

(Decision No. C88-1332)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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IN THE MATTER OF TRANSFER OF)	
CERTIFICATE OF US SPRINT)	APPLICATION NO. 39161
COMMUNICATIONS COMPANY, A GENERAL)	
PARTNERSHIP TO US SPRINT)	ORDER OF THE COMMISSION
COMMUNICATIONS COMPANY, A LIMITED)	GRANTING APPLICATION
PARTNERSHIP.)	

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October 5, 1988
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STATEMENT

BY THE COMMISSION:

On August 24, 1988, US Sprint Communications Company (US Sprint or Applicant) filed an Application under § 40-5-105 and § 40-15-303 (1987 Supp.) of the Colorado Revised Statutes for authorization of US Sprint Communications Company, a limited partnership ("US Sprint, L.P.") to continue to provide the intrastate long distance telephone services currently offered by US Sprint in Colorado. The Applicant asked the Commission to transfer the existing certificate of US Sprint to US Sprint, L.P. contingent upon the final closing of the proposed transaction and the creation of the new partnership, US Sprint Communications Company, a limited partnership.

Notice of the application was given to all interested persons, firms, and corporations on August 26, 1988. No protests have been filed with respect to the application. Accordingly, the Mountain States Telephone and Telegraph Company filed an intervention on September 26, 1988, but withdrew its intervention on September 30, 1988. Accordingly, the Commission can determine this application in accordance with § 40-6-109(5), C.R.S., and Rule 24 of the Rules of Practice and Procedure.

FINDINGS OF FACT

1. US Sprint is currently certificated to provide interLATA long distance telecommunications services in Colorado, pursuant to the Order of the Commission, Decision No. C86-526, dated May 6, 1986, and intraLATA emerging telecommunications services in Colorado, pursuant to the order of the Commission in Decision No. C88-315, dated March 16, 1988. In past decisions, the Commission has found that US Sprint is technically, financially, and operationally fit to provide a full range of telecommunications services in Colorado.

2. US Sprint, a New York general partnership, is an equally owned joint venture between United Telecommunications, Inc., (through its US Telecom, Inc. subsidiary) and GTE Corporation (through its GTE Communications Services, Inc., subsidiary). US Sprint provides voice, data, and video teleconferencing originating telecommunications services in the continental United States and Hawaii. From its originating locations, US Sprint can terminate calls throughout the United States and most of the world. US Sprint is currently authorized to provide intrastate service in 40 states, including Colorado.

3. On July 1, 1986, US Sprint initiated operations. On that date, pursuant to the consent of state and federal regulatory agencies, certain affiliates of GTE and United Telecom contributed all of their assets, licenses, permits, and other authorizations to US Sprint, as part of their agreement to pursue jointly their telecommunications business.

4. Pursuant to the agreement dated July 20, 1988, United Telecom and GTE agreed to restructure their respective interests in the partnership. Although the joint venture between GTE and United Telecom has been important in launching US Sprint, the partners have concluded that the 50-50% management arrangement inherent in the present partnership has become burdensome in light of the fast growing and rapidly changing environment of the interexchange telecommunications industry. By establishing a single entity as the primary decision maker, the Applicant believes that US Sprint will be able to respond more quickly and effectively to marketplace developments.

5. At the time of the scheduled closing on January 3, 1989, the existing New York general partnership will be dissolved, and the assets of US Sprint will be assigned to a newly created Delaware limited partnership, US Sprint Communications Company, a limited partnership. With respect to ownership arrangements, United Telecom will purchase from GTE, at book value¹ as of December 31, 1988, an additional 30.1 percent interest in US Sprint, giving United Telecom a total ownership interest of 80.1 percent. The United Telecom interest will be held through two subsidiaries; as a 50 percent general partnership interest via its US Telecom subsidiary and as a 30.1 percent limited partnership interest via its UCOM, Inc., subsidiary. The 19.9 percent interest retained by GTE will be held as a limited partnership interest.²

¹ This amount is currently estimated to be in excess of \$600 million, but is subject to certain adjustments.

² United Telecom, however, has the option until December 31, 1995, to purchase GTE's remaining interest at book value as of December 31, 1988, or at the time of exercise of the option, whichever is higher. GTE has the option to require United Telecom to purchase its remaining interest at any time between December 31, 1991, and December 31, 1995, at book value at the time of exercise of the option.

6. Applicant has represented that the transaction shall not, per se, have any effect on the operations of or services provided by US Sprint. Following the consummation of the transaction, US Sprint will continue to be fully separated from the GTE and United Telecom telephone operating companies. The partnership will also continue to have its own personnel, management, plant, capitalization, and books of account. In addition, the Applicant has indicated that Colorado subscribers will receive high quality service without interruption, and service will continue to be provided under the rates, terms, and conditions of US Sprint's existing tariffs.

7. The proposed transaction can enhance US Sprint's competitive capabilities and posture, and serve to ensure US Sprint's place as a viable competitor in Colorado's intrastate interexchange telecommunication market. With a single controlling management partner, the Applicant believes that US Sprint will be more efficient, flexible, and responsive to the needs of its customers. The current services and operations of US Sprint will not be interrupted or otherwise adversely affected by the transaction.

8. US Sprint possesses the necessary technical, managerial, and financial qualifications to provide intrastate service in Colorado. US Sprint services and operations will be managed, for the most part, by the same personnel before and after the transaction is consummated.

9. The proposed transaction between United Telecom and GTE can serve the public interest by improving the efficiency and competitiveness of US Sprint, and thereby the interexchange market. At the same time, the proposed transaction will have no negative affect on US Sprint's existing customers, who will receive service, without interruption, under the same rates, terms, and conditions that currently exist.

10. There will be no acquisition adjustments for book and rate making purposes as a result of the transfer.

THEREFORE THE COMMISSION ORDERS THAT:

1. Application No. 39161 is granted in accordance with this Decision and Order.

2. US Sprint Communications Company, a limited partnership is authorized to provide the interLATA and intraLATA telecommunications services currently provided in Colorado by US Sprint Communications Company, a general partnership and this Decision and Order shall be deemed a CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, therefore, subject to the following terms and conditions:

- A. That this Order shall be contingent upon final closing of the above described transaction between United Telecom and GTE and the creation of US Sprint Communications Company, a limited partnership.

8. That US Sprint Communications Company shall operate under the terms of the tariff now on file with the Commission.

3. There will be no acquisition adjustments for book and rate making purposes as a result of this transfer.

4. US Sprint Communications Company, a limited partnership, shall notify the Commission in writing when the closing of the partnership interest sale described in paragraph 5 of the Findings of Fact, above, has occurred, and this shall be the effective date of the transfer of US Sprint Communications Company's, a general partnership, certificate to US Sprint Communications Company, a limited partnership.

5. The rights of Transferee US Sprint Communications Company, a limited partnership, under this Decision and Order shall be dependent upon compliance with the laws and rules and regulations of the Commission in effect from time to time.

This Decision and Order is effective forthwith.

DONE IN OPEN MEETING the 5th day of October 1988.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Carroll H. Goeke
André Schmitt

Ronald L. Lehn
Commissioners

JEA:srs:7474J