

Crystal Communications, Inc., ("Crystal"), Enventis Telecom, Inc. ("Enventis") and Consolidated Communications Enterprise Services, Inc. ("CCES") (collectively, "Applicants"), pursuant to Section 49-31-3 of the South Dakota Codified Laws and Section 20:10:32:08 of the Administrative Rules of South Dakota, request South Dakota Public Utilities Commission ("Commission") approval or such other authority as may be necessary or required (1) for a *pro forma* internal consolidation of Enventis and Crystal into CCES (the "*Consolidation*"), (2) the associated transfer of the Certificate of Authority ("Certificate") of Enventis to CCES, and (3) the cancellation of the Certificate of Crystal upon notification that the *Consolidation* was completed. The *Consolidation* is part of a series of intra-company transactions that will simplify the corporate structure of Applicants' ultimate parent company, Consolidated Communications Holdings, Inc. ("CCHI").

#### **I. DESCRIPTION OF THE APPLICANTS**

CCHI is a publicly traded (NASDAQ: CNSL) Delaware corporation, and headquartered in Mattoon, Illinois. Through its operating subsidiaries, CCHI provides a wide range of telecommunications services to residential and business customers in Alabama, California, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Missouri, Montana, North Dakota, Ohio, Pennsylvania, South Dakota, Tennessee, Texas, Washington, and Wisconsin, including: local and long-distance telephone service, high-speed broadband Internet access, standard and high-definition digital television, and digital telephone service, custom calling features, private line services, carrier access services, network capacity services over regional fiber optic networks, directory publishing. CCHI's operating subsidiaries include both

incumbent and competitive local exchange carriers. CCHI does not itself provide telecommunications services.

CCES, a Delaware corporation, is a competitive local exchange, interexchange, internet service, video and VoIP provider operating primarily in California, Illinois, Kansas, Missouri, Pennsylvania and Texas. CCES is wholly owned direct subsidiary of Consolidated Communications, Inc. ("CCI"), a Delaware corporation and wholly owned direct subsidiary of CCHI. CCES does not hold any certificate of authority in South Dakota.

Crystal is a Minnesota corporation and is authorized to provide local and interexchange services in South Dakota pursuant to a Certificate granted in Docket No. TC 97-103 on August 18, 1997.

Eventis Telecom, a Minnesota corporation, is authorized to provide local exchange services in South Dakota pursuant to a Certificate granted in Docket No. TC 10-004 on March 1, 2010.

Like CCES, Crystal and Eventis are currently wholly owned direct subsidiaries of CCI.

### **III. DESCRIPTION OF THE CONSOLIDATION AND REQUEST FOR APPROVAL OF TRANSFER OF CERTIFICATE OF AUTHORITY**

In order to simplify its corporate structure, CCHI is undertaking a series of *pro forma* intra-company transactions including the consolidation of the Eventis and Crystal into CCES. The *Consolidation* is expected to result from the mergers of Crystal and Eventis with and into CCES, whereupon CCES will be the surviving entity and the separate existence of Eventis and Crystal will cease. Exhibit A contains diagrams

of the corporate organization structure of the Applicants before and after the Consolidation.

Pursuant to SD Administration Rule 20:10:32:08, Sale, assignment, lease, or transfer of certificate of authority, CCES provides below the information required by § 20:10:32:03 in connection with the transfer of Enventis' Certificate to CCES:

**(1) The applicant's name, address, telephone number, facsimile number, web page URL, and E-mail address;**

The applicant's legal name is Consolidated Communications Enterprise Services, Inc. Its headquarters are located at 121 S. 17<sup>th</sup> Street, Mattoon, IL 61938. Its web page url is [www.consolidated.com](http://www.consolidated.com).

Questions concerning this application may be directed to:

Carrie Rice  
Manager, Legislative and Regulatory  
221 E. Hickory Street  
Mankato, MN 56001  
507-386-3667 phone  
507-387-6813 fax  
[Carrie.rice@consolidated.com](mailto:Carrie.rice@consolidated.com)

**(2) A description of the legal and organizational structure of the applicant's company;**

CCES is a wholly owned direct subsidiary of Consolidated Communications, Inc., a Delaware corporation and itself a wholly owned direct subsidiary of CCHI. Please see Exhibit A for charts depicting CCES's organizational structure.

**(3) The name under which applicant will provide local exchange services if different than in subdivision (1) of this section;**

Although CCES may use a shortened name, "Consolidated Communications," on certain marketing and billing materials, it will use no other names in its provision of services in South Dakota.

