350 S. Loop 336 W., Conroe, TX 77304 | consolidated.com | NASDAQ: CNSL

April 17, 2024

Sallie Tanner
Executive Secretary
Georgia PSC
244 Washington Street SW
Atlanta, GA 30334-5701

Re: Docket Number – 31004 Submission of Financial Reports

Enclosed is a submission of financial reports for the subsidiaries of Consolidated Communications Holdings, Inc. to comply with the annual financial reporting minimal requirements for telecommunications companies, which is due April 30, 2024.

Georgia specific documents are not available at the subsidiary level. Therefore, total company financial reports have been provided. The financial reports are excerpts from the 2023 Form 10-K on the company's website:

2023 10-k Consolidated Communications Holdings, Inc.pdf

The following list of companies represents the Consolidated Communications Holdings, Inc. subsidiaries that do business in the State of Georgia:

Consolidated Communications Enterprise Services, Inc. (CCES)
Consolidated Communications of Florida Company (formerly GTC, Inc.).
St. Joe Communications, Inc.

A hard copy of the financial reports will also be submitted to the address shown above.

Any additional questions or correspondence regarding this filing can be directed to:

Consolidated Communications
ATTN: Robert Tice
350 S. Loop 336 W
Conroe TX 77304
robert.tice@consolidated.com

Sincerely,

Robert Tice

Robert Tice
Regulatory Analyst II
Enclosures

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2023

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 000-51446



CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	02-0636095
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2116 South 17th Street, Mattoon, Illinois	61938-5973
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (217) 235-3311

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock - $0.01 par value	CNSL	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2023, the aggregate market value of the shares held by non-affiliates of the registrant's common stock was $286,167,707 based on the closing price as reported on the Nasdaq Global Select Market. The market value calculations exclude shares held on the stated date by registrant's directors and officers on the assumption such shares may be shares owned by affiliates. Exclusion from these public market value calculations does not necessarily conclude affiliate status for any other purpose.

On February 27, 2024, the registrant had 116,003,311 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2024 Annual Meeting of Shareholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2023.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Mattoon, Illinois on March 5, 2024.

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.

By: /s/ C. ROBERT UDELL JR.
C. Robert Udell Jr.
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
By: /s/ C. ROBERT UDELL JR. C. Robert Udell Jr.	President and Chief Executive Officer, Director (Principal Executive Officer)	March 5, 2024
By: /s/ FRED A. GRAFFAM III Fred A. Graffam III	Chief Financial Officer (Principal Financial and Accounting Officer)	March 5, 2024
By: /s/ ROBERT J. CURREY Robert J. Currey	Chairman of the Board	March 5, 2024
By: /s/ ANDREW S. FREY Andrew J. Frey	Director	March 5, 2024
By: /s/ DAVID G. FULLER David G. Fuller	Director	March 5, 2024
By: /s/ THOMAS A. GERKE Thomas A. Gerke	Director	March 5, 2024
By: /s/ ROGER H. MOORE Roger H. Moore	Director	March 5, 2024
By: /s/ MARIBETH S. RAHE Maribeth S. Rahe	Director	March 5, 2024
By: /s/ MARISSA M. SOLIS Marissa M. Solis	Director	March 5, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Consolidated Communications Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Consolidated Communications Holdings, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), changes in mezzanine equity and shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 5, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Defined Benefit Pension and Other Post-Retirement Benefit Obligations

Description of the Matter

The Company sponsors several pension plans and other postretirement benefit plans. At December 31, 2023, the Company's aggregate defined benefit pension obligation was $515 million and exceeded the fair value of pension plan assets of $425 million, resulting in an unfunded defined benefit pension obligation of $90 million. Also, at December 31, 2023, the other postretirement benefits obligation was approximately

