

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DT 23-_____

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.

and

CONDOR HOLDINGS LLC

**Joint Petition for Findings in Furtherance of an Indirect Transfer of Control of CCHI's
Operating Subsidiaries as Part of Parent Transaction**

PREFILED DIRECT TESTIMONY OF

ANDREW FREY

ON BEHALF OF

CONDOR HOLDINGS LLC

December 27, 2023

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**PREFILED TESTIMONY OF
ANDREW FREY**

1 **Q1. Please state your name and business address.**

2 A1. My name is Andrew Frey, and my business address is 745 Fifth Avenue, 26th Floor, New
3 York, NY 10151.

4
5 **Q2. By whom are you employed and what position do you hold?**

6 A2. I am a partner at Searchlight Capital Partners, L.P., which I will refer to as “Searchlight.”

7
8 **Q3. Please describe your educational background and professional background.**

9 A3. I received a B.S. in finance and B.A.S. in systems engineering from the University of
10 Pennsylvania. Before I joined Searchlight in 2011, I was a managing principal at
11 Quadrangle Group in New York, where I focused on investments in the
12 telecommunications and technology sectors. Previously, I held positions at TPG Capital
13 in London and Blackstone in New York. I began my career as an investment banking
14 analyst in the media and communications group at Lehman Brothers in New York. I
15 currently serve as one of Searchlight III CVL, L.P.’s two designees on the board of
16 directors of CCHI and am also a board member of other telecommunications companies
17 in which one or more Searchlight affiliates holds an interest.

18

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1 **Q4. Please describe your current responsibilities.**

2 A4. As a partner at Searchlight, my duties include sourcing, conducting due diligence,
3 executing, engaging in monitoring/oversight, and managing investments for Searchlight.
4 I also help set the strategy for and manage the affairs of Searchlight and recruit and
5 manage talent.

6
7 **Q5. Have you previously testified before the New Hampshire Public Utilities
8 Commission (“the Commission”) or another public utility commission?**

9 A5. I have not previously testified before the Commission. However, I have or will be
10 submitting testimony to the California Public Utility Commission, the Maine Public
11 Utilities Commission, the Vermont Public Utility Commission, and other state public
12 utility commissions in connection with the transaction described herein.

13
14 **Q6. What is the purpose of your testimony?**

15 A6. This testimony describes Condor Holdings LLC (“Condor”) and certain entities and
16 individuals identified in this Prefiled Testimony and the Petition filed jointly with
17 Consolidated Communications Holdings, Inc. (“CCHI”); Consolidated Communications
18 of Northern New England Company, LLC (“CCNE”); and Consolidated Communications
19 of Maine Company (“CCM,” and together with CCNE, the “Licensees”) for the purpose
20 of requesting Commission approval to transfer indirect ownership and control of the

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1 Licensees to Condor (the “Transaction”). A corporate organizational chart reflecting the
2 current and post-Transaction ownership structure is provided as **Exhibit A**.

3
4 **Q7. Please summarize your testimony.**

5 A7. First, I will introduce the proposed Transaction and provide general background
6 regarding Condor and Searchlight. I will then briefly describe the Transaction, which is
7 also summarized in the Exhibits to this testimony and the Prefiled Testimony of Michael
8 Shultz on behalf of CCHI and the Licensees. Finally, I will explain how the Transaction
9 will benefit New Hampshire residents and businesses.

10
11 **Q8. Introduce generally the proposed Transaction.**

12 A8. Pursuant to the proposed Transaction, CCHI will merge with a subsidiary of Condor,
13 with CCHI continuing as the surviving corporation. Following the closing of the
14 Transaction, and as described in greater detail below, investment funds affiliated with
15 Searchlight will hold a majority equity interest in Searchlight III CVL, L.P. (“Searchlight
16 III CVL”)—the immediate parent of Condor—and investment vehicles affiliated with
17 British Columbia Investment Management Corporation (“BCI”), a corporation
18 incorporated pursuant to the Public Sector Pension Plans Act (British Columbia), will
19 hold an indirect, non-controlling minority equity interest in CCHI. The Transaction will
20 provide significant benefits to CCHI’s operating companies, including those in New
21 Hampshire. As described in the Petition and the Prefiled Testimony of CCHI, the

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1 Transaction is governed by the Agreement and Plan of Merger (the “Agreement”), dated
2 as of October 15, 2023, provided as **Exhibit B**.

