

ORIGINAL
OPEN MEETING



0000043772

MEMORANDUM
RECEIVED

410

TO: THE COMMISSION
FROM: Utilities Division
DATE: February 28, 2006

2006 FEB 28 P 3:33

AZ CORP COMMISSION
DOCUMENT CONTROL

RE: IN THE MATTER OF THE APPLICATION OF SPRINT COMMUNICATIONS COMPANY L.P. TO TRANSFER ARIZONA SPRINT COMPLETE SENSE AND SPRINT COMPLETE SENSE FOR BUSINESS CUSTOMER BASE AND DISCONTINUE THE PROVISIONS OF UNE-P SERVICES IN ARIZONA (DOCKET NOS. T-02432B-05-0908 AND T-03589A-05-0908)

Introduction¹

On December 22, 2005, Sprint Communications Company L.P. ("Sprint") filed an application seeking approval by the Arizona Corporation Commission ("ACC" or "Commission") to discontinue its tariffed Sprint Complete Sense and Sprint Complete Sense for Business product, an all-distance service offered through an unbundled network element platform ("UNE-P"); and, to transfer all Arizona Sprint Complete Sense and Sprint Complete Sense for Business customers to Trinsic Communications, Inc. ("Trinsic").

Sprint represents this application as part of a nationwide effort to discontinue UNE-P services because of changes in the federal law.

Sprint's application before the Federal Communications Commission ("FCC") was filed on December 23, 2005. The FCC has granted its approval effective February 19, 2006.

Sprint also requests a waiver to the extent necessary of any applicable anti-slamming regulations under Arizona Administrative Code ("A.A.C.") R14-2-1901, et. seq. that may be violated by the proposed transfer without the specific authorization and verification of each customer affected by the transaction.

Finally, Sprint and Trinsic request approval of tariff revisions² intended to support the Sprint service changes and customer transfers as described in this application.

¹ Confidential information in this document is denoted by a light background shading with black letters.

² These tariff revisions were originally filed as noted below but were consolidated with this application at the request of Staff; T-02432B-05-0929, filed by Sprint 12/28/05; T-02432B-05-0939, filed by Sprint 12/28/05; T-03589A-05-0927, filed by Trinsic 12/30/05; T-03589A-05-0938, filed by Trinsic 12/30/05

Background

Sprint Communications Company, L.P. is a limited partnership created under the laws of Delaware with its principal place of business in Overland Park, Kansas. Sprint is authorized to provide local exchange and interexchange services on a facilities-based and resale basis in Arizona under Decision No. 60236, dated June 12, 1997.

Trinsic Communications, Inc., formerly known as Z-Tel Communications, Inc., is a certificated competitive local exchange carrier in Arizona. Z-Tel received its certificate from the ACC on September 18, 2000 in Decision No. 62896, dated September 18, 2000.

Sprint currently provides local exchange service and IntraLATA and InterLATA long distance service in Arizona. Sprint has provided competitive local exchange service in collaboration with Trinsic since February 1, 2003. Sprint Complete Sense service offerings are provided out of Sprint's current tariffs on file with the Commission and no services are provided on a contractual basis.

Sprint currently serves 2,415 Complete Sense customers in Arizona with 2,582 lines.

In conjunction with Sprint's withdrawal from the UNE-P market, Sprint engaged in discussions and finalized contract negotiations with Trinsic relating to providing service to Sprint's Complete Sense customers. On the basis of those discussions, Trinsic agreed to accept all Sprint Complete Sense customers who elect to be automatically transferred to Trinsic. After such transfer, Trinsic has agreed to provide the same services to Sprint's transferred customers at the same prices, under the same terms, as the services were provided by Sprint. Trinsic has been advised of and fully approves of this application.

Trinsic currently services 602 Arizona residence and business customers with 1,099 total lines.

The Company's Request and Proposed Transaction

In March 2004, the D.C. Circuit Court of Appeals issued a stay relating to the Federal Communications Commission's Triennial Review Order which ordered the combining of UNEs³. Consistent with the decision of the D.C. Circuit Court, the FCC, in its Triennial Review Remand Order released in February 2005, adopted new rules for network unbundling obligations of

³ Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Deployment of Wireline Services Offering Advanced Telecommunications Capability, 18 FCC Rcd 16978 (2003) (Triennial Review Order), corrected by Errata, 18 FCC Rcd 19020 (2003), vacated and remanded in part, affirmed in part, United States Telecom Association v. FCC, 359 F.3d 554 (D.C. Cir. 2004), cert. denied, 125 S.Ct. 313, 316, 345 (2004).

incumbent local exchange carriers⁴. As a result of the new FCC rules, which became effective March 11, 2005, Sprint believes it is no longer economically feasible to continue providing UNE-P based services and has decided to exit the UNE-P business.

Sprint seeks Commission approval under A.A.C. R14-2-1107, to discontinue providing Sprint Complete Sense and Sprint Complete Sense for Business services offered through UNE-P to its Arizona customers and to transfer those Arizona customers to Trinsic.