**(4) The location of the applicant's principal office, if any, in this state and the name and address of its current registered agent, if applicable;**

CCES does not maintain an office in the state of South Dakota. Its current registered agent is:

NATIONAL CORPORATE RESEARCH, LTD.  
326 N MADISON AVE  
PIERRE, SD 57501 USA

**(5) A copy of its certificate of authority to transact business in South Dakota from the secretary of state;**

Attached as Exhibit B.

**(6) A description of the applicant's experience providing any telecommunications services in South Dakota or in other jurisdictions, including the types of services provided, and the dates and nature of state or federal authorization to provide the services;**

As described above, CCHI's operating subsidiaries, including CCES, provide a wide range of telecommunications services to residential and business customers in Alabama, California, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Missouri, Montana, North Dakota, Ohio, Pennsylvania, South Dakota, Tennessee, Texas, Washington, and Wisconsin, including: local and long-distance telephone service, high-speed broadband Internet access, standard and high-definition digital television, and digital telephone service, custom calling features, private line services, carrier access services, network capacity services over regional fiber optic networks, directory publishing. CCHI's operating subsidiaries include both incumbent and competitive local exchange carriers.

CCES' affiliates, Crystal and Enventis are presently both currently certified to provide local exchange and interexchange services in South Dakota. As described above, these affiliates will be merged into CCES.

CCES, a Delaware corporation, is a competitive local exchange, interexchange, internet service, video and VoIP provider operating primarily in California, Illinois, Iowa, Kansas, Minnesota, Missouri, Pennsylvania and Texas. CCES is also authorized to provide interstate and international telecommunications services by the Federal Communications Commission ("FCC").

**(7) Names and addresses of applicant's affiliates, subsidiaries, and parent organizations, if any;**

A complete corporate organizational chart is attached as Exhibit 3. The company's headquarters are located in Mattoon, IL, as stated in response to (1).

**(8) A list and specific description of the types of services the applicant seeks to offer and how the services will be provided including:**

**(a) Information indicating the classes of customers the applicant intends to serve;**

CCES markets its services solely to commercial customers.

**(b) Information indicating the extent to and time-frame by which applicant will provide service through the use of its own facilities, the purchase of unbundled network elements, or resale;**

CCES will be assuming any existing customers of its affiliates Crystal and Enventis in connection with the *Consolidation*. As part of the *Consolidation*, these two affiliates are being merged into CCES, with CCES being the surviving entity. Thus, CCES will be capable of providing service immediately upon certification by the SD PUC.

**(c) A description of all facilities that the applicant will utilize to furnish the proposed local exchange services, including any facilities of underlying carriers; and**

CCES will rely primarily upon its own facilities, however, the interconnection agreement between CenturyLink and Enventis Telecom, Inc, approved by the Commission on March 26, 2010 in Docket No. TC10-016 will be assigned to CCES and any resold services or unbundled network elements currently being utilized will remain in place.

**(d) Information identifying the types of services it seeks authority to provide by reference to the general nature of the service;**

CCES will provide local exchange and interexchange services.

**(9) A service area map or narrative description indicating with particularity the geographic area proposed to be served by the applicant;**

CCES intends to market its services in the areas currently served by incumbent provider CenturyLink.

**(10) Information regarding the technical competence of the applicant to provide its proposed local exchange services including:**

**(a) A description of the education and experience of the applicant's management personnel who will oversee the proposed local exchange services; and**

CCES is technically and managerially qualified to provide competitive local exchange and interexchange services in South Dakota. The existing corporate management, technical and operations staffs who are responsible for the interexchange and local

exchange operations of Crystal and Enventis in South Dakota will remain in place and oversee the operations of CCES.

**(b) Information regarding policies, personnel, or arrangements made by the applicant which demonstrates the applicant's ability to respond to customer complaints and inquiries promptly and to perform facility and equipment maintenance necessary to ensure compliance with any commission quality of service requirements;**

CCES maintains a call center which is operational during business hours for the purpose of resolving complaints and inquiries. After hours calls are forwarded to the Network Operations Center which functions 24x7x365 and is also responsible for network monitoring.

**(11) Information explaining how the applicant will provide customers with access to emergency services such as 911 or enhanced 911, operator services, interexchange services, directory assistance, and telecommunications relay services;**

CCES will make arrangements or utilize the existing arrangement of Crystal or Enventis to provide access to emergency services such as 911 or enhanced 911, operator services, interexchange services, directory assistance and telecommunications relay services.

**(12) For the most recent 12 month period, financial statements of the applicant consisting of balance sheets, income statements, and cash flow statements. The applicant shall provide audited financial statements, if available;**

CCES does not maintain financial statements separate from the consolidated financial statements of CCHI. The most recent audited, consolidated financials statements (excluding notes) of CCHI as filed on SEC Form 10-K is attached as Exhibit C.

