

RACHEL LIPMAN REIBER

ATTORNEY AT LAW

214 S. CHESTNUT, SUITE 3

OLATHE, KS 66061

TEL: (913) 782-5544 • FAX: (913) 782-4445 • CELL: (913) 226-6762

rlreiberlaw@gmail.com

January 25, 2024

Lynn M. Retz
Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

Dear Ms. Retz:

RE: In the Matter of the Joint Application of Consolidated Communications Holdings, Inc. and Condor Holdings LLC 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

Attached please find the Joint Application referenced above. As part of the Joint Application filing package, the following documents are being submitted via the Commission's efile:

1. Joint Application
2. Exhibit A – Organization Charts & Exhibit B – Copy of the Merger Agreement
3. Testimony of Michael J. Shultz Senior Vice President of Regulatory and Public Policy, on behalf of Consolidated Communications Holdings, Inc.
4. Testimony of Andrew Frey – Partner, Searchlight Capital Partners. L. P. on behalf of Condor Holdings, LLC

Please don't hesitate to contact me if you have any questions.

Sincerely,



Rachel Lipman Reiber

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Joint Application of Con-)
solidated Communications Holdings, Inc.)
and Condor Holdings LLC for Approval of)
the Proposed Acquisition of the Common)
Stock of CCHI by Condor, and the Resulting)
Transfer of Control of Consolidated Commu-)
nications of Kansas Company and Consoli-)
dated Communications of Missouri Company)

Docket No. 24-CCHT-521-ACQ

JOINT APPLICATION

COMES NOW, the Joint Applicants, Consolidated Communications Holdings, Inc. (“CCHI” or “Transferor”); Consolidated Communications of Kansas Company (“Consolidated-Kansas”); Consolidated Communications of Missouri Company (“Consolidated-Missouri,” and together with Consolidated-Kansas, the “Kansas Operating Entities”);¹ and Condor Holdings LLC (“Condor” or “Transferee”) (all of the foregoing collectively, the “Joint Applicants”), and hereby submit this Joint Application for the Kansas Corporation Commission’s (the “Commission”) approval of the proposed acquisition of the stock of CCHI by Condor and the resulting transfer of indirect control of the Kansas Operating Entities to Condor (the “Transaction”).

In support of this Joint Application, Joint Applicants provide the following information:

¹ In addition to the Kansas Operating Entities, Consolidated Communications Enterprise Services, Inc. (“CCES”), a Delaware corporation and indirect subsidiary of CCHI, operates as an interexchange carrier in Kansas and is a telecommunications carrier pursuant to K.S.A. 66 1,187(m). As an interexchange carrier, no approval of the transfer of indirect control with respect to CCES is required. Accordingly, this filing is being submitted for notice purposes with respect to the transfer of indirect control of CCES.

I. THE PARTIES

A. Transferor – Consolidated Communications Holdings, Inc. (“CCHI”)

1. CCHI is a major broadband and business communications provider serving consumers, enterprise customers, and wireless and wireline carriers across rural and urban communities in a twenty-two-state service area. Leveraging an advanced fiber network spanning approximately 59,000 fiber route miles, CCHI offers a wide range of communications solutions, including: high-speed Internet access service, voice service, security services, managed services, cloud-based services, and wholesale carrier solutions. Since its founding approximately 125 years ago, CCHI has been dedicated to turning technology into solutions, connecting people and enriching how they work and live, including in rural areas of the Nation. CCHI is the ultimate parent of the Kansas Operating Entities.

B. Consolidated Communications of Kansas Company (“Consolidated-Kansas”)

2. Consolidated-Kansas, a Kansas corporation, is a rural incumbent local exchange carrier (“RLEC” and “ILEC”). Consolidated-Kansas, formerly known as Sunflower Telephone Company (“Sunflower”), was acquired by CCHI from FairPoint Communications, Inc. (“FairPoint”), along with FairPoint’s other Kansas subsidiaries (Bluestem Telephone Company, Inc. (“Bluestem”), FairPoint Communications Company of Missouri, Inc., and ST Long Distance, Inc.) pursuant to an application approved by the Commission on June 6, 2017.² The service area of Sunflower was later expanded to include the exchanges of Bluestem, and Bluestem’s Certificate of Convenience and Authority was cancelled pursuant to a Commission Order dated November 27, 2018.³ The Commission then approved Sunflower’s name change to Consolidated-Kansas in December

² Docket No. 17-SFLT-283-ACQ.

