

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

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Dwight D. Keen

In the Matter of the Application of ST Long)
Distance, Inc. to Cancel its Certificate of)
Convenience and Authority to Provide)
Interexchange and Operator Services as it Will) Docket No. 19-STLC-173-CCS
Provide Services Under the Certificate of) (IXC)
Convenience and Authority Issued to Consolidated)
Communications Enterprise Services, Inc.)

ORDER CANCELLING CERTIFICATE

NOW, the above-captioned matter comes on for consideration and determination by the State Corporation Commission of the State of Kansas. The Commission, after giving due consideration to the Application and being fully advised in the premises, finds that:

1. ST Long Distance, Inc, (STLD) filed an Application effective October 29, 2018, requesting a name change from STLD to Consolidated Communications Enterprise Services, Inc. (Consolidated). Through acquisition and merger, Consolidated Communications Holding, Inc. (CCHI) acquired FairPoint Communications, Inc. (FairPoint), which also gave it control over STLD. Consolidated, as an affiliate of CCHI, has been operating STLD under its existing name and Certificate pursuant to the IXC authority granted in Docket No. 97-STLC-317 COC, but now CCHI is engaged in a corporate reorganization, which will cause Consolidated to provide IXC services being rendered by STLD under Consolidated's own authority. Consolidated obtained IXC Certificate authority in Docket No. 00-EVCC-873-COC (subject to name change in Docket No. 15-COSC-219-CCN) and will be able to provide the same service provided by STLD under its Certificate, resulting in no need for the STLD IXC authority. Accordingly, the Application is being converted to a cancellation of the STLD IXC authority, rather than under the original name

change request, because there will be no need for maintaining duplicate authority for the service to be provided by Consolidated under its authority and STLD will be merged into Consolidated as part of the corporate reorganization and cease to exist.

2. The Commission's authority to supervise telecommunication public utilities is provided in K.S.A. 2017 Supp. 66-1,188. The Commission's authority to issue and terminate certificates of public convenience arises from K.S.A. 2017 Supp. 66-131. Pursuant to K.S.A. 2017 Supp. 66-131, the Commission must review all certificate applications to determine whether the public convenience will be promoted by granting the request.

3. On December 12, 2018, the Staff submitted a Report and Recommendation dated December 11, 2018, urging the Commission to cancel STLD's Certificate of Convenience and Authority to provide Interexchange services within Kansas as part of the CCHI corporate reorganization. The Staff notes STLD will be merged into Consolidated, and Consolidated has its own IXC authority to render the same service. Customers receiving service through the STLD corporate entity will be able to continue that service through Consolidated, and the public convenience will not be impacted as a consequence of the transaction. Consolidated and STLD are registered to do business in the state and are shown to be "active and in good standing" with the Kansas Secretary of State. To align the change of service to be coextensive with the reorganization, STLD has asked that the cancellation take effect on January 1, 2019.

4. The Commission adopts Staff's analysis and recommendation of December 11, 2018, as stated in its Report and Recommendation, which is attached and made a part of this Order by reference, and finds the public convenience will be promoted by granting the request to cancel the STLD Certificate of Convenience and Authority to provide Interexchange service in Kansas. No adverse customer impacts would be created by granting the authority to cancel service, as

Consolidated will continue IXC service under its own authority. STLD will be obligated to pay any outstanding assessments as part of the approval of the cancellation of its certificate authority.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The ST Long Distance, Inc. Certificate and Authority authorizing it to provide Interexchange Telecommunication services in Kansas, issued December 20, 1996, in Docket No. 97-STLC-317-COC, is hereby canceled, effective January 1, 2019.

B. 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).¹

C. The Commission retains jurisdiction over ST Long Distance, Inc. and the subject matter of this Docket for the purpose of entering such further Order or Orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Dated: 12/20/2018

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner.



Lynn M. Retz
Secretary to the Commission

WAH

¹ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

STATE OF KANSAS



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REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Chair Shari Feist Albrecht
Commissioner Jay Scott Emler
Commissioner Dwight D. Keen

FROM: Christine Aarnes, Chief of Telecommunications
Jeff McClanahan, Director of Utilities

DATE: December 11, 2018

SUBJECT: 19-STLC-173-CCS

In the Matter of the Application of ST Long Distance, Inc. to Cancel its Certificate of Convenience and Authority to Provide Interexchange and Operator Services as it Will Provide Services Under the Certificate of Convenience and Authority Issued to Consolidated Communications Enterprise Services, Inc.

EXECUTIVE SUMMARY:

On October 29, 2018, ST Long Distance, Inc. (STLD) filed an Application requesting to cancel its Certificate, as it will change its name to Consolidated Communications Enterprise Services, Inc. (Consolidated Enterprises) and operate under Consolidated Enterprises's existing Certificate. Staff recommends Commission approval of this filing, effective January 1, 2019.