To maintain customer services relating to the transaction, and in accordance with A.A.C. R14-2-1107, Sprint developed a customer notification and transfer plan intended to provide Arizona customers with information about Sprint's withdrawal from the Sprint Complete Sense and Sprint Complete Sense for Business market and the transfer of that customer base to Trinsic. The customer notice provided to customers by Sprint on December 2, 2005 is attached in Exhibit A, along with two additional notices provided to customers in January, 2006. Those notices contain information advising Arizona customers about Sprint's discontinuance of local exchange services and that the same customer services, rates, terms and conditions will be provided by Trinsic. In the notices, Sprint also advised customers how they may obtain additional information.

Arizona customers will not incur any costs as a result of the proposed transfer and Sprint has advised customers that they have a choice of providers and may elect to switch their services to a provider other than Trinsic. Sprint's customer notification plan is intended to enhance customer choice and allow a seamless transition to another provider. Sprint has implemented its plan by sending customer notice letters to its subscriber base in Arizona.

Sprint will continue to offer stand-alone IntraLATA and InterLATA long distance services and may in the future modify its competitive local exchange service strategy for Arizona.

Staff's Analysis & Conclusions

Local exchange access lines served by Sprint in Arizona (redacted) from 2003 to 2004⁵. If this proposed transaction is not approved, Sprint may effectively withdraw from the local exchange market through a process of attrition.

The proposed transaction does not involve a sale or transfer of assets. Sprint's assets used to serve Arizona customers have changed dramatically, (redacted), from End-of-Year 2003 to End-of-Year 2004. Existing assets, however, are expected to remain unchanged as a result of this transaction.

⁴ In the Matter of Unbundled Access to Network Elements; Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, WC Docket No. 04-3 13 and CC Docket No. 01-338, Order on Remand, FCC 04-290 (rel. Feb. 4, 2005) (Triennial Review Remand Order).

⁵ Based on analysis of 2004 and 2003 Sprint Confidential Annual Reports provided to the Commission

Trinsic's assets used to serve Arizona customers are relatively low, estimated at zero in value.

Local exchange access lines served by Trinsic in Arizona (redacted) from 2003 to 2004⁶. The change may be based in part on a shift in service emphasis from residence to business. This proposed transaction with Sprint may greatly enhance Trinsic's residence position in Arizona.

In its application, Sprint provided the Commission with copies of customer notices that will be used to inform customers of the changes proposed by this application and options available to customers. Customers will be informed of their rights to select providers other than Trinsic. The notice sent to customers on December 2, 2005 and provided to the Commission in this application, however, explains to customers who choose a provider other than Trinsic that they "...may incur a fee for transfer of services." Customer fees incurred as a result of actions on the part of Sprint and Trinsic related to this proposed transaction present concerns for Staff.

Although Sprint is not requesting cancellation of its CC&N, Sprint does not appear to have the digital switches necessary to provide facilities-based local exchange service to end-users in Arizona at this time. With approval of this proposed transaction, Sprint is, for the foreseeable future, effectively withdrawing from participation in local exchange switched access line competition in Arizona.

Trinsic has agreed to accept all Sprint customers who elect to be automatically transferred to Trinsic. After the transferred customers become customers of Trinsic, they will receive the same services at the same prices, under the same terms, as the services provided by Sprint. Staff has no reason to believe the customers currently receiving Sprint services will not receive the same service with Trinsic. Most importantly, customers have been informed of their rights to choose another provider other than Trinsic.

Trinsic plans to provide service to the nationwide base of Sprint's Complete Sense customers, estimated between 100,000 and 150,000. Although Trinsic has relatively few customers in Arizona, these plans suggest that Trinsic has developed the necessary resources and associated operating scale to handle a major increase in customer volume. Staff was informed by Trinsic and Sprint representatives that the customer service associated with Sprint's Complete Sense customers has been handled by Trinsic (through a contract with Sprint) since the product line was launched in Arizona. As such, Trinsic is well familiar with the Sprint customers and the Complete Sense products. Trinsic also provided financial information supporting the expansion of its national operations to handle the increased customer volumes resulting from the transfer of Sprint UNE-P customers.

Sprint does not collect customer deposits. Trinsic does not collect customer deposits.

⁶Based on analysis of 2004 and 2003 Trinsic Confidential Annual Reports provided to the Commission

Staff believes that waiver of A.A.C. R14-2-1901, et. seq., as requested by Sprint should not result in customer harm and should move customers expeditiously to a local exchange provider of their choice. Staff does, however, have a concern about the assignment of any transfer fees to customers choosing a provider other than Trinsic, as suggested in the customer notices attached to Sprint's application in this matter⁷ - "If you choose to seek an alternative carrier for services, you may incur a fee for transfer of services."

Sprint does not expect any reduction in its Arizona employee workforce of (redacted) due to this transaction. The Sprint employees located in Arizona are not associated with the Sprint Complete Sense or Complete Sense for Business line of service.

Trinsic does not have any employees located in Arizona. All Trinsic customer service operations are located in Alabama.

Sprint has already received approval for this transaction in Connecticut, Florida, Georgia, Mississippi, New York, Ohio, Rhode Island, Texas, and Utah. Favorable support has been provided by the Minnesota Staff; however, a final decision has not been reached.

