

BEFORE THE KANSAS CORPORATION COMMISSION

AUG 30 2005

Susan K. Duffy Docket Room

Application of Sprint Nextel Corporation)
for Approval of the Transfer of Control of)
United Telephone Company of Kansas,)
United Telephone Company of Eastern)
Kansas, United Telephone Company of)
Southcentral Kansas, Sprint Missouri, Inc.)
d/b/a United Telephone Company of)
Southeastern Kansas and Sprint Long)
Distance, Inc. From Sprint Nextel)
Corporation to LTD Holding Company.)

Docket No. 06-SCCC-200-MIS

TESTIMONY OF RICHARD D. LAWSON

ON

BEHALF OF

SPRINT NEXTEL CORPORATION

AUGUST 30, 2005

**Kansas State Executive Testimony
Application for Transfer of Control**

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND YOUR BUSINESS ADDRESS.

A. My name is Richard Lawson. My business address is 319 Madison in Jefferson City, Missouri. The zip code is 65101. I also have an office in Topeka, Kansas. The address in Topeka is 800 SW Jackson, Suite 1108. The zip code is 66612.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am employed by Sprint Nextel Corporation. My title is State Executive for Kansas and Missouri.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND, WORK EXPERIENCE AND PRESENT RESPONSIBILITIES.

A. I hold bachelor and master’s degrees from East Tennessee State University. I have been employed by Sprint for more than thirty years. During this time I have held a number of management positions, including Staff Director-Federal Regulatory Matters at Sprint’s World Headquarters and Director-Federal Regulatory Relations at Sprint offices in Washington, DC. In those positions, I helped develop and communicated Sprint’s positions on a variety of issues before the Federal Communications Commission. In my current position, which I have held for almost twelve years, I manage Sprint’s regulatory, legislative and public affairs activities in Kansas and Missouri.

1 **II. PURPOSE OF TESTIMONY**

2
3 **Q. WHAT TRANSACTION IS SPRINT REQUESTING THE COMMISSION**
4 **TO APPROVE IN THIS PROCEEDING?**

5 A. Sprint Nextel Corporation (“Sprint”) is separating its wireline local service
6 operations into an independent stand-alone company. To effectuate that
7 transaction, a new holding company, LTD Holding Company, has been created.
8 Sprint is seeking Commission approval for the transfer of control of United
9 Telephone Company of Eastern Kansas, United Telephone Company of Kansas,
10 United Telephone Company of Southcentral Kansas and Sprint Missouri, Inc.
11 d/b/a United Telephone Company of Southeastern Kansas (“United”) and Sprint
12 Long Distance, Inc. (hereafter referred to as “LTD Long Distance”)¹ to a new
13 corporate parent, LTD Holding Company. The transaction will occur only at the
14 holding company level. The companies this Commission regulates, United and
15 LTD Long Distance, will continue to operate under their current certificates
16 subject to the same Commission regulatory oversight and control. Other than a
17 change in the company’s name and logo, which will occur with the separation, the
18 transaction will be transparent to customers; they will continue to receive the
19 same high quality service from the people they have dealt with for years.
20 Moreover, as is explained in detail later in my testimony, the increased “local
21 focus” of the company will provide additional opportunities to provide an even
22 better customer experience in the future.

¹ Sprint Long Distance Inc. (hereinafter referred to as LTD Long Distance) filed its Application for Certificate of Authority to Serve as a Telecommunications Services Provider in the State of Kansas in Docket No. 06-SLDC-147-COC on August 10, 2005.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to sponsor the Application. I will describe the
3 separation of Sprint's local telecommunications business from the rest of Sprint
4 and how it results in the transfer of control to the LTD Holding Company. My
5 testimony will demonstrate that United will continue to have the technical and
6 managerial capabilities to provide quality service after the separation. I also will
7 show that the separation will be transparent to (other than the change in the
8 company name and logo), and ultimately beneficial to the local customers of
9 United.

10 **Q. COULD YOU PLEASE DESCRIBE THE TESTIMONY OF SPRINT'S**
11 **OTHER WITNESSES IN THIS PROCEEDING?**

12 A. Mark Harper describes the financial capability of United and the LTD Holding
13 Company and demonstrates that United is financially capable of continuing to
14 deliver quality service following the separation. Glenn Daniel of Houlihan Lokey
15 presents the results of his firm's analysis regarding the enterprise value of the
16 LTD Holding Company and demonstrates that the financial structure and
17 capabilities of the Holding Company and its subsidiaries are consistent with the
18 companies' current and future needs to invest in networks, systems and
19 employees to ensure they can continue to provide high quality service. Although
20 the testimony of all the witnesses, including mine, ultimately supports a finding
21 that the separation is in the public interest, John Mayo provides an independent
22 evaluation of the proposed transaction and supports his findings that it is in the

1 public interest and it is natural and expected for corporations to seek to organize
2 themselves in an efficient and strategically focused manner.

