D. The Commission retains jurisdiction over the subject matter and parties for the purpose of issuing such further order, or orders, as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

Dated: MAR 10 2015



ORDER MAILED MAR 11 2015

Neysa Thomas
Acting Secretary

MRN

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chair Shari Feist Albrecht
Commissioner Jay Scott Emler
Commissioner Pat Apple

FROM: Paula Artzer, Senior Telecommunications Analyst
Christine Aarnes, Chief of Telecommunications
Jeff McClanahan, Director of Utilities

DATE: March 2, 2015

SUBJECT: Docket No. 15-TAST-132-COC

In the Matter of Application of Talk America Services, LLC for a Certificate of Authority to Provide Resold Interexchange Telecommunications Services in the State of Kansas.

EXECUTIVE SUMMARY:

Talk America Services, LLC (TAS) has submitted an Application for Authority to provide Interexchange Services in the state of Kansas. Staff has researched the Application as part of its normal approval process and recommends approval of the Application.

BACKGROUND:

On September 22, 2014, TAS filed an Application requesting a Certificate to provide telecommunication services in Kansas. In this Application, TAS requests authority to provide Interexchange Services throughout Kansas through facilities leased from their underlying carrier(s).

TAS is a Delaware Limited Liability Company and is properly registered with the Kansas Secretary of State's Office and its status is "active and in good standing". TAS is a subsidiary of Communications Sales and Leasing, Inc. (CSL), a newly established corporation. Both companies were established by their parent company, Windstream Holdings, Inc. (Windstream). Both CSL and TAS are Real Estate Investment Trusts (REIT). Once established and proper Certificates are obtained, Windstream will transfer certain distribution plant assets to the two REITs. The assets will then be leased exclusively to the Windstream Companies. TAS will take ownership of the customer base for Local and Interexchange Services. The Local Exchange Certificate is being

provided under a separate Docket, 15-TAST-131-COC. At the time of asset transfer, the owners of Windstream, CSL, and TAS will all be the same owners. Once the asset transfer is complete, the Application indicates CSL will be spun off as a separate publicly traded company, with TAS remaining a subsidiary of CSL.

TAS did not provide any interconnection agreements, but indicated they will utilize services of an underlying carrier. All residential local exchange and long distance customer assets from Windstream will be transferred to TAS; CSL will obtain all network assets from Windstream. The Application indicates the Company, at the time of issuing the Application, hadn't received any Certifications but since submission has gained approval in Nebraska, West Virginia and Utah.

ANALYSIS:

Pursuant to K.S.A. 66-131, no common carrier or public utility shall transact business in the state of Kansas until it shall have obtained a Certificate from the Commission that public convenience will be promoted by the transaction of said business and permitting said applicants to transact the business of a common carrier or public utility in the state.

In making the determination as to whether the public convenience will be promoted by the transaction of said business, the Commission determined that it would look at a number of factors when determining whether a particular Application is consistent with the public interest. The factors may include, but are not limited to, the provider's commitment to meet all requirements of the existing Statutes and Orders and modifications specified in House Bill 2201.

K.S.A. 2012 Supp. 66-2005 (w) states:

“...telecommunications carriers that were not authorized to provide switched local exchange telecommunications services in this state as of July 1, 1996...must receive a certificate of convenience based upon a demonstration of technical, managerial and financial viability and the ability to meet quality of service standards established by the commission”.

The combined service of the executive staff with TAS is over twenty years in telecommunications with additional background in non-telecommunications financial leadership positions. The Chairman of the Board is Francis X. “Skip” Frantz. The financial records submitted support the Applicant's financial ability to operate a business. Based on the information submitted and the investigation Staff has performed, the Company appears to have the managerial, technical and financial ability to provide Interexchange Services in Kansas.

Staff sent Information Request DR1 inquiring who the underlying carrier(s) would be for Talk America. The Response was that the underlying carrier services would be provided by Windstream. On further investigation, Talk America's legal representation informed staff that the carrier agreements were with AT&T and CenturyLink with the Windstream CLECs. Those agreements would continue between AT&T and CenturyLink with the

Windstream CLECs and Windstream would continue to lease those facilities and utilize them for telecommunications services in conjunction with necessary network and customers leased from the REIT companies to provision service.

The Applicant stated in their filing that the Company had no enforcement proceedings involving the Company. Staff investigated and found no evidence of any enforcement proceedings against the Company.

RECOMMENDATION:

Staff recommends the Commission approve TAS's request for Certification as a Interexchange Services provider in the state of Kansas. The Applicant has shown the technical, managerial and financial ability to provide Interexchange Service in Kansas. Based on the findings discussed above, Staff believes it would be in the public interest of Kansans to grant this request. Upon Commission approval, TAS is required to file Annual Reports, remain current with the Kansas Secretary of State's office, pay all Commission and Kansas Universal Service Fund (KUSF) assessments, and follow the Telecommunications Carrier Code of Conduct.

Staff also recommends the Applicant be reminded of the need to notify the Commission of any changes of contact personnel, address and/or phone numbers. Failure to meet these filing requirements could result in the revocation of its Certificate of Convenience and Authority.