The tariffs filed by Sprint and Trinsic are intended to transition Sprint customers to Trinsic under the same terms and conditions. Staff has reviewed the complimentary changes in Sprint and Trinsic tariffs and believes them to be consistent with the intent and representations put forth in the tariff filings and this application.

Staff's Recommendations

Staff recommends that the application of Sprint to (1) discontinue its tariffed Sprint Complete Sense and Sprint Complete Sense for Business product and, to transfer all Arizona Sprint Complete Sense and Sprint Complete Sense for Business customers to Trinsic; (2) waive for this application to the extent necessary any applicable anti-slamming regulations under A.A.C. R14-2-1901, et. seq. that may be affected by the proposed transfer without the specific authorization and verification of each customer affected by the transaction, and (3) approve tariff revisions⁸ intended to support the Sprint service changes and customer transfers as described in this application, be approved with the following conditions:

1. That Sprint customers who choose Trinsic for their local exchange service shall not be charged any fee for transferring from Sprint to Trinsic.
2. That Sprint customers have 60 days following the date of the Commission's order to select a local exchange provider other than Trinsic without being charged any transfer fees by Sprint or Trinsic.

⁷ See Exhibit 1

⁸ These tariff revisions were originally filed as noted below but were consolidated with this application at the request of Staff; T-02432B-05-0929, filed by Sprint 12/28/05; T-02432B-05-0939, filed by Sprint 12/28/05; T-03589A-05-0927, filed by Trinsic 12/30/05; T-03589A-05-0938, filed by Trinsic 12/30/05

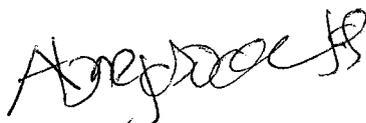
THE COMMISSION

February 28, 2006

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3. That for one year following the date of this decision Sprint provide written notification to the Director of the Utilities Division and to the individual members of the Commission, at least 60 days in advance, of any transaction-related Arizona workforce layoffs; any transaction-related Arizona plant closings; and any transaction-related Arizona facility closings.
4. That the Commission's order in this matter does not eliminate the Company's obligation to comply with any and all requirements imposed by prior Commission orders.

for



Ernest G. Johnson
Director
Utilities Division

EGJ:AFF:lhmm\MAS

ORIGINATOR: Armando F. Fimbres

THE COMMISSION

February 28, 2006

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EXHIBIT 1



December 2, 2005

NT NOTICE REGARDING YOUR SERVICES

Dear Sprint Customer,

Sprint and Trinsic Communications, Inc. are contacting you and other customers to let you know of an upcoming change to your local and long distance services. Sprint will be transferring all Sprint Complete SenseSM and Sprint Complete Sense for BusinessSM customers nationwide to Trinsic, the acquiring carrier on February 1, 2006, or shortly thereafter.

You will retain your current plan, rates, features, Terms and Conditions of Service and your current customer service numbers. It is important to both Sprint and Trinsic that you continue to receive uninterrupted phone service at the level you have come to expect and deserve. Trinsic, founded in 1998 under the name Z-Tel, was the first nationwide local phone service provider. In addition to providing service to hundreds of thousands of their own residential and business customers, Trinsic offers services to other phone companies. Sprint has utilized Trinsic's services to operate and support Sprint Complete Sense since 2003. Now that service will simply be provided directly under the Trinsic name.

You will not incur any charges for the transfer of services to Trinsic, and no action is required from you regarding this changeover. Your phone number will not change and your service will be automatically transferred to Trinsic on February 1, 2006. For any disputes with charges or services after February 1, 2006 you may contact Trinsic through your current customer service number.

All customers have a choice in carriers for their local and long distance service. If you choose to seek an alternative carrier for services, you may incur a fee for transfer of services. If you choose to select an alternate carrier, please contact the new carrier prior to January 15th, 2006 to ensure no interruptions to your service. A list of most local and long distance service providers is typically available in your local telephone directory. You may contact a Sprint customer service representative for residential service-1-800-882-7802 and for small business at-1-866-852-9557 if you have questions or need assistance. Written correspondence can be sent to Sprint Customer Service P.O. Box 15955, Shawnee Mission, KS. 66285-5955.

Any PIC freeze on your Sprint local or long distance services will be automatically removed to enable a switch in services. A PIC freeze which may exist on your line(s) of service today will not transfer to Trinsic. If you wish to reestablish a PIC freeze please contact Trinsic after February 1, 2006.

Sprint and Trinsic have notified the FCC & the Arizona Corporation Commission regarding the transfer of all Sprint Complete Sense and Sprint Complete Sense for Business services to Trinsic and Sprint's decision to no longer provide these local services. The FCC will normally authorize Sprint's proposed discontinuance of these local services unless customers show they will be unable to receive service or a reasonable substitute from another carrier or that the public convenience and necessity will be otherwise adversely affected. If you wish to object, you should file your comments within 15 days of receipt of this notification. Address complaints to the Federal Communications Commission, Washington, DC 20554, referencing the Application of Sprint Communications Company L.P.. Comments should include specific information about the impact of this proposed transfer upon you and/or your company, including any inability to acquire reasonable substitute service.