3 **Q. WHAT COMPANIES ARE YOU TESTIFYING ON BEHALF OF IN THIS**
4 **PROCEEDING?**

5 A. My testimony is provided principally on behalf of the companies in Kansas that
6 will experience a change in control from Sprint to LTD Holding Company
7 effective upon completion of the separation - United and LTD Long Distance.
8 United, as you know, provides local exchange services. LTD Long Distance is a
9 company that was recently created to provide long distance services to Sprint's
10 local customers who today are served by Sprint Communications Company L.P.
11 As is explained in detail below, after the separation those customers will be
12 transferred to LTD Long Distance. I also am testifying on behalf of the LTD
13 Holding Company, which will be the parent company for United and LTD Long
14 Distance after completion of the separation.

15 **Q. WHAT STANDARD OF REVIEW IS APPLICABLE TO THE**
16 **COMMISSION'S REVIEW AND APPROVAL OF THE SEPARATION OF**
17 **SPRINT'S INCUMBENT LOCAL WIRELINE OPERATIONS?**

18 A. K.S.A. 66-136 grants the Commission the authority to approve a transfer of
19 certificates of convenience and necessity granted to a common carrier or public
20 utility and related contracts. In making this determination, while K.S.A 66-136
21 does not specify a standard of review, the Commission has generally applied a
22 public interest standard. The transfer of control of United and LTD Long
23 Distance to LTD Holding Company satisfies all applicable criteria. United will

1 continue to have the technical, managerial, and financial capability to provide
2 quality telecommunications services, and the transfer is in the public interest for
3 the reasons set forth in the Application and testimony of Sprint.

4 **III. COMPANY OVERVIEW AND DESCRIPTION OF THE SEPARATION**

5
6 **Q. PLEASE DESCRIBE UNITED'S OPERATIONS IN KANSAS TODAY.**

7 A. Today, Sprint continues its 107-year tradition of providing quality services to its
8 local customers in Kansas through the operations of its four incumbent local
9 exchange carriers noted earlier in my testimony -- United Telephone Company of
10 Eastern Kansas, United Telephone Company of Kansas, United Telephone
11 Company of Southcentral Kansas and United Telephone Company of
12 Southeastern Kansas. As I explained earlier, I will refer to these companies as
13 United. United serves approximately 124,500 access lines in 147 communities in
14 the state and provides a broad portfolio of communications services to its
15 customers, including local, long distance, and video. For most of these customers
16 this portfolio also includes wireless and high speed data. United consistently
17 exceeds the Commission's relevant quality of service standards. More than 2,100
18 local telephone division employees work in Kansas and represent an annual
19 payroll of approximately \$81 million. Sprint's local telephone division was
20 responsible for \$6.2 million in property taxes paid to the state last year and made
21 capital investments of about \$19 million in the state. United is subject to the
22 Commission's price cap rules. However, the Commission has recognized the

1 need for geographic deaveraging of price cap controlled rates in order for United
2 to respond to basic local service competition.

3 **Q. PLEASE DESCRIBE SPRINT'S CURRENT ORGANIZATIONAL**
4 **STRUCTURE AS IT RELATES TO THE COMPANIES FOR WHICH**
5 **SPRINT IS SEEKING TRANSFER OF CONTROL.**

6 A. United and LTD Long Distance operate as subsidiaries of Sprint and collectively
7 with Sprint's ILEC properties in 17 other states make up the Local
8 Telecommunications Division (LTD) of Sprint. LTD Long Distance was recently
9 formed for the purpose of providing long distance service to customers of Sprint's
10 ILEC operations, including the customers of United. The ultimate parent
11 company of United and LTD Long Distance is currently Sprint.

12 **Q. FROM AN ORGANIZATIONAL PERSPECTIVE, WHAT IMPACT DOES**
13 **THE SEPARATION HAVE ON UNITED AND LTD LONG DISTANCE IN**
14 **KANSAS?**

15 A. Little, if any. The operating entities in the state will remain the same. United and
16 LTD Long Distance will continue to exist as separate companies and, as is
17 explained later in my testimony, will continue to serve their local customers in a
18 way that will ensure transparency to those customers.

19 From a corporate structure perspective, the only change to these entities will be
20 that the ultimate owner of these companies will be LTD Holding Company rather
21 than Sprint. Exhibit RDL-1 to my testimony shows the corporate structure of
22 Sprint Corporation before its merger with Nextel, the corporate structure of Sprint
23 after the merger of the two companies, and the corporate structure related to the

1 creation of the LTD Holding Company. These charts illustrate that at the
2 completion of the separation United and LTD Long Distance are unchanged and
3 simply are owned by a new parent company, the LTD Holding Company.

4 **Q. WILL THERE BE A CORPORATE NAME CHANGE THAT RESULTS**
5 **FROM THE SEPARATION?**

6 A. Yes. A new corporate name and logo are being developed and will be introduced
7 on or near the effective date of the separation. Any state-required registrations,
8 filings or notifications for the name changes will be completed at that time.

9 **IV. THE TRANSACTION WILL BE TRANSPARENT TO CUSTOMERS**

10
11 **Q. HOW WILL THE TRANSACTION AFFECT THE CUSTOMER'S**
12 **EXPERIENCE?**

13 A. The transaction will result in continuous service, and with the exception of the
14 new company name and logo, the separation will be transparent to customers. On
15 the day after the separation, United will offer the full range of products and
16 services that it offered the day prior to separation, at the same prices, and subject
17 to the same rules, regulations and applicable tariffs. United will continue to meet
18 the needs of customers who want a “one stop shop” for voice and data
19 communications needs through bundled service offerings. The separation will
20 have no adverse effect on the quality of service customers enjoy, or on the ability
21 of the company to meet all of its obligations. Equally important, there will be no
22 change in the high quality customer service experience that the company
23 provides. Customers will continue to be able to call existing numbers to obtain

1 new services, report service problems and address billing or other customer care
2 issues.