	$54 million. As explained in Note 13 of the consolidated financial statements, the Company updates the assumptions used to measure the defined benefit pension and postretirement benefit obligations, including discount rates, at December 31 or upon a remeasurement event to reflect updated actuarial assumptions. The Company determines the discount rates used to measure the obligations based upon an analysis of a hypothetical portfolio of bonds that match the expected cash flow of its pension and other postretirement benefit plans. Auditing the post-retirement benefit obligations was complex and required the involvement of specialists due to the judgmental nature of assumptions used in the measurement process, primarily the discount rate assumptions, which had a significant effect on the projected benefit obligations.
How we addressed the Matter in our audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of certain controls over the post-retirement benefits obligation valuation process. For example, we tested controls over management's review of the benefit obligation calculations and the significant actuarial assumptions, including the discount rates. To test the determination of the discount rate used in the calculation of the pension and post-retirement benefit obligations, we performed audit procedures that focused on evaluating, with the assistance of our actuarial specialists, the determination of the discount rates, among other procedures. For example, we assessed the appropriateness of the bonds included in the analysis used by management by evaluating the criteria used to select bonds, and by testing the characteristics and investment grade of the bonds selected, and we tested the mathematical accuracy of the analysis used by management through recalculation of the present value of cash flows and compared to the disclosed obligation.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2002.

St. Louis, Missouri

March 5, 2024

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in thousands, except per share amounts)

	Year Ended December 31,		
	2023	2022	2021
Net revenues	$ 1,110,120	$ 1,191,263	$ 1,282,233
Operating expense:			
Cost of services and products (exclusive of depreciation and amortization)	511,866	546,661	569,629
Selling, general and administrative expenses	340,252	301,667	271,125
Transaction costs	13,783	—	—
Loss on impairment of assets held for sale	77,755	131,698	5,704
Loss on disposal of assets	9,480	4,233	—
Depreciation and amortization	315,162	300,166	300,597
Income (loss) from operations	(158,178)	(93,162)	135,178
Other income (expense):			
Interest expense, net of interest income	(151,964)	(124,978)	(175,195)
Loss on extinguishment of debt	—	—	(17,101)
Change in fair value of contingent payment rights	—	—	(86,476)
Other, net	8,477	13,378	1,335
Loss from continuing operations before income taxes	(301,665)	(204,762)	(142,259)
Income tax benefit	(51,607)	(27,058)	(3,132)
Loss from continuing operations	(250,058)	(177,704)	(139,127)
Discontinued operations:			
Income from discontinued operations	—	23,467	41,845
Gain on sale of discontinued operations	—	389,885	—
Income tax expense	—	94,999	9,411
Income from discontinued operations	—	318,353	32,434
Net income (loss)	(250,058)	140,649	(106,693)
Less: dividends on Series A preferred stock	43,910	40,104	2,677
Less: net income attributable to noncontrolling interest	456	564	392
Net income (loss) attributable to common shareholders	$ (294,424)	$ 99,981	$ (109,762)
Net income (loss) per common share - basic and diluted			
Loss from continuing operations	$ (2.60)	$ (1.90)	$ (1.63)
Income from discontinued operations	—	2.77	0.37
Net income (loss) per basic and diluted common shares attributable to common shareholders	$ (2.60)	$ 0.87	$ (1.26)

See accompanying notes.

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(amounts in thousands)

	Year Ended December 31,		
	2023	2022	2021
Net income (loss)	$ (250,058)	$ 140,649	$ (106,693)
Pension and post-retirement obligations:			
Change in net actuarial loss and prior service cost, net of tax of $(5,221), $16,744 and $11,903	(14,664)	47,123	33,344
Amortization of actuarial loss (gain) and prior service cost (credit) to earnings, net of tax of $108, $(269) and $1,950	318	(762)	5,444
Derivative instruments designated as cash flow hedges:			
Change in fair value of derivatives, net of tax of $164, $3,847 and $306	462	10,879	868
Reclassification of realized loss (gain) to earnings, net of tax of $(2,619), $607 and $3,773	(7,378)	1,721	10,191
Comprehensive income (loss)	(271,320)	199,610	(56,846)
Less: comprehensive income attributable to noncontrolling interest	456	564	392
Total comprehensive income (loss) attributable to common shareholders	$ (271,776)	$ 199,046	$ (57,238)

See accompanying notes.