³ Docket No. 19-BSTT-172-CCS; Docket No. 19-SFLT-189-COC.

2018.⁴ Consolidated-Kansas provides service within the following Kansas exchanges: Americus, Leoti, Sharon Springs, Cedar Point, Tribune, Wallace, Saffordville, Marienthal, Weskan, and Jetmore.

C. Consolidated Communications of Missouri Company (“Consolidated-Missouri”)

3. Consolidated-Missouri, a Missouri corporation, is also an RLEC and ILEC. Consolidated-Missouri was formerly FairPoint Communications Missouri, Inc. and changed its name pursuant to an application approved by the Commission in December 2018.⁵ Consolidated-Missouri provides service to the Cleveland and Drexel exchanges in Kansas.

D. Transferee – Condor Holdings LLC (“Condor”)

4. Condor, a Delaware limited liability company, is a wholly owned subsidiary of Searchlight III CVL, L.P. (“Searchlight III CVL”) that was recently formed for the purpose of the Transaction. Following the closing of the Transaction, and as described in greater detail below, investment funds affiliated with Searchlight Capital Partners, L.P. (“Searchlight”) will hold a majority equity interest in Searchlight III CVL, and investment vehicles affiliated with British Columbia Investment Management Corporation (“BCI”), a corporation incorporated pursuant to the Public Sector Pension Plans Act (British Columbia), will hold an indirect, non-controlling minority equity interest in CCHI.

5. Searchlight, a Delaware limited partnership and registered investment adviser with the United States Securities and Exchange Commission (“SEC”), is a global private equity investment company whose funds invest in companies across various sectors, including communications, media, consumer, and business services. Searchlight has nearly \$12 billion in assets under

⁴ Docket No. 19-SFLT-197-CCN.

⁵ Docket No. 19-FCMT-161-CCN.

management and has significant experience working with portfolio companies executing strategies that involve deploying broadband infrastructure, along with a proven track record of partnering with strong management teams to drive long-term value and shareholder returns. Investment funds affiliated with Searchlight (including funds in which BCI is a limited partner) currently hold voting and equity interests in CCHI of approximately 33.8 percent and 67.8 percent, respectively.⁶ These interests are held through Searchlight III CVL, which owns approximately 33.8 percent of CCHI's common stock (which is voting stock) and 100 percent of CCHI's Series A preferred stock (which is non-voting stock).

6. BCI is one of the largest institutional investors in Canada, with approximately C\$233 billion in gross assets under management as of March 31, 2023. Based in Victoria, British Columbia, with offices in Vancouver, New York, and London, BCI manages a portfolio of diversified public and private market investments on behalf of 32 British Columbia public sector clients, including publicly administered pension and trust funds, the Province of British Columbia, and provincial government bodies. BCI and its affiliated funds and entities have a principal place of business at 750 Pandora Avenue, Victoria, BC, V8W 0E4, Canada. BCI currently holds no voting interest in CCHI, and its passive limited partnership interest in Searchlight III CVL currently represents a proportionate indirect equity interest in CCHI of approximately 16.7 percent.

II. DESCRIPTION OF THE TRANSACTION

7. In close proximity to consummation of the Transaction, Searchlight III CVL will be converted to a limited liability company and will contribute its common stock in CCHI to Condor, and

⁶ All equity and voting interests set forth herein are approximate. The Searchlight-affiliated funds' current equity interest referred to above is based on the price of CCHI's common stock and the liquidation preference of the preferred stock as of November 13, 2023. For the avoidance of doubt, references to "voting" interests and "equity" interests refer to such interests as calculated through successive multiplication, and not beneficial ownership as defined in SEC rules.