3 **Q. WILL EXISTING RULES, REGULATIONS AND TARIFFS CONTINUE**
4 **TO APPLY TO UNITED AND LTD LONG DISTANCE?**

5 A. Yes. The certificated entities are unchanged by the separation and will continue
6 to provide local exchange service and long distance service subject to existing
7 rules, regulations and applicable tariffs. United will remain subject to the state's
8 price cap rules, as modified by any future Commission decisions, in exchanges
9 where the company faces limited competition and will continue to seek price
10 deregulation where consumers have multiple choices for local service providers,
11 as permitted by state law. United will also remain subject to existing service
12 quality obligations, and tariffs, as modified by any future Commission decisions.
13 Future end user rate changes will continue to be governed by the same rules and
14 procedures as today, again, as modified by future Commission decisions.
15 Likewise, the terms and prices for existing wholesale services under United's
16 access tariffs will be unchanged as a result of this transaction. Moreover, the
17 transaction will have no impact on the terms of any interconnection agreements or
18 United's obligation under state and federal laws regarding interconnection.
19 United will, of course, continue to abide by the terms of the stipulation agreement
20 in Docket 02-GIMT-272-GT. In the stipulation, United agreed to certain
21 modification to and factors used in the price cap formula. In the same stipulation,
22 United also agreed to provide five additional years of free in-bound 800 service to
23 certain schools and county governments in United's local exchanges.

1 V. **TECHNICAL AND MANAGERIAL CAPABILITIES OF UNITED AND**
2 **LTD LONG DISTANCE TO CONTINUE PROVIDING QUALITY**
3 **SERVICE**

4 Q. **WILL UNITED AND LTD LONG DISTANCE CONTINUE TO POSSESS**
5 **THE TECHNICAL AND MANAGERIAL ABILITY TO PROVIDE**
6 **QUALITY SERVICE UPON COMPLETION OF THE SEPARATION?**

7 A. Absolutely. As I previously described, the certificated entities in Kansas that
8 provide service to our customers today will continue to provide the services.
9 Moreover, United and LTD Long Distance will have the assets, agreements,
10 technical capabilities, managerial expertise, employees and other resources
11 needed to continue to provide quality services to our customers.

12

13 Q. **HOW WILL THE COMPANY ENSURE THAT THE NECESSARY**
14 **ASSETS ARE IN PLACE TO ENSURE SERVICES CAN BE PROVIDED**
15 **AS THEY ARE TODAY?**

16 A. All equipment, buildings, systems, software licenses and other assets owned by
17 United will remain assets of United. There will be no transfers or assignments of
18 assets owned by United as a result of the separation. Assets owned by other
19 Sprint entities that currently serve the needs of multiple Sprint operations are
20 being reviewed to determine which entity has the predominant use of the shared
21 asset today and will continue to have a need for that asset in the future. Through a
22 structured review process described in greater detail in the testimony of Mark
23 Harper, a determination will be made regarding the future owner of each of the
24 shared assets. For any shared assets that will remain with Sprint, the LTD
25 Holding Company, or its subsidiary, will decide whether to purchase or lease
26 similar assets, or contract for comparable services from a third party, to best meet

1 its future needs. In the interim, Transition Services Agreements between Sprint
2 and LTD Holding Company will provide access to needed assets to ensure the
3 continuity of services as the separation is completed. As a result, LTD Holding
4 Company, together with United and LTD Long Distance, will have all of the
5 necessary network assets, and ordering, provisioning, billing and customer care
6 capabilities required to continue to provide high quality retail and wholesale
7 services seamlessly after the separation.

8 **Q. WHAT STEPS ARE BEING TAKEN TO ENSURE THAT AFTER THE**
9 **SEPARATION UNITED WILL HAVE THE CAPABILITY TO PROVIDE**
10 **CUSTOMERS WITH THE SAME TYPES OF SERVICES (LOCAL, LONG**
11 **DISTANCE, WIRELESS, HIGH-SPEED INTERNET AND VIDEO) THEY**
12 **PROVIDE TODAY?**

13 A. United will continue to provide a complete portfolio of services to its customers
14 in Kansas through a combination of self-provisioning and commercial
15 agreements. United's provision of local service and high-speed internet services
16 will be unaffected by the separation transaction. United will continue to offer the
17 same services, and at the same rates, terms and conditions that it does today.

