

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 10, 2008

IN RE:

JOINT APPLICATION OF STI PREPAID, LLC AND SPRINT
COMMUNICATIONS COMPANY, L.P. FOR APPROVAL TO
TRANSFER CERTAIN ASSETS TO STI PREPAID, LLC

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DOCKET NO.
08-00138

ORDER APPROVING TRANSFER OF ASSETS

This matter came before Chairman Tre Hargett, Director Eddie Roberson 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 September 8, 2008 for consideration of the *Joint Application* of STi Prepaid, LLC (“STi Prepaid”) and Sprint Communications Company, L.P. (“Sprint”) (together, “Applicants”) requesting authorization to transfer certain Sprint assets, excluding Sprint’s authorization to provide intrastate telecommunications services in Tennessee, to STi Prepaid.

The Joint Application

STi Prepaid is a Delaware company with headquarters in New York, New York. STi Prepaid holds authorization to provide resold intrastate interexchange telecommunications services within the State of Tennessee¹ and currently offers prepaid calling card and dial-around (10-10) services throughout the United States, including Tennessee.

Sprint is a Delaware corporation with headquarters in Overland Park, Kansas and a wholly-owned subsidiary of Sprint Nextel Corporation. Sprint is duly authorized to provide competitive

¹ See *In re: Application of STi Prepaid, LLC for Authority to Resell Interexchange Long Distance Services In Tennessee*, Docket No. 07-00191, *Order Granting Authority to Resell Interexchange Long Distance Services* (November 1, 2007).

local exchange and interexchange telecommunications services to end users throughout the State of Tennessee.²

On April 7, 2008, Sprint and certain of its affiliates (collectively, “Sellers”) entered into an Asset Purchase Agreement with STi Prepaid pursuant to which Sellers agreed to transfer certain assets to STi Prepaid. Specifically, Sellers agreed to transfer all of their assets related to the provision of prepaid calling card services, including tangible prepaid card inventory, customer agreements and contracts, vendor agreements and contracts, prepaid card point of sale and promotional materials, and rights to host Personal Identification Numbers (“PINs”) used to make prepaid calling card calls to STi Prepaid. The transaction will not result in any change of control or ownership of Sprint or STi Prepaid. Both carriers will continue to offer intrastate telecommunications services in Tennessee pursuant to their respective authorizations. After consummation of the transaction, any prepaid calling cards remaining in the market that list Sprint as the provider of the prepaid calling card will continue to be available for use by consumers and STi Prepaid will provide the underlying telecommunications service necessary to effect the use. Sprint will not remove its prepaid service from its Tennessee Service for at least twelve months following the date of the transaction.

Findings and Conclusions

Tenn. Code Ann. § 65-4-112(a) (2004) provides:

No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of other such public utility of like character shall be valid until approved by the authority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

At the regularly scheduled Authority Conference held on September 8, 2008, the panel voted unanimously to approve the *Joint Application* and made the following findings:

² See *In re: Application of Sprint Communications company L.P. for a Certificate of Convenience and Necessity to Provide Intrastate Telecommunications Services*, Docket No. 96-01153, Order (October 3, 1996).

1. The proposed transaction will serve the public interest because both STi Prepaid and Sprint will continue to offer intrastate telecommunications services in Tennessee.

2. STi Prepaid has access to public capital markets which provide the necessary support for expansion of prepaid calling services currently offered by Sprint.

3. The customer notification requirement of Tenn. Comp. R. & Regs. 1220-4-2-.56(2)(d)(2) should be waived for good cause since the nature of prepaid calling services make it impossible to identify customers to whom notice should be given.


IT IS THEREFORE ORDERED THAT:

1. The transfer of assets of Sprint Communications Company, L.P. related to the provision of prepaid calling card services, including tangible prepaid card inventory, customer agreements and contracts, vendor agreements and contracts, prepaid card point of sale and promotional materials, and rights to host personal identification numbers to STi Prepaid, LLC as described in the *Joint Application*, is approved pursuant to Tenn. Code Ann. § 65-4-112(a) (2004).

2. The customer notification requirement of Tenn. Comp. R. & Regs. 1220-4-2-.56(2)(d)(2) is waived for good cause.



Tre Hargett, Director



Eddie Roberson, Director



Sara Kyle, Director