

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the Matter of the Joint Application of)
Consolidated Communications Holdings, Inc.)
(CCHI) and Condor Holdings LLC (Condor)) Docket No. 24-CCHT-521-ACQ
for Approval of the Proposed Acquisition of)
the Common Stock of CCHI by Condor, and)
the Resulting Transfer of Control of)
Consolidated Communications of Kansas)
Company and Consolidated Communications)
of Missouri Company to Condor.)

ORDER APPROVING ACQUISITION

This matter comes before the State Corporation Commission of the State of Kansas (“Commission”) for consideration and decision. Having reviewed the pleadings and record, the Commission makes the following findings:

I. Background

1. On January 25, 2024, Consolidated Communications Holdings, Inc. (“CCHI”), Consolidated Communications of Kansas Company (“Consolidated-Kansas”), Consolidated Communications of Missouri Company (“Consolidated Missouri”) (together with Consolidated-Kansas, “Kansas Operating Entities”) and Condor Holdings LLC (“Condor”) (collectively, “Joint Applicants”) filed a Joint Application requesting Commission approval of Condor’s proposed acquisition of CCHI’s stock and the resulting transfer of indirect control of the Kansas Operating Entities to Condor.¹ Accompanying the Application was the testimony of two witnesses.²

¹ Joint Application (Jan. 25, 2024) (“Application”).

² Testimony of Andrew Frey on Behalf of Condor Holdings, LLC (Jan. 25, 2024) (“Frey Direct”); Testimony of Michael J. Shultz on Behalf of Consolidated Communications Holdings, Inc. (Jan. 25, 2024) (“Shultz Direct”).

2. CCHI provides broadband and business communications services to rural and urban communities in a twenty-two state service area.³ CCHI is the ultimate parent company of the Kansas Operating Entities.⁴

3. Condor was formed by Searchlight III CVL, an investment fund affiliated with Searchlight Capital Partners, L.P. (“Searchlight”) for the purpose of acquiring CCHI and its operating company utilities, including the Kansas Operating Entities.⁵ As described in Direct Testimony, Searchlight is a global private equity investment company whose funds invest in companies across various sectors, including communications, media, consumer, and business services.⁶ Searchlight has experience working with portfolio companies executing strategies that involve deploying broadband infrastructure.⁷

4. On July 19, 2024, Commission Technical Staff (“Staff”) filed its Report and Recommendation, in which Staff recommended the Commission approve the Application, conditioned upon implementation of Staff’s recommended Enhanced Quality of Service (“QoS”) Standards.⁸ Staff further requested the Commission formalize CCHI’s statement that no portion of the acquisition premium incurred as a result of the transaction between Condor and CCHI be recovered by Kansas ratepayers.

II. Jurisdiction and Legal Standards

5. The Commission has full power, authority, and jurisdiction to supervise and control the local exchange carriers doing business in Kansas and is empowered to do all things necessary and convenient for the exercise of such power, authority, and jurisdiction.⁹

³ Application, p. 1.

⁴ *Id.*

⁵ *See* Frey Direct, p. 4.

⁶ *See id.*, p. 5.

⁷ *See id.*

⁸ Exhibit A, Staff’s Report and Recommendation (Jul. 19, 2024) (“R&R” or “Staff’s R&R”).

⁹ K.S.A. 66-1,188.

6. Telecommunications public utilities in Kansas are required to provide reasonably efficient and sufficient service at just and reasonable rates.¹⁰ If the Commission finds that any regulation, measurement, practice, act or service of a telecommunication public utility is unreasonably inefficient or insufficient, or if it finds that any service is inadequate, the Commission may substitute other such regulations, measurements, practices, acts or services that are just and reasonable.¹¹

7. K.S.A. 66-131 provides that a public utility cannot transact business until it has obtained a Certificate of Convenience (“COC”) from the Commission to ensure that the public convenience and necessity will be promoted by the permitting the applicant utility to transact business in the State of Kansas.

8. No COC shall be assigned, transferred, or leased unless such assignment, transfer, or lease has been approved by the Commission.¹² The Commission has a 300-day timeline to analyze and rule upon an acquisition.¹³

9. In determining whether a COC should be assigned or transferred, the Commission’s primary concern should be whether the public convenience and necessity will continue to be promoted, then, secondarily the Commission should consider interest of the utility already serving the territory, and finally, the Commission should give relatively minor weight to the desires of the Applicant in comparison.¹⁴

10. Since July 1, 1996, telecommunications carriers not already authorized to provide local exchange services must receive a COC from the Commission based upon a demonstration of

¹⁰ K.S.A. 66-1,189.

¹¹ K.S.A. 66-1,191.

¹² See K.S.A. 66-136.

¹³ See *id.*

¹⁴ See *Kansas Gas & Electric Co. v. Public Service Comm’n*, 122 Kan. 462, 466, 251 P.1097, 1099 (1927).

technical, managerial, and financial viability and the ability to meet quality of service standards established by the Commission.¹⁵

III. Analysis and Findings

11. Staff evaluated CCHI and Condor's Joint Application and determined that they have adequately demonstrated technical, managerial, and financial viability and that the transfer of CCHI's stock to Condor will be in the public interest, conditioned upon adoption of Enhanced QoS Standards by the Commission.¹⁶

12. Commission Staff has noted repetitive challenges on the Joint Applicants' part to meet various QoS standards relating to the Average Customer Repair Interval ("ACRI") time over the course of the last three years.¹⁷ At the time of these ACRI failings, Searchlight was the majority stockholder in CCHI.¹⁸ This transaction results in Searchlight, via Condor, gaining increased ownership of those assets.¹⁹ To encourage corrective action, Staff proposed a set of Enhanced QoS metrics, including increased penalties for any failure to meet the enhanced standards. The Joint Applicants have agreed to follow these Enhanced QoS Standards, which are detailed within Staff's attached Report and Recommendation.

13. The Commission has reviewed Staff's Report and Recommendation, including the Enhanced QoS Standards, and agrees that with these enhanced metrics in place, the proposed transaction will continue to promote the public convenience and necessity. The Commission further notes the Joint Applicants' statements that no portion of the acquisition premium incurred as a result of this Transaction will be recovered from Kansas ratepayers. The Commission adopts

¹⁵ See K.S.A. 66-2005(w).

¹⁶ See Staff's R&R, p. 15.

¹⁷ See *id.*, pp. 4-7.

¹⁸ *Id.*, p. 6.

¹⁹ *Id.*, pp. 6-7.

Staff's analysis and recommendations of July 19, 2024, as stated in the Report and Recommendation, and finds that the Joint Application should be granted.

THEREFORE, THE COMMISSION ORDERS THAT:

A. Staff's Enhanced Quality of Service Standards pertaining to CCHI's Kansas Operating Entities are adopted by the Commission.

B. Condor's proposed acquisition of CCHI's stock, and the resulting transfer of indirect control of the Kansas Operating Entities to Condor, is hereby granted.

C. No portion of the acquisition premium incurred as a result of the proposed acquisition shall be recovered from Kansas ratepayers.

D. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).²⁰

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 08/27/2024



Lynn M. Retz
Executive Director

CRM

²⁰ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

24-CCHT-521-ACQ

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 08/27/2024.

CARLY MASENTHIN, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
carly.masenthin@ks.gov

RACHEL LIPMAN REIBER, ATTORNEY
REIBER LAW OFFICE, LLC
214 S CHESTNUT, SUITE 3
OLATHE, KS 66061
rlreiberlaw@gmail.com

/S/ KCC Docket Room
KCC Docket Room