18 United customers who currently have Sprint as their long distance carrier and
19 enjoy the benefits of one-stop shopping will have the ability to continue
20 purchasing bundled services. Through a commercial agreement between LTD
21 Holding Company (or its subsidiaries) and Sprint Communications Company
22 L.P., United will have the capability to seamlessly provide long distance services
23 to these customers under the same rates, terms and conditions that the customers
24 currently enjoy with Sprint. When the separation is complete, the consumer long

1 distance customers of Sprint Communications Company L.P. within the service
2 territory of United will become customers of LTD Long Distance. Business
3 customers subscribed to Sprint Communications Company L.P. with their
4 headquarters located in the service territory of United will also become customers
5 of LTD Long Distance. The transfer of the consumer and business customers
6 from Sprint Communications Company L.P. to LTD Long Distance will be
7 completed in accordance with FCC and state rules and after required customer
8 notices, which will include an opportunity for customers to choose another long
9 distance carrier if they do not desire service from LTD Long Distance. The
10 commercial agreement that enables United's customers to continue to receive
11 long distance services as they do today is described in greater detail in the
12 testimony of Mark Harper.

13
14 LTD Holding Company (or its subsidiaries) also will enter into a commercial
15 agreement with Sprint for the provision of wireless services to the customers of
16 United. This commercial agreement will provide United the continued ability to
17 offer a wireless component for customers desiring integrated service offerings.
18 The wireless commercial agreement with Sprint is described in greater detail in
19 the testimony of Mark Harper.

20
21 United currently offers customers the opportunity to purchase satellite video
22 services as a component of an integrated service bundle through a sales agency
23 agreement with EchoStar. The appropriate steps are underway to ensure this

1 arrangement with EchoStar remains in place after the separation to enable
2 customers to continue to purchase video services as part of their bundled service
3 offering from United.

4
5 Through these long distance, wireless and video arrangements, United and LTD
6 Long Distance will continue to offer customers the opportunity to subscribe to
7 bundles of local, long distance, wireless, high-speed internet and video services as
8 they do today.

9
10 **Q. HOW WILL THE MANAGEMENT STRUCTURE AND STAFFING**
11 **ENSURE THE COMPANIES' CONTINUED ABILITY TO PROVIDE**
12 **QUALITY SERVICE?**

13 A. At a local level, the customer service, network and operations functions that are
14 critical to the company's success today will continue when the separation is
15 complete and the company will be staffed to ensure that continuity. Customers
16 will continue to interact with the local employees who serve them today in their
17 local communities. In addition, Steve McMahon has been named as the vice-
18 president of service operations for the Western Region that includes the service
19 territory of United. In this position, Mr. McMahon continues in the same capacity
20 he has filled for more than eight years, and will have responsibility for leading the
21 customer service personnel to install, maintain and repair facilities that allow the
22 company to continue its provision of quality service to customers.

23 United and LTD Long Distance will continue to receive certain management
24 services from the corporate level, including human resources services, finance

1 services, tax services, communications services, legal services, planning services,
2 general support services, and information services. Although the services will be
3 the same as those provided today, and staffed by many of the same experienced
4 and knowledgeable people currently providing those services, the entity that
5 provides it will be a new management company subsidiary of LTD Holding
6 Company. Continuing to maintain these centralized functions allows the
7 individual operating companies, including United, to benefit from the efficiencies
8 of centralized support services.

9
10 At the senior management level, the LTD Holding Company will be managed by
11 capable and experienced executives that will provide continuity and consistency
12 of operations after the separation is completed. Daniel R. Hesse has been named
13 Chief Executive Officer of the LTD Holding Company. Mr. Hesse has extensive
14 experience in the telecommunications industry, including 23 years at AT&T.
15 Michael B. Fuller has been named the Chief Operating Officer of the LTD
16 Holding Company. Mr. Fuller, currently President and Chief Operating Officer of
17 Sprint's Local Telecommunications Division, has had responsibility for leading
18 Sprint's local telephone operations since 1996. Gene Betts, formerly Sprint
19 Corporation's Senior Vice President and Treasurer, has been named Chief
20 Financial Officer of the LTD Holding Company. Tom Gerke, formerly Executive
21 Vice President-General Counsel and External Affairs of Sprint Corporation, has
22 been named General Counsel for the LTD Holding Company. James A. Hansen
23 has been named the senior officer to lead the LTD Holding Company's Network

1 and Customer Service Organization. For Mr. Hansen, it is a continuation of his
2 current responsibilities and focus on the network operations of Sprint's ILEC
3 operations. Exhibit RDL-2 to my testimony shows organizational charts of the
4 LTD Holding Company with the named senior management team identified. The
5 senior management team has an average tenure with Sprint of nearly 18 years,
6 with over 200 years of combined Sprint experience

7
8 **VI. BENEFITS OF THE SEPARATION**

9 **Q. YOU'VE OUTLINED THE PROPOSED SEPARATION AND ITS**
10 **IMPACTS ON THE COMPANY IN KANSAS. COULD YOU EXPLAIN**
11 **WHY SPRINT IS PURSUING THIS SEPARATION OF ITS ILEC**
12 **OPERATIONS?**

13 A. United and LTD Long Distance operate in an industry that has been and continues
14 to be subject to technological advances, evolving consumer preferences, and
15 dynamic change. These factors, combined with recent regulatory developments,
16 result in a market environment where the interests of Sprint's local wireline
17 operations will begin to diverge from Sprint's increasingly wireless-centric focus.
18 Establishing Sprint's wireline local service operations as an independent, stand-
19 alone corporation creates a company whose primary strategic focus is on building
20 upon its local wireline capabilities to provide a full portfolio of quality services to
21 residential and business customers in its local territory. The separation establishes
22 a heightened level of clarity in terms of the company's vision and purpose; a
23 clarity that has the beneficial effect of better aligning the interests of the company
24 with the interests of its local telephone customers.