Additionally, you have the opportunity to submit your comments to the Arizona Corporation Commission Utilities Division. Comments should be filed by January 1, 2006 and should include specific information about the impact of this proposed discontinuance of service upon you or your company, including any inability to acquire reasonable substitute service. Comments should be addressed to the Arizona Corporation Commission Utilities Division, 1200 West Washington Street, Phoenix, AZ 85005. If you have questions for the Commission, you may contact the Consumer Services Section by calling 1-800-222-7000.

Thank you for choosing Sprint Complete Sense. It has been our privilege to provide this service to you. Trinsic welcomes you and looks forward to providing you with reliable, innovative communication services for years to come. Look for more information from Trinsic in your mailbox in the coming weeks.

Sincerely,
Sprint and Trinsic

Note to Customers regarding Discounts, Mileage Programs and Sprint Business Rewards:

Sprint Wireless services and/or any associated discounts will not be impacted by the change. For Sprint Complete Sense customers who receive Frequent Flyer Airline Miles with their service: These benefits will cease as of February 1, 2006, upon transfer of services to Trinsic. Benefits earned up until February 1, 2006 will be retained by customers. For customers who receive discounts to services via various affiliations: These discounts will continue with Trinsic, though there is no longer any direct affiliation with associated partners. For Sprint Business Rewards customers: Please contact Sprint online at www.sprintbusinessrewards.com call 1-800-488-2440 to redeem your points by 4130106





January 2, 2006

SECOND NOTICE REGARDING YOUR SPRINT SERVICES

Dear Sprint Customer,

Sprint and Trinsic Communications, Inc. are contacting you and other customers to let you know of an upcoming change to your local and long distance services. Sprint will be transferring all Sprint Complete SenseSM and Sprint Complete Sense for BusinessSM customers nationwide to Trinsic, the acquiring carrier on February 1, 2006, or shortly thereafter.

There will be no changes to your service, as you will retain your current plan, rates, features, Terms and Conditions of Service and your current customer service numbers. It is important to both Sprint and Trinsic that you continue to receive uninterrupted phone service at the level you have come to expect and deserve. Trinsic, founded in 1998 under the name Z-Tel, was the first nationwide local phone service provider. In addition to providing service to hundreds of thousands of their own residential and business customers, Trinsic offers services to other phone companies. Sprint has utilized Trinsic's services to operate and support Sprint Complete Sense since 2003. Now that service will simply be provided directly under the Trinsic name.

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All customers have a choice in carriers for their local and long distance service. If you choose to seek an alternative carrier for services, you may incur a fee for transfer of services. If you choose to select an alternate carrier, please contact the new carrier prior to January 15th, 2006 to ensure no interruptions to your service. A list of most local and long distance service providers is typically available in your local telephone directory. You may contact a Sprint customer service representative for residential service-1-800-882-7802 and for small business at-1-866-852-9557 if you have questions or need assistance. Written correspondence can be sent to Sprint Customer Service P.O. Box 15955, Shawnee Mission, KS. 66285-5955

Any PIC freeze on your Sprint local or long distance services will be automatically removed to enable a switch in services. A PIC freeze which may exist on your line(s) of service today will not transfer to Trinsic. If you wish to reestablish a PIC freeze please contact Trinsic after February 1, 2006.

Sprint and Trinsic have notified the FCC & the Arizona Corporation Commission, regarding the transfer of all Sprint Complete Sense and Sprint Complete Sense for Business services to Trinsic and Sprint's decision to no longer provide these local services. The FCC will normally authorize Sprint's proposed discontinuance of these local services unless customers show they will be unable to receive service or a reasonable substitute from another carrier or that the public convenience and necessity will be otherwise adversely affected. If you wish to object, you should file your comments within 15 days of receipt of this notification. Address complaints to the Federal Communications Commission, Washington, DC 20554, referencing the Application of Sprint Communications Company L.P. Comments should include specific information about the impact of this proposed discontinuance upon you and/or your company, including any inability to acquire reasonable substitute service.

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 TR NS C.



January 17, 2006

FINAL NOTICE REGARDING YOUR SPRINT SERVICES

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Sprint and Trinsic Communications, Inc. are contacting you and other customers to let you know of an upcoming change to your local and long distance services. Sprint will be transferring all Sprint Complete SenseSM and Sprint Complete Sense for BusinessSM customers nationwide to Trinsic, the acquiring carrier on February 1, 2006, or shortly thereafter.

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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
WILLIAM A. MUNDELL
Commissioner
MARC SPITZER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

IN THE MATTER OF THE APPLICATION
OF SPRINT COMMUNICATIONS
COMPANY L.P. TO TRANSFER ARIZONA
SPRINT COMPLETE SENSE AND SPRINT
COMPLETE SENSE FOR BUSINESS
CUSTOMER BASE AND DISCONTINUE
THE PROVISIONS OF UNE-P SERVICES
IN ARIZONA

DOCKET NOS. T-02432B-05-0908
T-03589A-05-0908

DECISION NO. _____

ORDER

Open Meeting
March 15 and 16, 2006
Phoenix, Arizona

BY THE COMMISSION:

On December 22, 2005, Sprint Communications Company L.P. ("Sprint") filed an application seeking approval by the Arizona Corporation Commission ("ACC" or "Commission") to discontinue its tariffed Sprint Complete Sense and Sprint Complete Sense for Business product, an all-distance service offered through an unbundled network element platform ("UNE-P"); and, to transfer all Arizona Sprint Complete Sense and Sprint Complete Sense for Business customers to Trinsic Communications, Inc. ("Trinsic").

