

United States Senate

WASHINGTON, DC 20510
September 8, 2011

COMMITTEES:
BANKING
DEMOCRATIC POLICY & COMMUNICATIONS
FINANCE
JUDICIARY
RULES

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

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Dear Chairman Genachowski,

I write today concerning Proceeding 11-142, the application filed with the Federal Communication Commission (FCC) for the transfer of control of PAETEC Holding Corporation to Windstream Corporation. PAETEC communications has an 850-employee workforce in Monroe County, New York; hundreds more New Yorkers would potentially be employed to construct PAETEC's planned new headquarters in downtown Rochester.

PAETEC owns and operates a 36,800 route-mile fiber infrastructure trusted by government entities, carriers, and enterprise organizations nationally. As such, PAETEC and its subsidiaries have been providing telecommunications services to governmental entities, such as the Department of Defense and Defense Information Systems Agency, FAA, Department of Treasury, Department of Veterans Affairs, U.S. Army, Air Force and Navy, U.S. Courts, and the Department of Homeland Security.

These agencies require reliable telecommunication capabilities and, under PAETEC and its Monroe County, NY workforce, they received high quality and dependable service.

Under Section 214(a) of the Communications Act, the FCC has the authority and the obligation to review industry mergers while section 310(d) establishes the FCC's authority to review the "public interest" provisions of a merger, including its economic consequences. Section 214(c) enables the FCC to safeguard the "public interest" by imposing conditions on mergers and transactions that are consistent with applicable law.

In this case, the proposed acquisition of PAETEC by Windstream has several public interest consequences affecting not only the local Rochester, New York economy, which is currently home to PACTEC's corporate headquarters, but also the telecommunications systems of our military and national defense agencies. While Windstream Corp reportedly foresees maintaining a strong workforce presence in Monroe County, Windstream officials have publicly stated they intend to reduce PAETEC's current 850-employee Monroe County workforce.

A workforce reduction in any case may be against the interest of the public, but it is particularly concerning here because of PAETEC's integral role in the provision of services to agencies and institutions throughout the country. It remains in the public's interest to ensure that workforce reductions are not pervasive and do not negatively impact service provided by a future merged company.

Additionally, the merger may jeopardize current plans to construct a new PAETEC facility in downtown Rochester. Prior to the announced merger, construction was to begin on the new facility on October 2011, in order to streamline PAETEC's business operations and improve efficiencies by bringing its entire local workforce under one roof. While the new facility would help improve PAETEC's bottom line and had a strong business justification, the facility also stands to anchor the redevelopment of Rochester's downtown core. New York State and the City of Rochester, in consultation with PAETEC, invested over \$60 million to demolish the former moribund 8-acre Midtown Plaza site to make way for new private sector investment including PAETEC's planned \$55 million headquarters. Prior to the announced merger, PAETEC signed a land disposition agreement with the City of Rochester setting out the parties' obligations and timetable to complete the construction of this new downtown facility by 2013.

I request that the FCC carefully consider these issues as it reviews this merger to protect the public's interest and avoid negative consequences to the state's workers and to the economy in the Monroe County region. In considering any potential conditions to the merger, the FCC should ensure that Windstream intends to assume and honor both the spirit and terms of PAETEC's land disposition agreement and to afford the City of Rochester every opportunity and consideration to work with Windstream to complete the new facility in the interest of both the public and the new company's bottom line.

Sincerely,



Charles E. Schumer
United States Senator



FEDERAL COMMUNICATIONS COMMISSION

November 2, 2011

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Charles Schumer
United States Senate
313 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Schumer:

Thank you for your letter expressing concern about the proposed merger of PAETEC Holding Corporation and Windstream Corporation. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

The Commission placed the PAETEC-Windstream applications on Public Notice on September 15, 2011. The comment cycle ended October 6, 2011. I understand your concern about the potential effect of this transaction on important services in New York and throughout the country, and I want to assure you that the Commission will examine the record very carefully to weigh the benefits and harms to the public interest that might result from the merger.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Julius Genachowski". The signature is stylized and written over a horizontal line.

Julius Genachowski