1 **Q. PLEASE EXPLAIN HOW THE SEPARATION WILL RESULT IN**
2 **CLARITY OF VISION AND PURPOSE?**

3 A. The separation of Sprint's ILEC operations will allow its local customers to be
4 served by a company with a local focus. At the end of the first quarter 2005,
5 Sprint served nearly three times as many wireless customers as local wireline
6 customers. With the completion of the merger, Sprint now serves five times as
7 many wireless customers as wireline customers. Given the predominance of
8 wireless customers, Sprint will naturally focus on its nationwide business built
9 around wireless services and its nationwide fiber optic and global IP network.

10 This separation of Sprint's ILEC operations will allow United's local customers
11 to be served by a company whose primary strategic interest is the specific local
12 franchised areas it serves in Kansas. The result is a company that seeks to be the
13 preferred hometown communications company with a single-minded focus on its
14 local markets in Kansas.

15
16 **Q. HOW WILL CUSTOMERS BENEFIT FROM THE COMPANY'S**
17 **ENHANCED CLARITY OF VISION AND PURPOSE?**

18 A. The company's success will be directly dependent upon its ability to meet the
19 needs of its local customers. Customers are most interested in a company that
20 understands and can provide solutions to the communications needs in their local
21 community. The separation allows the company to focus with clarity on serving
22 the interests of its customers in the local community.

1 With a more targeted local focus, United can enhance its local presence to be
2 more responsive in service delivery, product portfolio and customer interaction.
3 It will be better positioned to listen to its customers' needs, and to service those
4 needs by tailoring products specifically to its local customer base. Although
5 comprehensive plans for specific programs are still in the development stage,
6 examples of areas where this local focus concept would be manifested include:

- 7 • Many of Sprint's wireline and wireless business and residential
8 offerings have concentrated on product offerings that target
9 national urban markets. Since many of United's local
10 customers live in more rural areas, their needs are often
11 different from the needs of Sprint's nationwide customer base.
12 United will have the freedom to create product offerings that
13 better reflect the preferences of its current local customers. As
14 an example, the company is considering offering wireless plans
15 with fewer minutes, designed to complement wireline service
16 rather than replace it, as an offering that may be more attractive
17 to its local customers.
- 18 • The company is evaluating opportunities to increase its local
19 presence through the placement of retail stores in selected local
20 communities. Evidence of this commitment can be seen by the
21 company's planned retail store opening in Gardner yet this year
22 and in Junction City in 2006.

1 • Local cross-functional teams with representatives from
2 customer-facing organizations, including operations, consumer
3 and business marketing and public affairs, will be formed and
4 charged with greater accountability for overall performance in
5 specific geographic areas. These local teams will be
6 responsible for understanding customers' needs in specific
7 geographic markets and developing market-specific actions to
8 address those needs.

9 • Responsibility for responding to the needs of business
10 customers in the local territory of United is being shifted from
11 an organization with national focus to an organization that will
12 focus exclusively on the business customers in the United
13 territory. This local emphasis will be enhanced by physically
14 locating employee resources dedicated to the local business
15 customers in or near the local markets. Business customers
16 will benefit from a business sales and service organization
17 whose focus will be on understanding and meeting their
18 specific communications needs in United's local territory.

19
20 **Q. YOU INDICATED THAT THE SEPARATION AND RESULTING LOCAL**
21 **FOCUS ALLOWED FOR A BETTER ALIGNMENT OF THE INTERESTS**
22 **OF THE COMPANY WITH THE INTERESTS OF ITS CUSTOMERS.**
23 **CAN YOU EXPLAIN?**

24 A. The separation provides a greater opportunity for United to compete effectively to
25 retain and grow its customer base with a level of independence the company

1 would not have as part of a larger corporation with a predominantly wireless and
2 national focus. Customers benefit from the increased focus on their needs and the
3 company benefits from retaining and attracting those customers whose needs are
4 satisfied by the company's offerings, service quality, and customer care.

5 The separation will allow Sprint to compete more effectively in three important
6 ways. First, separating the ILEC business from Sprint eliminates any potential
7 tensions between Sprint's anticipated national wireless strategy and LTD Holding
8 Company's local wireline strategy. For example, Sprint has announced that it will
9 focus on serving as a wireless alternative to wireline service and to advance
10 competition by, for example, enabling cable companies' voice offerings or using
11 other technologies. Sprint's goal of replacing existing local wireline service is
12 inconsistent with LTD Holding Company's goal of building on its local wireline
13 capabilities. Second, the separation will allow decisions to be made more quickly
14 and will allow flexibility for creating bundles and product portfolios in specific
15 markets. Among other things, LTD Holding Company will be able to offer new
16 products more rapidly, and to respond to new offerings from alternate providers
17 quickly in the local market. Third, as described above, the separation will allow
18 the company to focus on developing products targeted to local customers.

