

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 7th day of March, 2006.

Application of Sprint Nextel Corporation for )  
Approval of the Transfer of Control of Sprint )  
Missouri, Inc., Sprint Long Distance, Inc., and ) **Case No. IO-2006-0086**  
Sprint Payphone Services, Inc. from Sprint Nextel )  
Corporation to LTD Holding Company. )

**ORDER APPROVING STIPULATION AND AGREEMENT**

Issue Date: March 7, 2006

Effective Date: March 17, 2006

Syllabus: This order approves the stipulation and agreement submitted by the parties.

On August 23, 2005, Sprint Nextel Corporation submitted an application seeking Commission approval of a plan to transfer control of Sprint Missouri, Inc., Sprint Long Distance, Inc., and Sprint Payphone Services, Inc., from Sprint Nextel to a new independent holding company, then known as LTD Holding Company, and since given the name Embarq.

On December 27, Sprint Nextel, the Staff of the Missouri Public Service Commission, and the Office of the Public Counsel filed a nonunanimous stipulation and agreement. The Communications Workers of America, the only intervenor in the case, initially opposed the stipulation and agreement and demanded a hearing. However, the Communications Workers of America subsequently withdrew its objection to the stipulation and agreement and withdrew from the case. As a result, the stipulation and agreement is

signed by all current parties and is now unanimous. A copy of the stipulation and agreement is attached to this order as Attachment A.

On February 17, the Commission held an on-the-record presentation regarding the proposed stipulation and agreement. At that proceeding, prefiled written testimony, as well as additional oral testimony, was admitted into evidence.

Sprint Nextel has asked the Commission to approve its plan to spin-off its wireline local service operation into an independent, stand-alone operation. To that end, a new holding company has been created to take control of Sprint Missouri, Inc., Sprint Long Distance, Inc., and Sprint Payphone Services, Inc. Those corporate entities will continue to provide service to their existing customers under the new arrangement, but will have a new corporate parent. That new parent corporation will be a publicly traded corporation that will be independent of Sprint Nextel.

The stipulation and agreement provides that the existing certificates of service authority held by Sprint Missouri, Inc., Sprint Long Distance, Inc., and Sprint Payphone Services, Inc., should remain in effect after the transfer of control to the new corporate entity. However, the parties agree that certain affiliate transaction conditions that were imposed on Sprint Communications Company, L.P., as part of a stipulation and agreement in Case No. TA-97-269, are no longer needed.<sup>1</sup>

In Case No. TA-97-269, Sprint Communications Company was granted a certificate of authority to operate as a competitive local exchange company. The additional affiliate transaction conditions placed restrictions on Sprint Communications Company's CLEC

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<sup>1</sup> The parties to the stipulation and agreement in TA-97-269 were Sprint Communications Company, United Telephone Company of Missouri, d/b/a Sprint, Staff, and Public Counsel.

operations in the incumbent local exchange territory of Sprint Missouri. After the spin-off transaction is complete, Sprint Communications Company, which will remain a part of Sprint Nextel, will no longer be affiliated with Sprint Missouri, Inc., making the additional conditions unnecessary.

The parties to the stipulation and agreement agree that the Commission should approve Sprint Nextel's application and allow the spin-off to proceed, subject, however, to several conditions specified in the stipulation and agreement. The parties to the stipulation and agreement agree that, subject to the agreed upon conditions, the transaction proposed in Sprint Nextel's application is not detrimental to the public interest.

The Commission has the legal authority to accept a stipulation and agreement as offered by the parties as a resolution of the issues raised in this case.<sup>2</sup> Furthermore, Section 536.090, RSMo Supp. 2005, provides that when accepting a stipulation and agreement, the Commission does not need to make either findings of fact or conclusions of law. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence.<sup>3</sup> Since no one has requested a hearing in this case, the Commission may grant the relief requested based on the stipulation and agreement.

Based on the agreement of the parties and the explanations received at the on-the-record presentation, the Commission believes that the parties have reached a just and reasonable settlement.

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<sup>2</sup>Section 536.060, RSMo Supp. 2005.

<sup>3</sup> *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989).

**IT IS ORDERED THAT:**

1. The Stipulation and Agreement filed on December 27, 2005, is approved as a resolution of all issues in this case (See Attachment A).
2. All signatory parties are ordered to comply with the terms of the Stipulation and Agreement.
3. The transaction described in Sprint Nextel Corporation's application, filed on August 23, 2005, is not detrimental to the public interest and is approved, subject to the terms and conditions of the Stipulation and Agreement.
4. The additional affiliate transaction conditions imposed on Sprint Communications Company, L.P. as a result of the stipulation and agreement and report and order in TA-97-269 shall no longer be effective after completion of the transaction approved in this order.
5. Nothing in this order shall be considered a finding by the Commission of the value of these transactions for ratemaking purposes. The Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions, and their results in cost of capital, in any later proceeding.
6. This order shall become effective on March 17, 2006.

7. This case shall be closed on March 18, 2006.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read "Colleen M. Dale".

Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., Murray, Gaw, Clayton and Appling, CC., concur

Woodruff, Deputy Chief Regulatory Law Judge