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share and per share amounts)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,765	$ 325,852
Short-term investments	—	87,951
Accounts receivable, net of allowance for credit losses	121,194	119,675
Income tax receivable	2,880	1,670
Prepaid expenses and other current assets	56,843	62,996
Assets held for sale	70,473	—
Total current assets	256,155	598,144
Property, plant and equipment, net	2,449,009	2,234,122
Investments	8,887	10,297
Goodwill	814,624	929,570
Customer relationships, net	18,616	43,089
Other intangible assets	10,557	10,557
Other assets	70,578	61,315
Total assets	$ 3,628,426	$ 3,887,094
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 60,073	$ 33,096
Advance billings and customer deposits	44,478	46,664
Accrued compensation	58,151	60,903
Accrued interest	18,694	18,201
Accrued expense	114,022	95,206
Current portion of long-term debt and finance lease obligations	18,425	12,834
Liabilities held for sale	3,402	—
Total current liabilities	317,245	266,904
Long-term debt and finance lease obligations	2,134,916	2,129,462
Deferred income taxes	210,648	274,309
Pension and other post-retirement obligations	137,616	123,644
Other long-term liabilities	48,637	47,326
Total liabilities	2,849,062	2,841,645
Commitments and contingencies (Note 15)		
Series A preferred stock, par value $0.01 per share; 10,000,000 shares authorized, 434,266 and 456,343 shares outstanding as of December 31, 2023 and December 31, 2022, respectively; liquidation preference of $520,957 and $477,047 as of December 31, 2023 and December 31, 2022, respectively	372,590	328,680
Shareholders' equity:		
Common stock, par value $0.01 per share; 150,000,000 shares authorized, 116,172,568 and 115,167,193 shares outstanding as of December 31, 2023 and December 31, 2022, respectively	1,162	1,152
Additional paid-in capital	681,757	720,442
Retained earnings (accumulated deficit)	(262,380)	(11,866)
Accumulated other comprehensive loss, net	(21,872)	(610)
Noncontrolling interest	8,107	7,651
Total shareholders' equity	406,774	716,769
Total liabilities, mezzanine equity and shareholders' equity	$ 3,628,426	$ 3,887,094

See accompanying notes.

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY
(amounts in thousands)

	Mezzanine Equity		Shareholders' Equity						
	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss, net	Non-controlling Interest	Total
	Shares	Amount	Shares	Amount					
Balance at December 31, 2020	—	$ —	79,228	$ 792	$ 525,673	$ (34,514)	$ (109,418)	$ 6,695	$ 389,228
Shares issued under employee plan, net of forfeitures	—	—	1,652	17	(17)	—	—	—	—
Shares issued to Searchlight	—	—	32,986	330	209,387	—	—	—	209,717
Series A preferred stock issued	434	285,899	—	—	—	—	—	—	—
Dividends on Series A preferred stock accrued	—	2,677	—	—	(2,677)	—	—	—	(2,677)
Non-cash, share-based compensation	—	—	—	—	10,097	—	—	—	10,097
Purchase and retirement of common stock	—	—	(219)	(2)	(1,717)	—	—	—	(1,719)
Other comprehensive income (loss)	—	—	—	—		—	49,847	—	49,847
Net income (loss)	—	—	—	—	—	(107,085)	—	392	(106,693)
Balance at December 31, 2021	434	$ 288,576	113,647	$ 1,137	$ 740,746	$ (141,599)	$ (59,571)	$ 7,087	$ 547,800
Shares issued under employee plan, net of forfeitures	—	—	1,809	17	(17)	—	—	—	—
Series A preferred stock issued	22	—	—	—	—	—	—	—	—
Dividends on Series A preferred stock accrued	—	40,104	—	—	(29,752)	(10,352)	—	—	(40,104)
Non-cash, share-based compensation	—	—	—	—	10,755	—	—	—	10,755
Purchase and retirement of common stock	—	—	(289)	(2)	(1,290)	—	—	—	(1,292)
Other comprehensive income (loss)	—	—	—	—	—	—	58,961	—	58,961
Net income (loss)	—	—	—	—	—	140,085	—	564	140,649
Balance at December 31, 2022	456	$ 328,680	115,167	$ 1,152	$ 720,442	$ (11,866)	$ (610)	$ 7,651	$ 716,769
Shares issued under employee plan, net of forfeitures	—	—	1,570	16	(16)	—	—	—	—
Series A preferred stock issued	21	—	—	—	—	—	—	—	—
Accrued Series A preferred stock liquidation preference as paid-in-kind dividends	—	43,910	—	—	(43,910)	—	—	—	(43,910)
Non-cash, share-based compensation	—	—	—	—	7,613	—	—	—	7,613
Purchase and retirement of common stock	—	—	(565)	(6)	(2,372)	—	—	—	(2,378)
Other comprehensive income (loss)	—	—	—	—	—	—	(21,262)	—	(21,262)
Other	(43)	—	—	—	—	—	—	—	—
Net income (loss)	—	—	—	—	—	(250,514)	—	456	(250,058)
Balance at December 31, 2023	434	$ 372,590	116,172	$ 1,162	$ 681,757	$ (262,380)	$ (21,872)	$ 8,107	$ 406,774

