

State of Florida



# Public Service Commission

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COMMISSION  
CLERK

**-M-E-M-O-R-A-N-D-U-M-**

**DATE:** September 22, 2005

**TO:** Director, Division of the Commission Clerk & Administrative Services (Bayó)

**FROM:** Division of Competitive Markets & Enforcement (Curry) *KLC*  
Office of the General Counsel (Rojas) *Rh Rj*

**RE:** Docket No. 050551-TP – Joint application for approval of transfer of control of Sprint-Florida, Incorporated, holder of ILEC Certificate No. 22, and Sprint Payphone Services, Inc., holder of PATS Certificate No. 3822, from Sprint Nextel Corporation to LTD Holding Company, and for acknowledgment of transfer of control of Sprint Long Distance, Inc., holder of IXC Registration No. TK001, from Sprint Nextel Corporation to LTD Holding Company.

**AGENDA:** 10/04/05 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\CMP\WP\050551.RCM.DOC

### Case Background

On December 15, 2004, Sprint Corporation and Nextel Communications, Inc. entered into a merger agreement wherein Nextel Communications, Inc. would merge with and into a wholly owned subsidiary of Sprint Corporation. The merger closed on August 12, 2005. The corporation's new name became Sprint Nextel Corporation (Sprint). In the merger agreement, Sprint Corporation and Nextel Communications, Inc. agreed to separate the wireline local service operation into an independent, stand-alone operation. In order to complete the separation, Sprint

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formed a new subsidiary, LTD Holding Company (LTD) to control the Sprint operating companies serving local customers. Sprint has filed a joint application requesting the Commission's approval and acknowledgement of the transfer of control of Sprint-Florida, Incorporated, Sprint Payphone Services, Inc. (SPSI), and Sprint Long Distance, Inc. (SLD) from Sprint to LTD.

The Commission is vested with jurisdiction over this matter pursuant to Sections 364.33 and 364.335, Florida Statutes. Accordingly, staff believes the following recommendations are appropriate.

### Discussion of Issues

**Issue 1:** Should the Commission approve the joint application for transfer of control of Sprint-Florida, Incorporated, holder of ILEC Certificate No. 22, and Sprint Payphone Services, Inc., holder of PATS Certificate No. 3822, from Sprint Nextel Corporation to LTD Holding Company, and for acknowledgment of transfer of control of Sprint Long Distance, Inc., holder of IXC Registration No. TK001, from Sprint Nextel Corporation to LTD Holding Company?

**Recommendation:** Yes. (Curry, Rojas)

**Staff Analysis:** Section 364.33, Florida Statutes, provides that a person may not acquire ownership or control of a telecommunications facility, in whatever manner, including the acquisition, transfer, or assignment of majority organizational control or controlling stock ownership, without prior approval from the Commission. According to Section 364.02 (14), Florida Statutes, intrastate interexchange telecommunications companies (IXC) are not subject to Section 364.33, Florida Statutes. On August 15, 2005, Sprint filed a joint application for approval for transfer of control of Sprint-Florida, Incorporated, Sprint Payphone Services, Inc., and to notify the Commission of transfer of control of Sprint Long Distance, Inc., from Sprint Nextel Corporation to LTD Holding Company. Since an IXC is not subject to Section 364.33, Florida Statutes, the company is not required to seek Commission approval for transfer control of Sprint Long Distance, Inc. to LTD Holding Company.

As outlined in the case background, Sprint is separating its wireline local service operation into an independent entity. LTD was formed to serve as the new parent company of Sprint-Florida, Incorporated, SPSI, and SLD. Attached are Sprint Exhibits 1 and 2. Exhibit 1 shows the corporate structure of Sprint before the merger with Nextel, the corporate structure of Sprint after the merger, and the corporate structure resulting from the creation of the independent LTD Holding Company. Exhibit 2 shows the organizational structure of LTD.

