

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Application of Sprint)
Nextel Corporation and LTD Holding) Case No. 05-1040-TP-ACO
Company for Consent and Approval of a)
Transfer of Control.)

ORDER

The Commission finds:

- (1) On August 23, 2005, Sprint Nextel Corporation (Sprint Nextel) and LTD Holding Company filed a joint application, pursuant to Section 4905.402, Revised Code, seeking approval of a transfer in ownership whereby ownership of United Telephone Company of Ohio (UTO), Sprint Long Distance, Inc. and United Telephone of Indiana, Inc. (collectively United Companies) would be transferred from Sprint Nextel to LTD Holding Company. The joint applicants assert that this transfer of ownership of the wireline operations of the United Companies was contemplated in the merger agreement entered into between Sprint Corporation (Sprint) and Nextel Communications, Inc. (Nextel) on December 15, 2004. In that merger agreement, Sprint and Nextel agreed to use their reasonable best efforts to separate the incumbent local exchange carrier (ILEC) wireline business of Sprint, by means of a tax-free spin-off, to the then existing stockholders of Sprint Nextel. As a result of this spin-off application, the local wireline operations will become an independent entity from the wireless business of Sprint Nextel.

LTD Holding Company is a newly formed subsidiary of Sprint Nextel. Upon the separation, LTD Holding Company will realize control of UTO, Sprint Long Distance, Inc. and United Telephone Company of Indiana, Inc., along with Sprint Nextel's other ILEC wireline operations. At separation, LTD Holding Company will operate independently from Sprint Nextel and will have its own management team and board of directors. Additionally, LTD Holding Company will be the largest independent local telephone company in the United States, with annual revenues exceeding \$6 billion. UTO is an Ohio corporation with its headquarters in Mansfield, Ohio. Sprint Long Distance, Inc. was recently certificated by this Commission in order to provide resold long distance services to

the customers of UTO after the spin-off. United Telephone Company of Indiana, Inc. is an Indiana corporation authorized by the Commission to provide local telephone services to customers in Union City, Ohio. As a result of the transaction, control of UTO, Sprint Long Distance, Inc. and United Telephone Company of Indiana, Inc. will be transferred from Sprint Nextel to LTD Holding Company. From an operational perspective, the joint applicants assert that little will change. The United Companies will continue to be the entities operating in Ohio, and they will continue to have the same technical, financial and managerial ability to provide the services that they do today.

Joint applicants assert that the proposed transfer of control will promote the public convenience and will result in the provision of adequate service for a reasonable rate, rental, toll or charge. Joint applicants also represent that the proposed transfer will not affect the United Companies' technical, managerial or financial capabilities. Benefits of the separation, according to the joint applicants, include a single-minded focus on local markets, an emphasis on meeting the needs of the local customer, a clear alignment of interests and the transparency of the transaction to customers.

Further, Sprint Nextel and LTD Holding Company assert that the joint application should be approved absent a hearing due to their belief that the transfer does not implicate any potential concerns that will be harmful to competition and will be transparent and seamless to customers. Therefore, this transaction is distinguishable from the other cases in which the Commission has determined that a hearing is necessary under Section 4905.402, Revised Code.

- (2) Section 4905.402 (B), Revised Code, states in pertinent part:

No person shall acquire control, directly or indirectly, of a domestic telephone company or a holding company controlling a domestic telephone company unless that person obtains the prior approval of the public utilities commission under this section.... If, after review of the application and after any necessary hearing, the commission is satisfied that approval of the application will promote public convenience and

result in the provision of adequate service for a reasonable rate, rental, toll, or charge, the commission shall approve the application and make such order as it considers proper. If the commission fails to issue an order within thirty days of the filing of the application, or within twenty days of the conclusion of a hearing, if one is held, the application shall be deemed approved by operation of law.

- (3) Upon review of the pending request, we conclude that it is appropriate to suspend this matter for the purpose of ensuring that this application not be deemed approved by the operation of law on the thirty-first day subsequent to the filing of the joint application, which is September 22, 2005.

It is, therefore,

ORDERED, That this matter is suspended consistent with Finding 3. It is, further,

ORDERED, That a copy of this order be served upon all parties and interested persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Alan R. Schriber, Chairman

Ronda Hartman Fergus

Judith A. Jones

Donald L. Mason

Clarence D. Rogers, Jr.

JRJ:ct

Entered in the Journal



Renee J. Jenkins
Secretary

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