**(13) Information detailing the following matters associated with interconnection to provide proposed local exchange services:**

**(a) The identity of all local exchange carriers with which the applicant plans to interconnect;**

CCES will assume the interconnection agreement between its affiliate Enventis Telecom, Inc. and CenturyLink, approved by the Commission on March 26, 2010 in Docket No. TC-10-016.

**(b) The likely timing of initiation of interconnection service and a statement as to when negotiations for interconnection started or when negotiations are likely to start; and**

No interconnection negotiation period will be necessary, please see above.

**(c) A copy of any request for interconnection made by the applicant to any local exchange carrier;**

Once CCES has received approval from the Commission to offer services, the interconnection agreement between Enventis Telecom, Inc. and CenturyLink will be assigned to it.

**(14) A description of how the applicant intends to market its local exchange services, its target market, whether the applicant engages in multilevel marketing, and copies of any company brochures that will be used to assist in sale of the services;**

CCES does not utilize any multilevel marketing, but instead relies on direct sales efforts of its sales team and authorized agents.

**(15) If the applicant is seeking authority to provide local exchange service in the service area of a rural telephone company, the date by which the applicant expects to meet the service obligations imposed pursuant to § 20:10:32:15 and applicant's plans for meeting the service obligations;**

Not applicable.

**(16) A list of the states in which the applicant is registered or certified to provide telecommunications services, whether the applicant has ever been denied registration or certification in any state and the reasons for any such denial, a statement as to whether or not the applicant is in good standing with the appropriate regulatory agency in the states where it is registered or certified, and a detailed explanation of why the applicant is not in good standing in a given state, if applicable;**

CCES has never been denied registration or certification in any state and is registered or certified to provide telecommunications services in the following states, where it is also in good standing: Alabama, California, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Missouri, Montana, North Dakota, Ohio, Pennsylvania, South Dakota, Tennessee, Texas, Washington, and Wisconsin.

**(17) The names, addresses, telephone numbers, E-mail addresses, and facsimile numbers of the applicant's representatives to whom all inquiries must be made regarding customer complaints and other regulatory matters;**

Customer complaints may  
be addressed to:

Other Regulatory matters  
may be addressed to:



Scott Kitchen  
Director, Compliance  
350 S. Loop 336 W.  
Conroe, TX 77304  
Phone: 936-521-7736  
Fax: 936.788.1229  
[Scott.kitchen@consolidated.com](mailto:Scott.kitchen@consolidated.com)

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221 E. Hickory Street  
Mankato, MN 56001  
Phone: 507-386-3667  
Fax: 507-387-6813  
[carrie.rice@consolidated.com](mailto:carrie.rice@consolidated.com)

**(18) Information concerning how the applicant plans to bill and collect charges from customers who subscribe to its proposed local exchange services;**

CCES will render bills directly and in advance for via a monthly statement mailed to customers. Any usage based charges shall be billed in arrears. CCES does not offer any prepaid services.

**(19) Information concerning the applicant's policies relating to solicitation of new customers and a description of the efforts the applicant shall use to prevent the unauthorized switching of local service customers by the applicant, its employees, or agents;**

CCES will comply with the rules of the FCC and this Commission relating to solicitation of new customers, including obtaining the necessary authorization from new customers to prevent unauthorized switching of providers.

**(20) The number and nature of complaints filed against the applicant with any state or federal commission regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered;**

CCES has not had any slamming complaints filed against it in any state or federal jurisdiction.

**(21) Information concerning how the applicant will make available to any person information concerning the applicant's current rates, terms, and conditions for all of its telecommunications services;**

CCES provides its services via contract, which governs all the rates, terms and conditions of service.

**(22) Information concerning how the applicant will notify a customer of any materially adverse change to any rate, term, or condition of any telecommunications service being provided to the customer. The notification must be made at least thirty days in advance of the change;**



CCES will notify its customers at least thirty days in advance of any materially adverse change to a rate, term or condition of service either by bill message, bill insert or special mailing.

**(23) A written request for waiver of those rules believed to be inapplicable;**

CCES is not seeking a waiver of any of the Commission's rules.

**(24) Federal tax identification number and South Dakota sales tax number; and**

CCES' FEIN is 02-0636464 and its South Dakota sales tax number is 1010-5239-ST.

**(25) Other information requested by the commission needed to demonstrate that the applicant has sufficient technical, financial, and managerial capabilities to provide the local exchange services it intends to offer consistent with the requirements of this chapter and other applicable rules and laws.**

The commission may require the production of audited financial statements and additional information to supplement that contained in the application. A company shall notify the commission of any changes in subdivisions (1), (3), (4), and (17) of this section as they occur.