Sprint-Florida, Incorporated is now an indirect wholly owned subsidiary of Sprint and is authorized by the Commission pursuant to LEC Certificate No. 22 to provide local exchange telecommunications services. Sprint Payphone Services, Inc. is a certificated pay telephone provider, PATS Certificate No. 3822 and Sprint Long Distance, Inc. is a registered interexchange telecommunications company, Registration No. TK001. Under the control of LTD, Sprint-Florida, Incorporated, SPSI, and SLD will not change or become new entities. The companies will become subsidiaries of LTD. These entities will continue operating in Florida and will continue to have the same technical, financial, and managerial ability to provide service under the control of LTD as they have had under the control of Sprint. It is Sprint's belief that the establishment of Sprint's wireline local service operation as an independent, stand-alone corporation will serve the public interest by creating a company whose primary strategic focus will be building upon its local wireline capabilities by providing services to residential and business customers in its local franchised territory.

Based upon the aforementioned, staff believes that the transfer of control of Sprint-Florida, Incorporated, SPSI, and SLD from Sprint Nextel Corporation to LTD Holding Company is in public interest. Staff, therefore recommends that the Commission approve Sprint's joint application for approval for transfer of control of Sprint-Florida, Incorporated and Sprint

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Payphone Services, Inc., and for acknowledgment of transfer of control of Sprint Long Distance, Inc., from Sprint Nextel Corporation to LTD Holding Company.

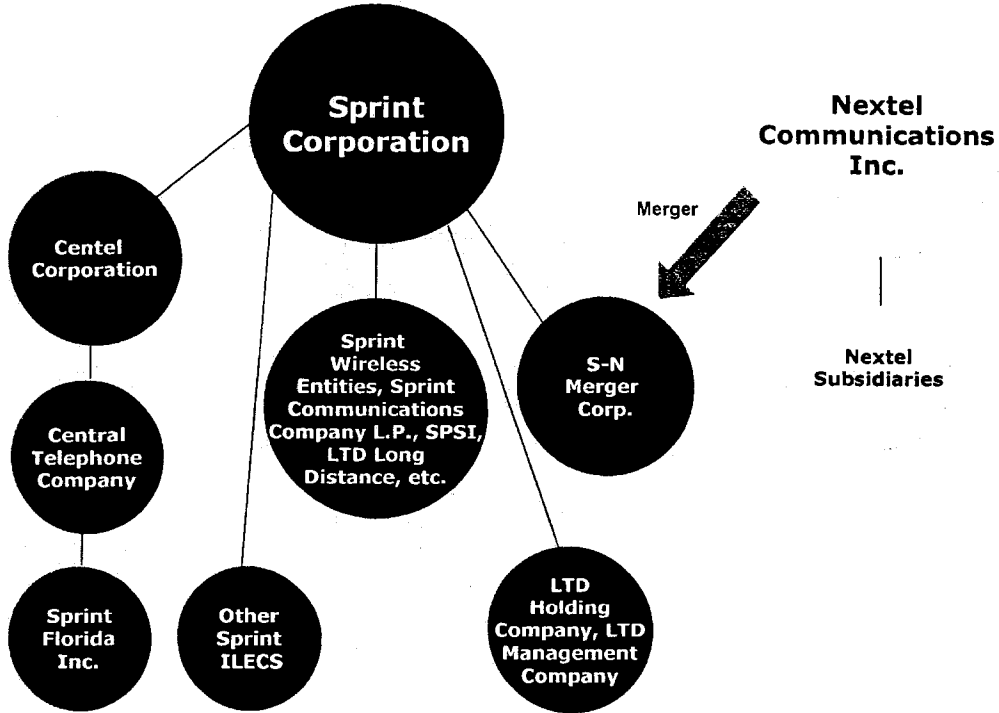
**Issue 2:** Should this docket be closed?

**Recommendation:** The Order issued from this recommendation will become final and effective upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of the Proposed Agency Action Order. If the Commission's Order is not protested this docket should be closed administratively upon issuance of the Consummating Order.