Condor will assign all of the issued and outstanding stock of Condor Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of Condor (“Merger Sub”), to CCHI. Pursuant to the Agreement and Plan of Merger (the “Agreement”),⁷ dated as of October 15, 2023, by and among Condor, Merger Sub, and CCHI, Merger Sub will merge with and into CCHI, with CCHI continuing as the surviving corporation, and all issued and outstanding common stock of CCHI (other than (i) common stock held by Condor, which will remain outstanding, (ii) treasury stock and common stock held by Merger Sub (if any), which will be cancelled and cease to exist, and (iii) common stock held by any direct or indirect wholly owned subsidiary of CCHI or Condor (other than Merger Sub) (if any), which will be converted into a number of shares of common stock of CCHI such that immediately following the Transaction, the ownership percentage of any such subsidiary in CCHI will equal the ownership percentage of any such subsidiary in CCHI immediately prior to the Transaction) will be converted into the right to receive consideration for the merger at the price of \$4.70 per share in cash. As a result, Condor, which will remain a wholly owned subsidiary of Searchlight III CVL, will own all of CCHI’s issued and outstanding common stock, and Searchlight III CVL will continue to hold 100 percent of CCHI’s Series A preferred stock. Condor will thus become the direct holder of all of the common stock of CCHI and the indirect parent of the Kansas Operating Entities, and CCHI, which is currently a publicly traded company (NASDAQ: CNSL), will become privately held.

8. A Delaware limited partnership affiliated with Searchlight that will be formed in close proximity to the closing (“SCP Aggregator”) will hold an equity interest in Searchlight III CVL of approximately 76.8 percent, and IMCPE 2020 Inc., which is controlled by BCI, will hold an equity

⁷ The Agreement is provided as **Exhibit B**.

interest in Searchlight III CVL of approximately 23.2 percent.⁸ As noted above, Searchlight III CVL will also be converted from a Delaware limited partnership into a Delaware limited liability company prior to and in connection with the closing.

9. Diagrams depicting the current and post-Transaction corporate ownership structure of the Kansas Operating Entities are provided as **Exhibit A**.

10. No portion of the acquisition premium associated with the Transaction will be passed on to the Kansas Operating Entities. Further, Joint Applicants will not recover any portion of the acquisition premium from the Transaction from Kansas ratepayers, either through rates or the Kansas Universal Service Fund (KUSF).

11. Pursuant to K.S.A. 66-131(c), the Applicants understand that the Commission has 300 days to issue its Order concerning this Transaction; however, given that this Transaction affects only 1,731 access lines operated by the Kansas Operating Entities within the state of Kansas; this is a holding-company level transaction that will be seamless to Kansas customers; and the Joint Applicants intend to close by the third quarter of 2024, CCHI and Condor respectfully request that the Commission give this Joint Application expedited treatment.

⁸ The precise percentage interests to be acquired at closing may differ in immaterial respects from those set forth herein due to accrual of dividends on the preferred stock over time and the amount funded by the Searchlight Funds (as defined below), co-investors, and BCI and its affiliates. The “Searchlight Funds” are: (1) Searchlight Capital III OPT, L.P.; (2) Searchlight Capital III OPT PV A, L.P.; (3) Searchlight Capital III OPT PV B, L.P.; (4) Searchlight Capital III CVL Co-Invest Partners, L.P.; (5) Searchlight Capital III CVL Co-Invest Partners II, L.P.; and (6) an additional fund that will be formed as a Delaware limited partnership prior to closing.

III. PUBLIC INTEREST CONSIDERATIONS

12. Applicants understand that the Commission will apply its Order on Merger Standards to the instant Transaction.⁹ Commission approval of the proposed Transaction is in the public interest because it comports with the Merger Standards, as detailed below.

A. The effect of the Transaction on consumers.

13. The proposed Transaction will promote and is consistent with the public good because it will facilitate infrastructure investment, technological development, and economic expansion without presenting any competition concerns. Indeed, granting the Joint Application and approving the Transaction will allow CCHI to continue its multi-pronged fiber expansion strategy and position itself to become a leading fiber provider across the United States. And as a result of its fiber expansion policy, CCHI will continue to bring broadband services to underserved and unserved communities across rural portions of its Kansas market, further bridging the digital divide. Approximately 44% of the Kansas Operating Entities' locations are deemed served per the FCC broadband data collection definition. The Kansas Operating Entities' broadband offerings are DSL today, but they will use internal funding sources and participation in Federal and State broadband grant programs to facilitate fiber deployment. For example, CCHI plans to expand 1 Gbps (gigabit-per-second) broadband coverage in its current network topography and improve operational efficiency across its approximately 59,000 fiber route miles and two million fiber strand miles. Moreover, CCHI intends to expand its commercial services and carrier solutions by leveraging consumer fiber buildouts to further expand its network. This expansion will ultimately result in the delivery of higher broadband speeds and more advanced services to new and existing customers, including customers in areas of Kansas that are underserved by high-speed broadband today.

