

December 14, 2011

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington, D.C. 20006-2803

**Re: PCAOB Rulemaking Docket Matter No. 37  
Concept Release on Auditor Independence and Audit Firm Rotation**

Dear Board Members:

Windstream Corporation appreciates the opportunity to submit comments to the Public Company Accounting Oversight Board (“PCAOB” or “Board”) on its concept release on auditor independence and audit firm rotation (the “Concept Release”). We strongly support the PCAOB’s focus on enhancing auditor independence, objectivity and professional skepticism, with the objective of continuously increasing audit quality and protecting investors. However, we believe that mandatory audit firm rotation would not be a constructive means to achieve these goals due to identifiable and known negative consequences, including decreasing audit quality and increasing costs, to the ultimate disadvantage of investors. At this time, we are not aware of any definitive evidence that suggests mandatory audit firm rotation will improve audit quality. Rather, we believe that the requirements of the Sarbanes-Oxley Act (the “Act”) concerning auditor independence and audit quality are sufficient to achieve the intended benefits of mandatory audit firm rotation.

One negative consequence of mandatory audit firm rotation is decreasing audit quality. Auditors obtain in-depth knowledge of their audit clients and their industries during the course of their engagements. It is difficult to gain a thorough understanding of complex industries and business structures in a short amount of time, resulting in less efficient audits at the beginning of an engagement and a higher level of audit risk. To obtain in-depth knowledge, auditors invest significant resources to acquire and maintain industry expertise. Requiring mandatory audit firm rotation discourages industry specialization, ultimately resulting in lower audit quality. Regional companies in specialized industries may only have limited access to qualified audit firms that possess sufficient resources and qualified professionals to perform the audit, forcing the company to engage a firm that does not have a local office or the necessary industry expertise to perform a quality audit.

Another negative consequence of mandatory audit firm rotation involves increased costs to both the company and the audit firms. The audit firm would incur incremental start-up time to gain an understanding of the company and its operations, to establish a high quality audit approach, and to ensure adequate correspondence with the predecessor auditor. The time incurred by both the predecessor auditor and successor auditor during each transition will be billed to the company. Similarly, companies will be required to invest significant time in selecting and educating new

auditors on a rotating basis that would be better directed toward focusing on corporate governance, internal controls and financial reporting.

The Act previously considered mandatory audit firm rotation. A one-year study reviewing the potential effects of mandatory audit firm rotation was conducted by the Comptroller of the United States. The results, published in November 2003, concluded that “mandatory audit firm rotation may not be the most efficient way to strengthen auditor independence and improve audit quality, considering the additional financial costs and the loss of institutional knowledge of the public company's previous auditor.” Rather than implementing a mandatory audit firm rotation, the U.S. Congress, in debating the Act, chose mandatory audit partner rotation and the empowering of audit committees with independent standard-setting and oversight by the PCAOB.

We believe that the level of skepticism and the quality of audits have increased significantly over the past decade, primarily due to the passage of the Act, the enhanced role of audit committees and the resulting independent oversight by the PCAOB. More specifically, we believe that the requirements of the Act concerning auditor independence and audit quality sufficiently achieve the intended benefits of mandatory audit firm rotation. The Act imposed mandatory audit partner rotation, required that external auditors report directly to the audit committee, and placed the audit committee in charge of evaluating the auditor's performance. By imposing mandatory audit partner rotation, the Act insures that the key decision maker on an audit must change every five years, adding a significant degree of independence to the audit process and further promoting audit quality and auditor skepticism. The Act puts the audit committee in charge of evaluating the auditor's performance and determining whether and when a change in auditor would be in the best interests of shareholders. The independent audit committee members, as part of their role as representatives of shareholders' interests and with statutorily mandated responsibility for audit oversight (including the selection and compensation of auditors), are well positioned to make this judgment because they are aware of the audit needs of the company. Since the audit committee members work closely with the audit firm, they are in the best position to evaluate overall quality, as well as the firm's application of independence, objectivity and professional skepticism. Mandatory rotation will act to override the audit committee's knowledge, perspective and statutory responsibility, undermining the fundamental principle of corporate governance, which ensures companies operate in the best interest of the shareholders.

The Concept Release notes that the PCAOB has found numerous audit deficiencies through its inspection program. However, there is no conclusive evidence that these findings point to a systemic lack of auditor skepticism. No correlation has been drawn between an auditor's tenure and audit quality that would support mandatory audit firm rotation. As stated in the Concept Release, “preliminary analysis of data appears to show no correlation between auditor tenure and number of comments in PCAOB inspection reports.”

In summary, we believe that the audit committee members, with independent oversight responsibility, are in the best position to monitor and enforce independence, objectivity and professional skepticism of the auditors who report directly to them. We support the Board's efforts to strengthen the role of independent audit committees as a method to further enhance audit quality. Additionally, we support the PCAOB's continued efforts to examine the root

causes of common audit deficiencies to determine the most effective remedy. Given the negative consequences of mandatory audit firm rotation, however, we cannot support mandatory audit firm rotation until and unless definitive evidence is obtained indicating a direct correlation between audit firm tenure and a break-down in auditor independence, objectivity and professional skepticism.

Sincerely,

Anthony W. Thomas  
Chief Financial Officer  
Windstream Corporation