**Staff Analysis:** Staff recommends that the Commission take action as set forth in the above staff recommendation.

Sprint and Nextel - Pre-Merger

Exhibit 1  
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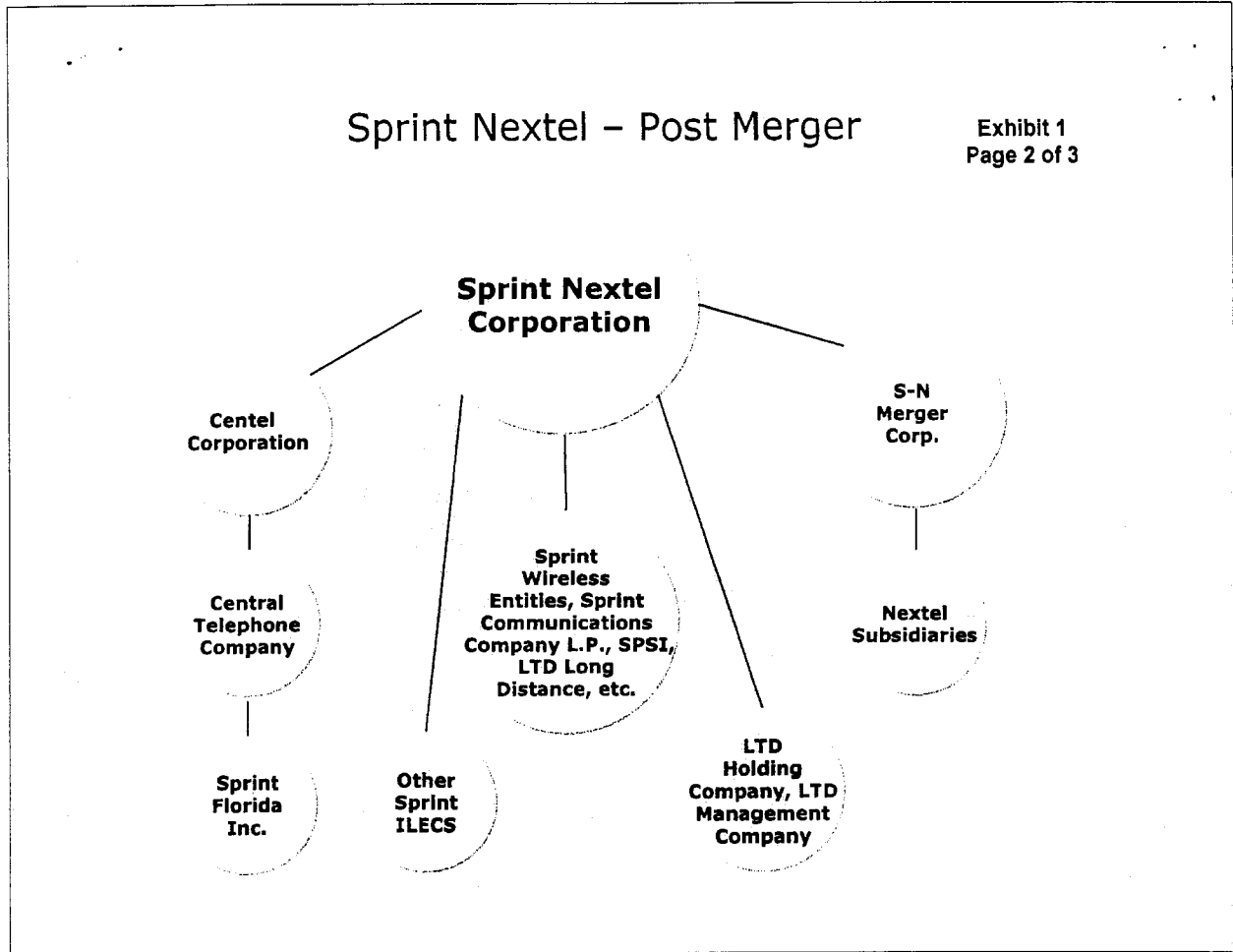