⁹ The Order on Merger Standards was filed in and deemed applicable to Docket Nos. 16-KCPE-593-ACQ; 16-EPDE-410-ACQ, and 16-ITCE-512-ACQ.

14. In addition, the Transaction is structured as a change of ownership at the holding company level and will not affect any of the operations or legal identities of the Kansas Operating Entities. The Transaction will not result in the creation of any new debt obligations or a change of carrier for any customers or assignment of any existing Commission authorizations. Further, Condor has no plans to change the Kansas Operating Entities' current rates or terms and conditions of services in connection with the Transaction. The Kansas Operating Entities' existing tariffs will not be affected by the Transaction and will remain in effect (subject to change in the ordinary course of business). Therefore, the Transaction will be seamless to customers, as they will not experience any immediate changes in services or rates, terms, and conditions of service.

15. The Transaction will also give CCHI additional flexibility to overcome the unique economic headwinds facing the telecommunications sector in Kansas and other regions served by CCHI as it transforms from legacy copper-based TDM networks to fiber-based IP networks. The sector-wide conversion to fiber has resulted in many dynamic competitive pressures. These competitive pressures, in turn, created economic conditions that have delayed CCHI's fiber buildout completion date until beyond 2026. This Transaction, however, will give CCHI the near-term financial and operational flexibility it needs to execute its fiber transformation while effectively navigating these dynamic competitive pressures.

16. CCHI will also be able to call on Searchlight's expertise as it pursues its fiber buildout. As explained in Section I.D. above, Searchlight possesses substantial and valuable experience and expertise in the infrastructure and telecommunications sectors. Indeed, the Transaction will allow Searchlight to expand its role with respect to CCHI's business by bringing to bear its full managerial expertise and extensive industry relationships in implementing a strategic plan for CCHI's fiber expansion.

17. Therefore, the Transaction will strengthen the financial position of the Kansas Operating Entities by providing access to additional capital. This additional capital will facilitate increased operational flexibility to make necessary commitments to continue to grow while bringing broadband services to underserved and unserved communities across Kansas. Further, ratepayers will see benefits that can be quantified in terms of rates as well as broadband speeds and availability.

18. The purchase price is reasonable as it represents an approximate 70 percent premium to the closing price of CCHI's common stock through April 12, 2023, the last trading day prior to the submission of the initial non-binding proposal to CCHI's Board of Directors, and a premium of approximately 33 percent to the closing price of CCHI's common stock as of October 13, 2023. The proposed Transaction has been unanimously approved by a special committee of independent and disinterested directors of CCHI's Board (the "Special Committee"), advised by independent legal and financial advisors, formed to evaluate and consider the proposal and other potential strategic alternatives. The Board of Directors has unanimously (following recusals of directors affiliated with Searchlight) approved the proposed Transaction on the unanimous recommendation of the Special Committee.

19. Because this is a take-private transaction, it is not focused on operational synergies. Condor has no plans to change the management and operation of the Kansas Operating Entities, ensuring that their managerial, technical, and operational standards will be maintained.

20. Moreover, Condor's acquisition of the Kansas Operating Entities will not diminish competition. The Transaction will not eliminate any telecommunications service provider in any geographic area. Finally, the Kansas Operating Entities face vigorous competition in each of the markets they serve. Therefore, the proposed Transaction promotes the public interest by providing significant benefits to Kansas customers and therefore should be approved by the Commission.

B. The effect of the Transaction on the environment.

21. The Transaction is not expected to have any material impact on the environment.

C. The effect of the Transaction on state and local economies and whether it will likely create harmful labor dislocations.

22. The proposed Transaction is expected to benefit the state and local economies served by CCHI's subsidiaries because it will facilitate infrastructure investment, technological development, and economic expansion without presenting any competition concerns as discussed above.