BACKGROUND:

The Commission granted STLD a Certificate on December 20, 1996, in Docket No. 97-STLC-317-COC, to operate as an interexchange carrier (IXC) in the state of Kansas. On June 6, 2006, the Commission issued an Order in Docket No. 06-FCMT-858-COC approving the Joint Application to transfer the plant, property, and equipment of Cass County Telephone Company Limited Partnership (CassTel) and LEC Long Distance, Inc. to FairPoint Communications Missouri, Inc. (FairPoint MO) and STLD.

On January 17, 2017, in Docket No. 17-SFLT-283-ACQ (17-283), Consolidated Communications Holdings, Inc. (CCHI), the parent company of Consolidated Communications, Inc. (Consolidated), filed an Application for approval of its acquisition of the common stock of FairPoint

Communications, Inc. (FairPoint). By acquiring FairPoint's common stock, CCHI has indirect control of FairPoint's Kansas companies: Bluestem Telephone Company, Inc. (Bluestem); Sunflower Telephone Company, Inc. (Sunflower); FairPoint MO; and STLD.

In the 17-283 proceeding, CCHI demonstrated that it has the financial, technical, and managerial ability to operate the utilities it sought to acquire. Furthermore, CCHI pledged to maintain adequate staffing to maintain its eligible telecommunications carrier obligations and to meet the Commission's Quality of Service standards for ILECs. Staff recommended approval of the Joint Application and further recommended the Commission formalize CCHI's statement that recovery of the acquisition premium would not be from Kansas ratepayers.

In a letter dated May 3, 2017, Michael J. Shultz, Vice President of Regulatory and Public Policy for CCHI, confirmed that no portion of the acquisition premium incurred would be recovered from Kansas ratepayers, through either rates or the Kansas Universal Service Fund (KUSF).¹ Therefore, the Commission approved the Application on June 6, 2017, conditioned upon CCHI not recovering any portion of the acquisition premium incurred because of the transaction from Kansas ratepayers, through either rates or the KUSF.²

Effective July 3, 2017, CCHI completed its acquisition of FairPoint. In a letter dated July 13, 2017, Michael J. Shultz stated that the consummation of the merger will not result in any changes in the terms or conditions of service or the manner in which any FairPoint company previously provided service to its customers.³

Following CCHI's acquisition of FairPoint, Consolidated has been operating STLD under its existing name and Certificate. Consolidated is now preparing to make changes to its organizational structure, effective January 1, 2019. Pursuant to the proposed corporate restructuring, the Company intends to provide its IXC services under the name Consolidated Enterprises.

Consolidated Enterprises was previously granted a Certificate to operate as an IXC in Kansas in Docket No. 00-EVCC-873-COC on June 1, 2000, under the name Everest Connections Corporation. Following several other organizational and name changes, the Company eventually changed its name to Consolidated Enterprises in Docket No. 15-COSC-219-CCN on January 15, 2015.

ANALYSIS:

The Commission derives its authority to supervise telecommunications public utilities from K.S.A. 66-1,188. The Commission derives its authority to certificate and de-certificate public utilities from K.S.A. 66-131. Pursuant to K.S.A. 66-131, the Commission must review all certification and de-certification applications to determine whether the "public convenience" will be promoted by granting the request.

¹ See Letter from Consolidated Communications to Commission Concerning Report and Recommendation, Docket No. 17-SFLT-283-ACQ, May 3, 2017.

² Order Approving Joint Application, Docket No. 17-SFLT-283-ACQ, June 6, 2017.

³ FairPoint Post-Close Letter, Docket No. 17-SFLT-283-ACQ, July 13, 2017.

STLD is registered with the Kansas Secretary of State's Office and is currently "Active and in Good Standing". STLD is current with Commission assessments, the KUSF, and its annual integratory filing requirement.

Consolidated Enterprises is registered with the Kansas Secretary of State's Office and is currently "Active and in Good Standing". Consolidated Enterprises is current with Commission assessments, the KUSF, and its annual integratory filing requirement.

Staff believes it is in the public interest to approve the restructuring request and allow STLD to cancel its IXC Certificate as it will cease and merge into Consolidated Enterprise.

RECOMMENDATION:

Staff finds that the public convenience will be promoted by cancelling STLD's IXC Certificate, effective January 1, 2019, as requested. Due to a corporate restructuring, STLD will cease and begin operating under Consolidated Enterprise's IXC Certificate beginning January 1, 2019.

CERTIFICATE OF SERVICE

19-STLC-173-CCS

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of electronic service on 12/20/2018.

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