19

20 **Q. HOW WILL THIS ENHANCED CLARITY BE REFLECTED IN THE**
21 **COMPANY'S OPERATIONS IN THE LOCAL COMMUNITIES IT**
22 **SERVES?**

23 A. The company will continue to strengthen its local community roots and build on
24 that foundation as it continues to meet the telecommunications needs of

1 customers. The community and its stakeholders will see consistency in its
2 interactions with the company after the separation. Local affairs will continue to
3 be managed by employees with established local connections. United will
4 continue to be an active participant in local activities and will continue to provide
5 opportunities for employees to do so as well. As individuals and members of
6 community relations teams, Sprint United associates contribute more than \$1
7 million annually to such local Kansas organizations as United Way, American
8 Cancer Society, Boys and Girls Clubs, the Boy Scouts and Girl Scouts of
9 America, and the American Red Cross and to hospitals, schools and arts
10 programs. In addition, numerous United associates are leaders in their
11 communities and the industry, serving on city councils, school boards and the
12 boards of professional, civic and charitable organizations.

13 **VII. SUMMARY**

14 **Q. COULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?**

15 A. The transfer of control of United and LTD Long Distance Inc. from Sprint to the
16 LTD Holding Company will be transparent to customers. It will not affect the
17 companies' technical and managerial capability to provide quality
18 communications services. The testimony of Mark Harper of Sprint Nextel and
19 Glenn Daniel from Houlihan Lokey demonstrate the financial capabilities of
20 United and LTD Holding Company. The separation results in a company whose
21 primary strategic focus will be to build upon its local wireline capabilities in
22 providing quality services to residential and business customers in its local
23 territory. This separation allows the company to clarify its vision and purpose;

1 this clarity will have the beneficial effect of better aligning the interests of the
2 company with the interests of its customers. Because the separation of the local
3 operations is in the public interest, the Commission should therefore approve the
4 change of control of United and LTD Long Distance to LTD Holding Company.

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

6 **A. Yes.**

BEFORE THE KANSAS CORPORATION COMMISSION

Application of Sprint Nextel Corporation)
for Approval of the Transfer of Control of) Docket No. _____
United Telephone Company of Kansas,)
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Kansas, United Telephone Company of)
Southcentral Kansas, Sprint Missouri, Inc.)
d/b/a United Telephone Company of)
Southeastern Kansas and Sprint Long)
Distance, Inc. From Sprint Nextel)
Corporation to LTD Holding Company.)

STATE OF MISSOURI)
) ss:
COUNTY OF COLE))

AFFIDAVIT OF RICHARD D. LAWSON

I, Richard D. Lawson, being of lawful age and duly sworn, dispose and state on my oath the following:

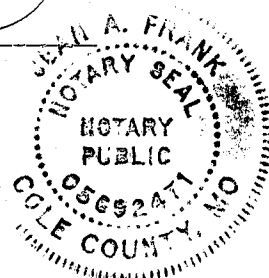
1. I am presently State Executive for Kansas for Sprint Nextel Corporation, of which United Telephone Company of Kansas, United Telephone Company of Eastern Kansas, United Telephone Company of Southcentral Kansas, Sprint Missouri, Inc. d/b/a United Telephone Company of Southeastern Kansas and Sprint Long Distance, Inc. are a part.
2. I have participated in the preparation of the foregoing testimony to be presented in the above-captioned case.
3. The answers contained in the testimony were given by me; and,
4. I have knowledge of the information set forth in such answers and the information contained in my testimony is true and correct to the best of my knowledge and belief.