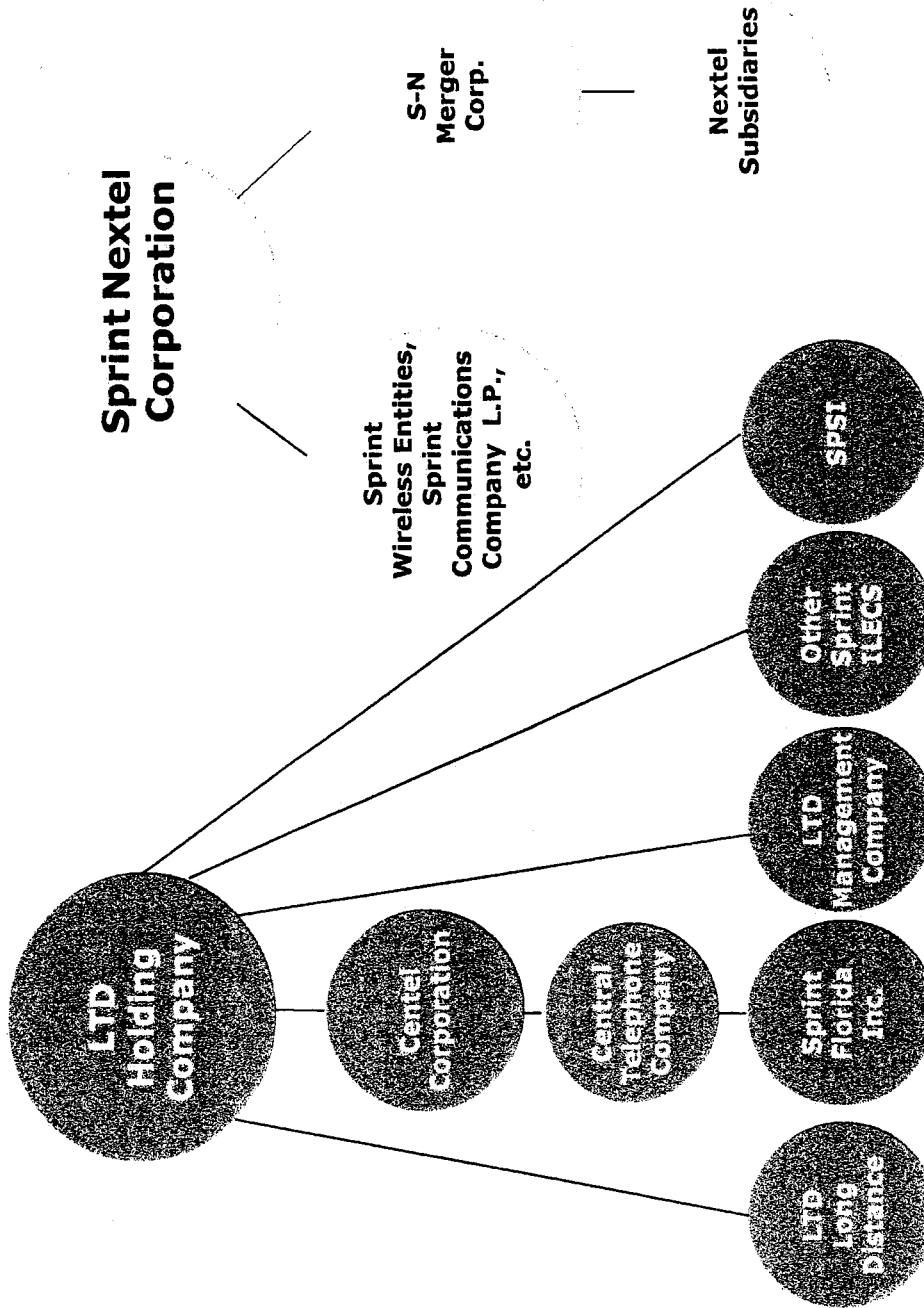


Exhibit 1  
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LTD Holding Company Separation from Sprint Nextel



# LTD Holding Company Organizational Structure

Exhibit 2  
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