

Decision 97-11-062 November 19, 1997

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Sprint Communications Company L.P. (U-5112-C) ("Sprint") and NewTelco, L.P. d/b/a Sprint Telecommunications Venture (U-5552-C) ("STV") for Authorization to Transfer the California Customer Base of STV to Sprint and for STV to Discontinue Service.

**ORIGINAL**

Application 97-07-022  
(Filed July 17, 1997)

**OPINION**

**1. Summary**

This decision authorizes the transfer to Sprint Communications Company L.P. (Sprint) of the customer base of an affiliated company that now provides resold local exchange service in California.

**2. Background**

This application was filed jointly by Sprint and by New Telco, L.P., doing business as Sprint Telecommunications Venture (STV).

Sprint is a Delaware limited partnership, wholly owned by Sprint Corporation, a global communications company serving more than 16 million business and residential customers. Sprint is authorized by the Commission to provide interLATA and intraLATA telecommunications services in California.<sup>1</sup> It also serves local exchange calls by selling the competitive local exchange service offered by STV.

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<sup>1</sup> California is divided into 10 Local Access and Transport Areas (LATAs) of various sizes, each containing numerous local telephone exchanges. "InterLATA" describes telecommunications service originating in one LATA and terminating in another. "IntraLATA" describes telecommunications service originating and terminating within a single LATA.

STV is a Delaware limited partnership owned by two other Delaware limited partnerships<sup>2</sup> which, in turn, are owned by Sprint Corporation (40% share); Tele-Communications, Inc. (30% share); Cox Communications, Inc. (15% share); and Comcast Corporation (15% share). STV is authorized to provide both facilities-based and resold local exchange service as a competitive local carrier in the service territories of Pacific Bell and GTE California Incorporated (GTEC), pursuant to Decision (D.) 95-12-057 (December 20, 1995) and D.96-01-072 (February 23, 1996). STV provides service via resale only, marketing the service under the "Sprint" brand name.

Applicants state that, due to a change in business plan, STV no longer desires to offer local service in California. Sprint and STV have agreed to transfer STV's customer base to Sprint pursuant to the terms of an agreement between the two entities.<sup>3</sup> Once the transfer is complete, STV would surrender its certificate of public convenience and necessity to provide telephone service in California.

Applicants state that, prior to the transfer, STV's customers will be given written notice of the transfer to Sprint. Notice would be given no later than 30 days before the transfer, consistent with notice provisions in a similar case set forth in D.97-06-096 (June 25, 1997). A copy of the proposed notice to customers is attached to the application. Applicants state that since STV customers already are being served under the "Sprint" brand name, and since rates, terms and conditions of service will be the same, applicants anticipate few if any objections from customers.

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<sup>2</sup> The limited partnerships are MajorCo, L.P. and MinorCo, L.P. MajorCo is the controlling and general partner in STV. MajorCo and MinorCo also own another Delaware limited partnership called WirelessCo, L.P., which is not affected by this transaction.

<sup>3</sup> The agreement is attached to the application as Exhibit 3. By Administrative Law Judge Ruling dated August 19, 1997, Sprint and STV were permitted to file the agreement and certain financial statements under seal for competitive reasons.

### **3. Sprint's Local Exchange Authority**

When this application was filed, Sprint had not yet obtained authority to provide local exchange service as a competitive local carrier. Sprint sought such authority in Application 96-10-008, filed on October 4, 1996. On August 1, 1997, the Commission in D.97-08-045 authorized Sprint to amend its operating authority and to operate as a competitive local carrier providing both facilities-based and resold local exchange service in the service territories of Pacific Bell and GTEC. Accordingly, Sprint now is authorized to provide local service to STV's customers once this application is approved.

### **4. Discussion**

This application is filed pursuant to PU Code §§ 851-854, which, among other things, require Commission approval of a transfer of control of a public utility. Here, STV subscribers will have no change in cost or conditions of service. Current tariffs will remain in place. According to applicants, the proposed transfer will appear seamless to current STV customers.

Applicants have shown that the public interest will be served by the grant of this application. Sprint has the experience necessary to provide competitive local carrier service to California residents, and it has the financial resources necessary to expand that service. The transfer thus promises to enhance competition in the local exchange market in this state.

Accordingly, the application should be granted, subject to the requirements set forth in the ordering paragraphs below.

#### **Findings of Fact**

1. Sprint and STV seek authority, pursuant to PU Code §§ 851-854, to transfer the California customer base of STV to Sprint.
2. The application appeared in the Daily Calendar on July 24, 1997; no protests or other objections have been received.

3. Sprint is authorized to provide interLATA and intraLATA service in California, and it was authorized in D.97-08-045 to provide facilities-based and resold local exchange service in this state.

4. STV is authorized to provide facilities-based and resold local exchange service in California.

5. STV provides service via resale only, marketing the service under the "Sprint" brand name.

6. After the transfer of customer base, Sprint would provide local exchange service under the same rates, terms and conditions of service as now apply.

#### **Conclusions of Law**

1. A hearing is not necessary.
2. The application should be granted, subject to conditions regarding customer notice and surrender of operating authority by STV.
3. This order should be made effective immediately, so that the benefits of the transfer may be realized by consumers.

### **O R D E R**

#### **IT IS ORDERED that:**

1. The application of Sprint Communications Company L.P. (U-5112-C) (Sprint) and New Telco, L.P. d/b/a Sprint Telecommunications Venture (U-5552-C) (STV) is granted, subject to the conditions set forth below.
2. Applicants shall notify the Director of the Commission's Telecommunications Division in writing of the actual date of transfer of control, as authorized herein, within 10 days after completion of the transfer. A true copy of the instruments of transfer shall be attached to the notification.
3. Applicants shall notify all customers affected by the transfer of control and advise them that terms, conditions, and rates for service are unchanged.
4. Applicants shall make all books and records available for review and inspection upon Commission staff request.

5. Upon completion of the transfer, STV shall file an advice letter surrendering its certificate of public convenience and necessity in California.

6. The authority granted in this order shall expire if not exercised within 12 months after the effective date of this order.

7. Application 97-07-022 is closed.

This order is effective today.

Dated November 19, 1997, 1997, at San Francisco, California.

P. GREGORY CONLON

President

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

Commissioners