Richard D. Lawson
Richard D. Lawson

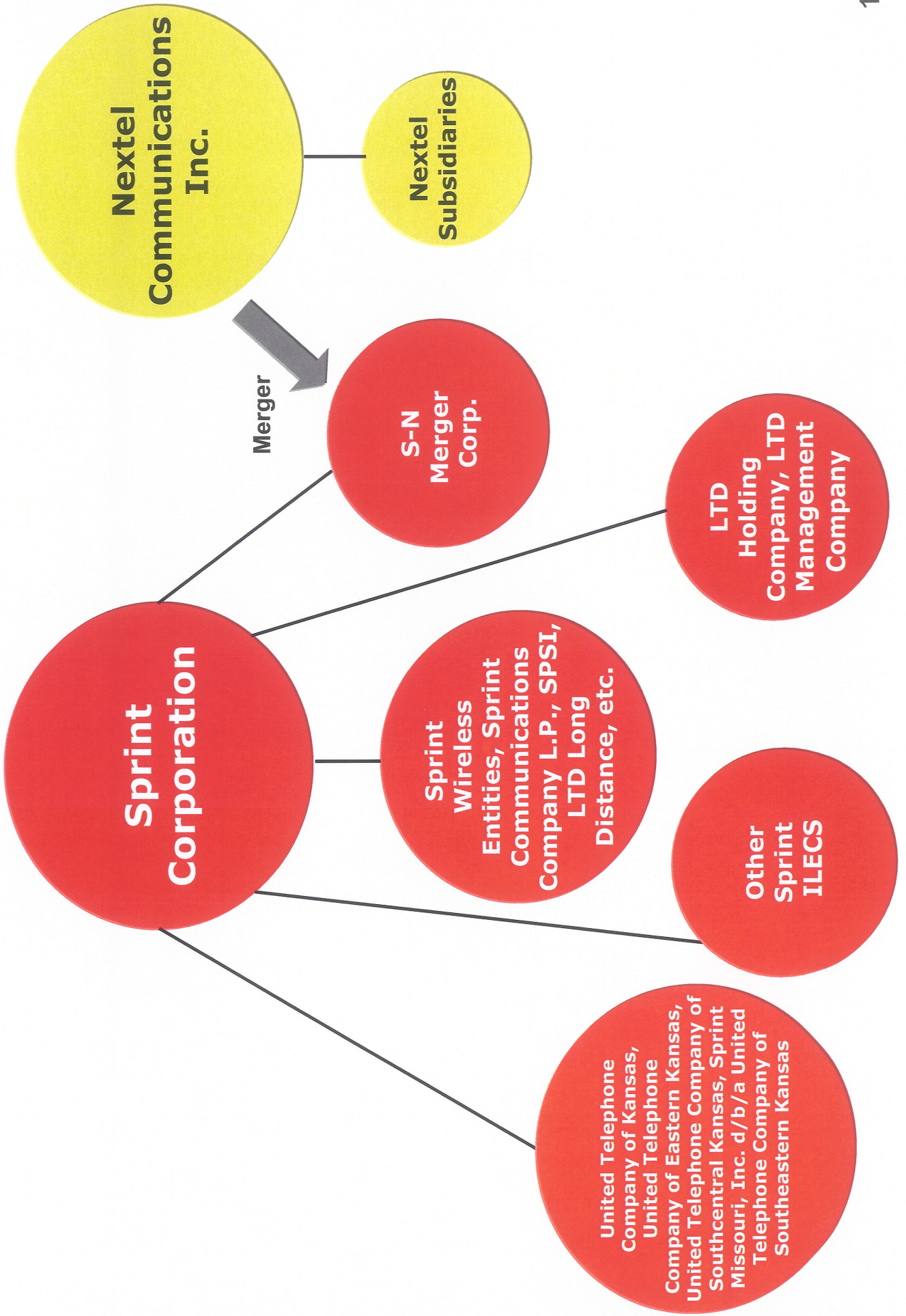
Subscribed and sworn to before me on this 24 day of AUGUST, 2005.