3
4 Searchlight, a Delaware limited partnership and registered investment adviser with the
5 United States Securities and Exchange Commission (“SEC”), is a global private equity
6 investment company whose funds invest in companies across various sectors, including
7 communications, media, consumer, and business services. Searchlight has nearly \$12
8 billion in assets under management and has significant experience working with portfolio
9 companies executing strategies that involve deploying broadband infrastructure, along
10 with a proven track record of partnering with strong management teams to drive long-
11 term value and shareholder returns.

12
13 **Q9. Describe the proposed Transaction.**

14 A9. In close proximity to consummation of the Transaction, Searchlight III CVL will be
15 converted to a limited liability company and will contribute its common stock in CCHI to
16 Condor, and Condor will assign all of the issued and outstanding stock of Condor Merger
17 Sub Inc., a Delaware corporation and wholly owned subsidiary of Condor (“Merger
18 Sub”), to CCHI. Pursuant to the Agreement by and among Condor, Merger Sub, and
19 CCHI, Merger Sub will merge with and into CCHI, with CCHI continuing as the
20 surviving corporation, and all issued and outstanding common stock of CCHI (other than
21 (i) common stock held by Condor, which will remain outstanding, (ii) treasury stock and

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1 common stock held by Merger Sub (if any), which will be cancelled and cease to exist,
2 and (iii) common stock held by any direct or indirect wholly owned subsidiary of CCHI
3 or Condor (other than Merger Sub) (if any), which will be converted into a number of
4 shares of common stock of CCHI such that immediately following the Transaction, the
5 ownership percentage of any such subsidiary in CCHI will equal the ownership
6 percentage of any such subsidiary in CCHI immediately prior to the Transaction) will be
7 converted into the right to receive consideration for the merger at the price of \$4.70 per
8 share in cash. As a result, Condor, which will remain a wholly owned subsidiary of
9 Searchlight III CVL, will own all of CCHI's issued and outstanding common stock, and
10 Searchlight III CVL will continue to hold 100 percent of CCHI's Series A preferred
11 stock. Condor will thus become the direct holder of all of the common stock of CCHI
12 and the indirect parent of the Licensees, and CCHI, which is currently a publicly traded
13 company (NASDAQ: CNSL), will become privately held.

14
15 A Delaware limited partnership affiliated with Searchlight that will be formed in close
16 proximity to the closing ("SCP Aggregator") will hold an equity interest in Searchlight
17 III CVL of approximately 76.8 percent, and IMCPE 2020 Inc., which is controlled by
18 BCI, will hold an equity interest in Searchlight III CVL of approximately 23.2 percent.
19 All equity and voting interests in this testimony are approximate. The Searchlight-
20 affiliated funds' current equity interest referred to above is based on the price of CCHI's
21 common stock and the liquidation preference of the preferred stock as of November 13,

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1 2023. To avoid doubt, references to “voting” interests and “equity” interests refer to such
2 interests as they are calculated through successive multiplication, and not beneficial
3 ownership as defined in SEC rules. The precise percentage interests to be acquired at
4 closing may differ immaterially from those testified here due to accrual of dividends on
5 the preferred stock over time and the amount funded by the Searchlight-affiliated funds,
6 co-investors, and BCI and its affiliates. As noted above, Searchlight III CVL will also be
7 converted from a Delaware limited partnership into a Delaware limited liability company
8 prior to and in connection with the closing.

9
10 **Q10. Will the proposed Transaction benefit New Hampshire residents and businesses?**

11 A10. Yes. As explained in the Prefiled Testimony of Michael Shultz for CCHI, the
12 Transaction will allow CCHI to continue its multi-pronged fiber expansion strategy and
13 position itself to become a leading fiber provider across the United States. For example,
14 CCHI plans to expand 1 Gbps (gigabit-per-second) broadband coverage in its current
15 network topography and improve operational efficiency across its approximately 59,000
16 fiber route miles and two million fiber strand miles. CCHI also intends to expand its
17 commercial services and carrier solutions by leveraging consumer fiber buildouts to
18 further expand its network.

19
20 The Transaction will directly benefit New Hampshire because it will allow CCHI to
21 invest in further expansion of its fiber network in the State. Through the consummation

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1 of the Transaction, CCHI will have access to capital for investing in the New Hampshire
2 network, and the Transaction will not change the overall management of New Hampshire
3 operations, which will remain under the control of CCHI. The Transaction will not
4 change the operation, structure, or regulation of the Licensees, or the services provided to
5 their customers.

6

7 **Q11. Does this conclude your testimony?**

8 A11. Yes.

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