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1 violated by the proposed transfer without the specific authorization and verification of each
2 customer affected by the transaction.

3 Finally, Sprint and Trinsic request approval of tariff revisions¹ intended to support the
4 Sprint service changes and customer transfers as described in this application.

5 FINDINGS OF FACT

6 Background

7 The Company in its Application represents the following:

8 1. Sprint Communications Company, L.P. is a limited partnership created under the
9 laws of Delaware with its principal place of business in Overland Park, Kansas. Sprint is
10 authorized to provide local exchange and interexchange services on a facilities-based and resale
11 basis in Arizona under Decision No. 60236, dated June 12, 1997.

12 2. Trinsic Communications, Inc., formerly known as Z-Tel Communications, Inc., is a
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6 The Company's Request and Proposed Transaction

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3 10. Arizona customers will not incur any costs as a result of the proposed transfer and
4 Sprint has advised customers that they have a choice of providers and may elect to switch their
5 services to a provider other than Trinsic. Sprint's customer notification plan is intended to enhance
6 customer choice and allow a seamless transition to another provider. Sprint has implemented its
7 plan by sending customer notice letters to its subscriber base in Arizona.

8 11. Sprint will continue to offer stand-alone IntraLATA and InterLATA long distance
9 services and may in the future modify its competitive local exchange service strategy for Arizona.

10
11 Staff's Analysis & Recommendations

12 12. Local exchange access lines served by Sprint in Arizona were reduced significantly
13 from 2003 to 2004⁴. If this proposed transaction is not approved, Sprint may effectively withdraw
14 from the local exchange market through a process of attrition.

15 13. The proposed transaction does not involve a sale or transfer of assets. Sprint's
16 assets used to serve Arizona customers have changed dramatically from End-of-Year 2003 to End-
17 of-Year 2004. Existing assets, however, are expected to remain unchanged as a result of this
18 transaction.

19 14. Trinsic's assets used to serve Arizona customers are relatively low, estimated at
20 zero in value.

21 15. Local exchange access lines served by Trinsic in Arizona increased from 2003 to
22 2004⁵. The change may be based in part on a shift in service emphasis from residence to business.
23 This proposed transaction with Sprint may greatly enhance Trinsic's residence position in Arizona.

24 16. In its application, Sprint provided the Commission with copies of customer notices
25 that will be used to inform customers of the changes proposed by this application and options
26 available to customers. Customers will be informed of their rights to select providers other than
27 Trinsic. The notice sent to customers on December 2, 2005 and provided to the Commission in
28 _____

⁴ Based on analysis of 2004 and 2003 Sprint Confidential Annual Reports provided to the Commission

1 this application, however, explains to customers who choose a provider other than Trinsic that they
2 "...may incur a fee for transfer of services." Customer fees incurred as a result of actions on the
3 part of Sprint and Trinsic related to this proposed transaction present concerns for Staff.

4 17. Although Sprint is not requesting cancellation of its CC&N, Sprint does not appear
5 to have the digital switches necessary to provide facilities-based local exchange service to end-
6 users in Arizona at this time. With approval of this proposed transaction, Sprint is, for the
7 foreseeable future, effectively withdrawing from participation in local exchange switched access
8 line competition in Arizona.

9 18. Trinsic has agreed to accept all Sprint customers who elect to be automatically
10 transferred to Trinsic. After the transferred customers become customers of Trinsic, they will
11 receive the same services at the same prices, under the same terms, as the services provided by
12 Sprint. Staff has no reason to believe the customers currently receiving Sprint services will not
13 receive the same service with Trinsic. Most importantly, customers have been informed of their
14 rights to choose another provider other than Trinsic.

15 19. Trinsic plans to provide service to the nationwide base of Sprint's Complete Sense
16 customers, estimated between 100,000 and 150,000. Although Trinsic has relatively few
17 customers in Arizona, these plans suggest that Trinsic has developed the necessary resources and
18 associated operating scale to handle a major increase in customer volume. Staff was informed by
19 Trinsic and Sprint representatives that the customer service associated with Sprint's Complete
20 Sense customers has been handled by Trinsic (through a contract with Sprint) since the product
21 line was launched in Arizona. As such, Trinsic is well familiar with the Sprint customers and the
22 Complete Sense products. Trinsic also provided financial information supporting the expansion
23 of its national operations to handle the increased customer volumes resulting from the transfer of
24 Sprint UNE-P customers.

25 20. Sprint does not collect customer deposits. Trinsic does not collect customer
26 deposits.