Jean A. Frank
Notary Public

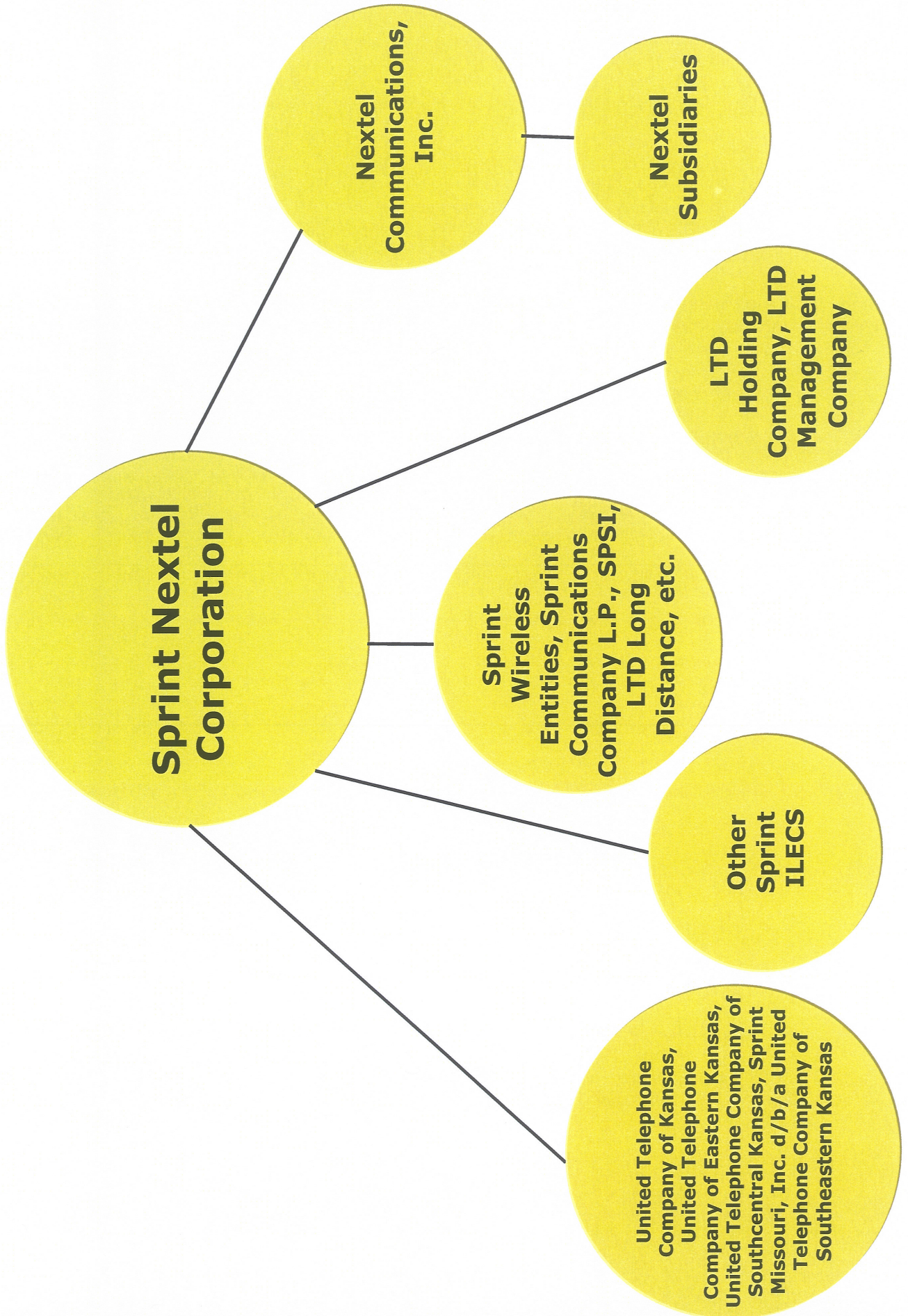
My Appointment Expires: APRIL 6, 2009



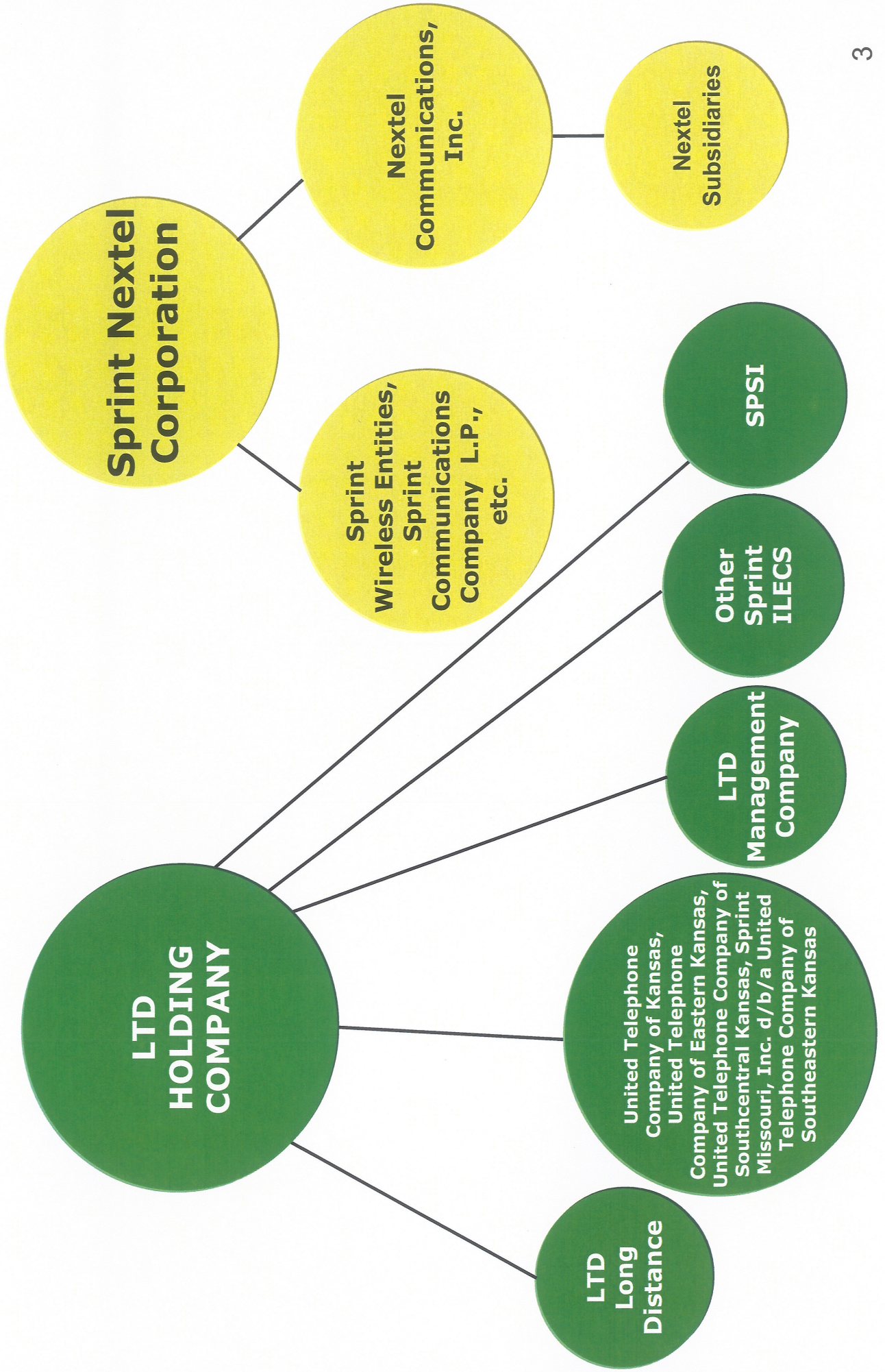
Sprint and Nextel - Pre-Merger



Sprint Nextel – Post Merger



LTD Holding Company Separation from Sprint Nextel



LTD Holding Company Organizational Structure

