

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

May 24, 2006

IN RE:)	
)	
APPLICATION OF SPRINT NEXTEL CORPORATION)	DOCKET NO.
FOR APPROVAL OF THE TRANSFER OF CONTROL)	05-00240
OF UNITED TELEPHONE-SOUTHEAST, INC.; SPRINT)	
LONG DISTANCE, INC.; AND SPRINT PAYPHONE)	
SERVICES, INC. FROM SPRINT NEXTEL)	
CORPORATION TO LTD HOLDING COMPANY)	

ORDER GRANTING TRANSFER OF AUTHORITY

This matter came before Chairman Ron Jones, Director Pat Miller and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on February 21, 2006 for consideration of the *Application of Sprint Nextel Corporation for Approval of Transfer of Control* ("Application") filed on August 24, 2005 by Sprint Nextel Corporation ("Sprint Nextel").

The Application

Sprint Nextel seeks TRA approval of the transfer of authority of United Telephone-Southeast, Inc. ("UTSE"), Sprint Long Distance, Inc. ("Sprint Long Distance"), and Sprint Payphone Services, Inc. ("SPSI") from Sprint Nextel to LTD Holding Company.¹

¹ On September 29, 2005, the Communications Workers of America, AFL-CIO ("CWA") filed a petition to intervene pursuant to Tenn. Code Ann. § 4-5-310(a) (2005) and Tenn. Code Ann. § 65-2-107 (2004). On January 26, 2006, CWA filed a letter with the Authority stating that it has reached a multi-state settlement with Sprint, and as a result, CWA withdrew its petition to intervene.

Sprint Nextel is a publicly-traded global communications company providing wireless, long distance, and local communications services. Sprint Nextel's incumbent local exchange carriers ("ILECs"), including UTSE, provide a full portfolio of communications services, including local, long distance, high-speed data, wireless, and video.

Sprint Long Distance is a Delaware corporation which received Authority approval to provide operator services and resell interexchange long distance services on October 17, 2005 in Docket No. 05-00229. As a result of the transaction, control of Sprint Long Distance will be transferred from Sprint Nextel to LTD Holding Company.

SPSI is a Florida corporation authorized by the Authority to provide payphone telephone service in Tennessee pursuant to Authority Order in Docket No. 98-00490, issued on August 18, 1998. As a result of the proposed transaction, control of SPSI will be transferred from Sprint Nextel to LTD Holding Company.

UTSE is currently a direct, wholly-owned subsidiary of Sprint Nextel. It was certificated by the Authority's predecessor, the Tennessee Public Service Commission, in Docket No. U-4887 on April 25, 1996. As a result of the transaction, control of UTSE will be transferred from Sprint Nextel to LTD Holding Company.

Upon completion of the proposed transaction, LTD Holding Company, a newly formed subsidiary of Sprint Nextel, will realize control of UTSE, Sprint Long Distance, SPSI, and Sprint Nextel's other ILEC operations. At that time, LTD Holding Company will operate independently from Sprint Nextel and will have its own management team and board of directors.

The *Application* states that as a result of the transaction, Sprint Nextel's local wireline operations will become an independent entity. The stock of UTSE and other Sprint Nextel ILECs, Sprint Long Distance, and SPSI will be contributed into LTD Holding Company, as well as other

assets and liabilities related to the local wireline telecommunications business. The *Application* asserts that these entities will continue to have the technical, managerial, and financial capabilities to provide quality telecommunications services. In addition, the Applicants maintain that the transaction will be transparent to the customers of the transferred entities, and there will be no change in rates or terms of services.

According to the *Application*, this transaction serves the public interest and will produce numerous benefits for both residential and business customers. The Applicants state that both the transfer of authority and the establishment of Sprint Nextel's wireline local service operations as an independent business will enhance the parties' ability to compete and will allow increased focus and attention to customers in Tennessee.

February 21, 2006 Authority Conference

Tenn. Code Ann. § 65-4-113 (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) (2004) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

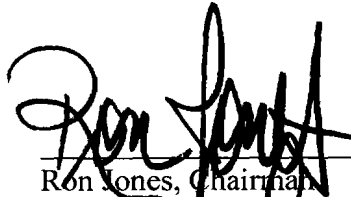
Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

At a regularly scheduled Authority Conference held on February 21, 2006, the panel found

that the transfer is in the public interest and voted unanimously to approve the *Application* pursuant to a finding of compliance with the requirements of Tenn. Code Ann. § 65-4-113 (2004).

IT IS THEREFORE ORDERED THAT:

Pursuant to Tenn. Code Ann. § 65-4-113 (2004), the transfer of authority of United Telephone-Southeast, Inc., Sprint Long Distance, Inc., and Sprint Payphone Services, Inc. from Sprint Nextel Corporation to LTD Holding Company as described in the *Application* and discussed herein is approved.



Ron Jones, Chairman



Pat Miller, Director



Sara Kyle, Director