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⁵Based on analysis of 2004 and 2003 Trinsic Confidential Annual Reports provided to the Commission

1 21. Staff believes that waiver of A.A.C. R14-2-1901, et. seq., as requested by Sprint
2 should not result in customer harm and should move customers expeditiously to a local exchange
3 provider of their choice. Staff does, however, have a concern about the assignment of any transfer
4 fees to customers choosing a provider other than Trinsic, as suggested in the customer notices
5 attached to Sprint's application in this matter⁶ - "If you choose to seek an alternative carrier for
6 services, you may incur a fee for transfer of services."

7 22. Sprint does not expect any reduction in its Arizona employee workforce due to this
8 transaction. The Sprint employees located in Arizona are not associated with the Sprint Complete
9 Sense or Complete Sense for Business line of service.

10 23. Trinsic does not have any employees located in Arizona. All Trinsic customer
11 service operations are located in Alabama.

12 24. Sprint has already received approval for this transaction in Connecticut, Florida,
13 Georgia, Mississippi, New York, Ohio, Rhode Island, Texas, and Utah. Favorable support has
14 been provided by the Minnesota Staff, however, a final decision has not been reached.

15 25. The tariffs filed by Sprint and Trinsic are intended to transition Sprint customers to
16 Trinsic under the same terms and conditions. Staff has reviewed the complimentary changes in
17 Sprint and Trinsic tariffs and believes them to be consistent with the intent and representations put
18 forth in the tariff filings and this application.

19 26. Staff recommends that the application of Sprint to (1) discontinue its tariffed Sprint
20 Complete Sense and Sprint Complete Sense for Business product and, to transfer all Arizona
21 Sprint Complete Sense and Sprint Complete Sense for Business customers to Trinsic; (2) waive for
22 this application to the extent necessary any applicable anti-slamming regulations under A.A.C.
23 R14-2-1901, et. seq. that may be affected by the proposed transfer without the specific
24 authorization and verification of each customer affected by the transaction, and (3) approve tariff

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⁶ See Exhibit 1

1 revisions⁷ intended to support the Sprint service changes and customer transfers as described in
2 this application, be approved with the following conditions:

- 3 1. That Sprint customers who choose Trinsic for their local exchange service shall not
4 be charged any fee for transferring from Sprint to Trinsic.
- 5 2. That Sprint customers have 60 days following the date of the Commission's order
6 to select a local exchange provider other than Trinsic without being charged any
7 transfer fees by Sprint or Trinsic.
- 8 3. That for one year following the date of this decision Sprint provide written
9 notification to the Director of the Utilities Division and to the individual members
10 of the Commission, at least 60 days in advance, of any transaction-related Arizona
11 workforce layoffs; any transaction-related Arizona plant closings; and any
12 transaction-related Arizona facility closings.
- 13 4. That the Commission's order in this matter does not eliminate the Company's
14 obligation to comply with any and all requirements imposed by prior Commission
15 orders.

13 CONCLUSIONS OF LAW

14 1. Sprint is a public service corporation within the meaning of Article XV of the
15 Arizona Constitution.

16 2. Trinsic is a public service corporation within the meaning of Article XV of the
17 Arizona Constitution.

18 3. The Commission has jurisdiction over Sprint and Trinsic and of the subject matter
19 in this filing.

20 4. The Commission, having reviewed the filing and Staff's Memorandum dated
21 February 28, 2006, concludes that it is in the public interest to grant Sprint's application under
22 Arizona Administrative Code R14-2-1107.

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28 ⁷ These tariff revisions were originally filed as noted below but were consolidated with this application at the request
of Staff; T-02432B-05-0929, filed by Sprint 12/28/05; T-02432B-05-0939, filed by Sprint 12/28/05; T-03589A-05-
0927, filed by Trinsic 12/30/05; T-03589A-05-0938, filed by Trinsic 12/30/05

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ORDER

IT IS THEREFORE ORDERED that Sprint's application to discontinue its tariffed Sprint Complete Sense and Sprint Complete Sense for Business product, an all-distance service offered through an unbundled network element platform (UNE-P); and, to transfer all Arizona Sprint Complete Sense and Sprint Complete Sense for Business customers to Trinsic is granted.

IT IS FURTHER ORDERED that for the purposes of this application to the extent necessary any applicable anti-slamming regulations under A.A.C. R14-2-1901, et. seq. that may be affected by the proposed transfer without the specific authorization and verification of each customer affected by the transaction are waived.

IT IS FURTHER ORDERED that Sprint customers who choose Trinsic for local exchange service shall not be charged any fee for transferring from Sprint to Trinsic.

IT IS FURTHER ORDERED that Sprint customers shall have 60 days following the date of this order to select a local exchange provider other than Trinsic without being charged any transfer fees by Sprint or Trinsic.

IT IS FURTHER ORDERED that for one year following the date of this decision Sprint provide written notification to the Compliance Section Manager of the Utilities Division and to the individual members of the Commission, at least 60 days in advance, of any transaction-related Arizona workforce layoffs; any transaction-related Arizona plant closings; and any transaction-related Arizona facility closings.

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IT IS FURTHER ORDERED that the Commission's order in this matter does not eliminate the Company's obligation to comply with any and all requirements imposed by prior Commission orders.

IT IS FURTHER ORDERED that this Decision shall be become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN	COMMISSIONER	
COMMISSIONER	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2006.

BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:AFF:lhM/MAS

1 SERVICE LIST FOR: SPRINT COMMUNICATIONS L.P.
2 DOCKET NOS. T-02432B-05-0908 and T-03589A-05-0908

3 Mr. Michael M. Grant
4 Mr. Todd C. Wiley
5 Gallagher & Kennedy, P.A.
6 2575 East Camelback Road
7 Phoenix, Arizona 85016
8 Attorneys for Sprint

9 Mr. Ron Walters
10 Vice President-Industry Policy
11 Trinsic Communications, Inc.
12 60 1 South Harbour Island Boulevard, Suite 220
13 Tampa, Florida 33602

14 Mr. Rich Kowalewski
15 Director, Southwestern Regional Office
16 Sprint Nextel State Regulatory Affairs
17 9442 Capital of Texas Highway, Suite 150
18 Austin, Texas 78759-7262

19 Mr. Ernest Johnson
20 Director, Utilities Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24 Mr. Christopher Kempsey
25 Chief Counsel, Legal Division
26 Arizona Corporation Commission
27 1200 West Washington Street
28 Phoenix, Arizona 85007

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EXHIBIT 1

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December 2, 2005

NT NOTICE REGARDING YOUR SF SERVICES

Dear Sprint Customer,

Sprint and Trinsic Communications, Inc. are contacting you and other customers to let you know of an upcoming change to your local and long distance services. Sprint will be transferring all Sprint Complete SenseSM and Sprint Complete Sense for BusinessSM customers nationwide to Trinsic, the acquiring carrier on February 1, 2006, or shortly thereafter.

You will retain your current plan, rates, features, Terms and Conditions of Service and your current customer service numbers. It is important to both Sprint and Trinsic that you continue to receive uninterrupted phone service at the level you have come to expect and deserve. Trinsic, founded in 1998 under the name Z-Tel, was the first nationwide local phone service provider. In addition to providing service to hundreds of thousands of their own residential and business customers, Trinsic offers services to other phone companies. Sprint has utilized Trinsic's services to operate and support Sprint Complete Sense since 2003. Now that service will simply be provided directly under the Trinsic name.

You will not incur any charges for the transfer of services to Trinsic, and no action is required from you regarding this changeover. Your phone number will not change and your service will be automatically transferred to Trinsic on February 1, 2006. For any disputes with charges or services after February 1, 2006 you may contact Trinsic through your current customer service number.

All customers have a choice in carriers for their local and long distance service. If you choose to seek an alternative carrier for services, you may incur a fee for transfer of services. If you choose to select an alternate carrier, please contact the new carrier prior to January 15th, 2006 to ensure no interruptions to your service. A list of most local and long distance service providers is typically available in your local telephone directory. You may contact a Sprint customer service representative for residential service-1-800-882-7802 and for small business at-1-866-852-9557 if you have questions or need assistance. Written correspondence can be sent to Sprint Customer Service P.O. Box 15955, Shawnee Mission, KS. 66285-5955.

Any PIC freeze on your Sprint local or long distance services will be automatically removed to enable a switch in services. A PIC freeze which may exist on your line(s) of service today will not transfer to Trinsic. If you wish to reestablish a PIC freeze please contact Trinsic after February 1, 2006.

Sprint and Trinsic have notified the FCC & the Arizona Corporation Commission regarding the transfer of all Sprint Complete Sense and Sprint Complete Sense for Business services to Trinsic and Sprint's decision to no longer provide these local services. The FCC will normally authorize Sprint's proposed discontinuance of these local services unless customers show they will be unable to receive service or a reasonable substitute from another carrier or that the public convenience and necessity will be otherwise adversely affected. If you wish to object, you should file your comments within 15 days of receipt of this notification. Address complaints to the Federal Communications Commission, Washington, DC 20554, referencing the Application of Sprint Communications Company L.P. Comments should include specific information about the impact of this proposed transfer upon you and/or your company, including any inability to acquire reasonable substitute service.

Additionally, you have the opportunity to submit your comments to the Arizona Corporation Commission Utilities Division. Comments should be filed by January 1, 2006 and should include specific information about the impact of this proposed discontinuance of service upon you or your company, including any inability to acquire reasonable substitute service. Comments should be addressed to the Arizona Corporation Commission Utilities Division, 1200 West Washington Street, Phoenix, AZ 85005. If you have questions for the Commission, you may contact the Consumer Services Section by calling 1-800-222-7000.

Thank you for choosing Sprint Complete Sense. It has been our privilege to provide this service to you. Trinsic welcomes you and looks forward to providing you with reliable, innovative communication services for years to come. Look for more information from Trinsic in your mailbox in the coming weeks.