23. Additionally, the Transaction will be fair and reasonable to the Kansas Operating Entities' employees. There will be no discernible impact from the Transaction on the day-to-day management of the Kansas Operating Entities. There are no plans to change the officers and managers who are guiding the companies today, subject only to changes that may occur as employees come and go in the normal course of business.

D. The effect the Transaction has on the Commission's jurisdiction.

24. As stated, the proposed Transaction is structured as a change of ownership at the holding company level and will not affect any of the operations or legal identities of the Kansas Operating Entities. Thus, the Kansas Operating Entities will remain subject to the Commission's jurisdiction and all applicable Kansas utility laws.

E. The effect the Transaction has on affected public utility shareholders.

25. The Transaction will deliver a significant and certain cash premium that is attractive to CCHI's current shareholders. As discussed above, the purchase price represents an approximate 70 percent premium to the closing price of CCHI's common stock through April 12, 2023, the last trading day prior to the submission of the initial non-binding proposal to CCHI's Board of Directors, and a premium of approximately 33 percent to the closing price of CCHI's common stock as of October 13, 2023. The proposed Transaction has been unanimously approved by the Special

Committee, advised by independent legal and financial advisors, formed to evaluate and consider the proposal and other potential strategic alternatives. CCHI's Board of Directors has unanimously (following recusals of directors affiliated with Searchlight) approved the proposed Transaction on the unanimous recommendation of the Special Committee.

F. The effect the Transaction has on Kansas energy resources.

26. The proposed Transaction is not expected to have any material impact on Kansas energy resources.

G. Whether the Transaction will reduce the possibility of economic waste.

27. As described above, the purchase price is reasonable, there are no changes in the number of market participants, and the Transaction will afford CCHI greater access to capital. Thus, the Transaction will not result in economic waste.

H. The effect the Transaction has on public safety.

28. The Transaction is not expected to have any material impact on public safety, as the current provision of 911 services will not change as a result of the Transaction.

29. In the interest of expediting approval of this Transaction, the Joint Applicants submit with this Joint Application the testimony of Michael J. Shultz, Senior Vice President of Regulatory and Public Policy for CCHI, and Andrew Frey, partner at Searchlight Capital Partners, L.P., who apply the Order on Merger Standards to the instant Transaction, further detailing how and why this Transaction is in the public interest.

WHEREFORE, for all of the foregoing reasons, the Joint Applicants respectfully request that this Joint Application regarding the acquisition of CCHI's stock by Condor be approved.

Respectfully submitted,

/s/Rachel Lipman Reiber

Rachel Lipman Reiber KS Bar #12164

REIBER LAW OFFICE, LLC

214 S. Chestnut, Ste. 3

Olathe, KS 66061

(913) 782-4445 telephone

(913) 226-6762 cell

relreiberlaw@gmail.com

Counsel for Joint Applicants

VERIFICATION


STATE OF PENNSYLVANIA §
 §
COUNTY OF ALLEGHENY §

I, Michael J. Shultz, being duly sworn on oath, state that I am Senior Vice President – Regulatory and Public Policy for Consolidated Communications Holdings, Inc., that I have read the foregoing Joint Application and know the contents thereof, and that the facts set forth therein are true and correct to the best of my knowledge, information and belief.



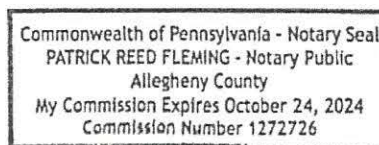
Michael Shultz
Sr. Vice President, Regulatory & Public Policy
Consolidated Communications Holdings, Inc.

Sworn and subscribed before me this 23 day of Jan, 2024.



Notary Public

My commission expires 10/24/2024.



VERIFICATION

STATE OF New York §
 §
COUNTY OF New York §

I, Andrew Frey, being duly sworn on oath, state that I am a partner at Searchlight Capital Partners, L.P., that I have read the foregoing Joint Application and know the contents thereof, and that the facts set forth therein are true and correct to the best of my knowledge, information and belief.

Andrew Frey
Andrew Frey
Partner
Searchlight Capital Partners, L.P.

Sworn and subscribed before me this 23 day of January, 2024.

Diana R. Heintz
Notary Public

My commission expires _____.

DIANA R. HEINTZ
Notary Public - State of New York
No. 01HE8241289
Qualified in New York County
My Commission Expires May 16, 2027