See accompanying notes.

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income (loss)	$ (250,058)	$ 140,649	$ (106,693)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	315,162	300,166	300,597
Deferred income tax expense (benefit)	(56,092)	58,894	5,504
Cash distributions from wireless partnerships in excess of current earnings	—	5,697	1,195
Pension and post-retirement contributions in excess of expense	(5,827)	(29,205)	(33,208)
Stock-based compensation expense	7,613	10,755	10,097
Amortization of deferred financing costs and discounts	8,051	7,331	15,622
Noncash interest expense on convertible security interest	—	—	30,927
Loss on extinguishment of debt	—	—	17,101
Loss on change in fair value of contingent payment rights	—	—	86,476
Loss on impairment of assets held for sale	77,755	131,698	5,704
Gain on sale of partnership interests	—	(389,885)	—
Loss on disposal of assets	9,480	4,233	—
Other, net	(1,673)	(367)	3,226
Changes in operating assets and liabilities:			
Accounts receivable, net	(9,503)	5,167	4,103
Income tax receivable	(1,210)	(536)	(62)
Prepaid expenses and other assets	(10,092)	(7,699)	(12,863)
Accounts payable	23,261	(909)	(189)
Accrued expenses and other liabilities	7,720	(12,279)	(8,670)
Net cash provided by operating activities	114,587	223,710	318,867
Cash flows from investing activities:			
Purchases of property, plant and equipment, net	(515,035)	(619,981)	(480,346)
Purchase of investments	—	(302,907)	(175,764)
Proceeds from sale and maturity of investments	91,623	327,419	66,198
Proceeds from sale of assets	5,954	22,918	3,469
Proceeds from business dispositions	—	105,823	—
Proceeds from sale of partnership interests	—	482,966	—
Net cash provided by (used in) investing activities	(417,458)	16,238	(586,443)
Cash flows from financing activities:			
Proceeds from bond offering	—	—	400,000
Proceeds from issuance of long-term debt	—	—	150,000
Proceeds from issuance of common stock	—	—	75,000
Payment of finance lease obligations	(15,338)	(9,836)	(6,365)
Payment on long-term debt	—	—	(397,000)
Payment of financing costs	(500)	(2,603)	(8,266)
Share repurchases for minimum tax withholding	(2,378)	(1,292)	(1,719)
Net cash used in financing activities	(18,216)	(13,731)	211,650
Change in cash and cash equivalents	(321,087)	226,217	(55,926)
Cash and cash equivalents at beginning of period	325,852	99,635	155,561
Cash and cash equivalents at end of period	$ 4,765	$ 325,852	$ 99,635

See accompanying notes.