Sincerely,
Sprint and Trinsic

Note to Customers regarding Discounts, Mileage Programs and Sprint Business Rewards:
Sprint Wireless services and/or any associated discounts will not be impacted by the change. For Sprint Complete Sense customers who receive Frequent Flyer Airline Miles with their service: These benefits will cease as of February 1, 2006, upon transfer of services to Trinsic. Benefits earned up until February 1, 2006 will be retained by customers. For customers who receive discounts to services via various affiliations: These discounts will continue with Trinsic, though there is no longer any direct affiliation with associated partners. For Sprint Business Rewards customers: Please contact Sprint online at www.sprintbusinessrewards.com call 1-800-488-2440 to redeem your points by 4/30/06





January 2, 2006

SECOND NOTICE REGARDING YOUR SPRINT SERVICES

Dear Sprint Customer,

Sprint and Trinsic Communications, Inc. are contacting you and other customers to let you know of an upcoming change to your local and long distance services. Sprint will be transferring all Sprint Complete SenseSM and Sprint Complete Sense for BusinessSM customers nationwide to Trinsic, the acquiring carrier on February 1, 2006, or shortly thereafter.

There will be no changes to your service, as you will retain your current plan, rates, features, Terms and Conditions of Service and your current customer service numbers. It is important to both Sprint and Trinsic that you continue to receive uninterrupted phone service at the level you have come to expect and deserve. Trinsic, founded in 1998 under the name Z-Tel, was the first nationwide local phone service provider. In addition to providing service to hundreds of thousands of their own residential and business customers, Trinsic offers services to other phone companies. Sprint has utilized Trinsic's services to operate and support Sprint Complete Sense since 2003. Now that service will simply be provided directly under the Trinsic name.

No action is required from you regarding the transfer of services to Trinsic, and you will not incur any charges for this changeover. Your phone number will not change and your service will be automatically transferred to Trinsic on February 1, 2006. For any disputes with charges or services after February 1, 2006 you may contact Trinsic through your current customer service number.

All customers have a choice in carriers for their local and long distance service. If you choose to seek an alternative carrier for services, you may incur a fee for transfer of services. If you choose to select an alternate carrier, please contact the new carrier prior to January 15th, 2006 to ensure no interruptions to your service. A list of most local and long distance service providers is typically available in your local telephone directory. You may contact a Sprint customer service representative for residential service-1-800-882-7802 and for small business at-1-866-852-9557 if you have questions or need assistance. Written correspondence can be sent to Sprint Customer Service P.O. Box 15955, Shawnee Mission, KS. 66285-5955.

Any PIC freeze on your Sprint local or long distance services will be automatically removed to enable a switch in services. A PIC freeze which may exist on your line(s) of service today will not transfer to Trinsic. If you wish to reestablish a PIC freeze please contact Trinsic after February 1, 2006.

Sprint and Trinsic have notified the FCC & the Arizona Corporation Commission, regarding the transfer of all Sprint Complete Sense and Sprint Complete Sense for Business services to Trinsic and Sprint's decision to no longer provide these local services. The FCC will normally authorize Sprint's proposed discontinuance of these local services unless customers show they will be unable to receive service or a reasonable substitute from another carrier or that the public convenience and necessity will be otherwise adversely affected. If you wish to object, you should file your comments within 15 days of receipt of this notification. Address complaints to the Federal Communications Commission, Washington, DC 20554, referencing the Application of Sprint Communications Company L.P. Comments should include specific information about the impact of this proposed discontinuance upon you and/or your company, including any inability to acquire reasonable substitute service.

Additionally, you have the opportunity to submit your comments to the Arizona Corporation Commission Utilities Division. Comments should be filed by January 1, 2006 and should include specific information about the impact of this proposed discontinuance of service upon you, or your company, including any inability to acquire reasonable substitute service. Comments should be addressed to the Arizona Corporation Commission Utilities Division, 1200 West Washington Street, Phoenix, AZ 85005. If you have questions for the Commission, you may contact the Consumer Services Section by calling 1-800-222-7000.

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Sprint and Trinsic

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January 17, 2006

FINAL NOTICE REGARDING YOUR SPRINT SERVICES

Dear Sprint Customer,

Sprint and Trinsic Communications, Inc. are contacting you and other customers to let you know of an upcoming change to your local and long distance services. Sprint will be transferring all Sprint Complete SenseSM and Sprint Complete Sense for BusinessSM customers nationwide to Trinsic, the acquiring carrier on February 1, 2006, or shortly thereafter.

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Additionally, you have the opportunity to submit your comments to the Arizona Corporation Commission Utilities Division. Comments should be filed by January 1, 2006 and should include specific information about the impact of this proposed discontinuance of service upon you, or your company, including any inability to acquire reasonable substitute service. Comments should be addressed to the Arizona Corporation Commission Utilities Division, 1200 West Washington Street, Phoenix, AZ 85005. If you have questions for the Commission, you may contact the Consumer Services Section by calling 1-800-222-7000.

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Sincerely,
Sprint and Trinsic

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Sprint Wireless services and/or any associated discounts will **not** be impacted by the change. For Sprint Complete Sense customers who receive Frequent Flyer Airline Miles with their service. These benefits will cease as of February 1, 2006, upon transfer of services to Trinsic. Benefits earned up until February 1, 2006 will be retained by customers. For customers who receive discounts to services via various affiliations. **These discounts will continue** with Trinsic, though there is no longer any direct affiliation with associated partners. For Sprint Business Rewards customers. Please contact Sprint online at www.sprintbusinessrewards.com or call 1-800-488-2440 to redeem your points by 4/30/06

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