

April 12, 2019

BY ELECTRONIC FILING

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Notice of Ex Parte Presentation, *In the Matter of Applications of T-Mobile US, Inc. and Sprint Corporation, Consolidated Applications for Consent to Transfer Control of Licenses and Authorizations, WT Docket No. 18-197*

Dear Ms. Dortch:

On April 10, 2019, representatives of Altice USA, Inc. (“Altice”), including Nicolas Mattle, Senior Vice President, Wireless and Transformation, Lee Schroeder, Executive Vice President, Government & Community Affairs, and Michael Olsen, Senior Vice President, Legal – Operations & Regulatory, together with their counsel from Akin Gump Strauss Hauer & Feld LLP, Jennifer Richter and Shea Boyd, held separate meetings with the following: Sprint/T-Mobile Transaction Team,¹ Umair Javed, legal advisor to Commissioner Rosenworcel, and William Davenport, legal advisor to Commissioner Starks.

Altice discussed with staff the presentation at Attachment B, which explains why: (1) the proposed merger will reduce, not increase, incentives for the New T-Mobile to invest in 5G; and (2) the merger will eliminate incentives for the New T-Mobile to provide wholesale service to infrastructure mobile virtual network operators (“iMVNOs”), such as Altice, thus precluding increased retail competition.

At this juncture, it is clear that the merger is not in the public interest because:

- Expansion to 5G is driven by capacity demands. New T-Mobile’s capacity concerns will be addressed by cell sites and spectrum acquired through the merger and, therefore, T-Mobile will not have business incentives to invest in 5G. The merger will delay, not accelerate the deployment of 5G, and this is not in the public interest.
- As independent companies, Sprint and T-Mobile each have plans to deploy 5G that are sound and executable. To the extent that Sprint has a financial obstacle to funding its 5G deployment, it can secure more than adequate funding by supplying wholesale services to cable operators, such as Altice.
- The merger will eliminate incentives for the new T-Mobile to support the wholesale market, reducing the number of interested wholesale sellers from two (Sprint and T-

¹ A list of members of the Sprint/T-Mobile transaction team in attendance is included at Attachment A.

Mobile) to effectively zero.² T-Mobile has not rebutted these findings, and T-Mobile's CEO has repeatedly stated that his company will not enter into wholesale agreements with cable operators.³

- The merger will reduce nationwide wireless competition at the retail level from four to three, while simultaneously precluding new retail competition from three or more new iMVNO competitors. Cable operators using iMVNOs to enter the wireless market are best positioned to provide true retail competition to the nationwide wireless carriers. Consequently, at a time when retail wireless competition is on the precipice of increasing from four nationwide providers to, for instance, seven, the merger will instead consolidate the market into just three providers.

As explained in the attached presentation, Sprint has an alternative path to economic success by expanding its provision of wholesale services through partnerships similar to the one it has with Altice. These partnerships have the potential to strengthen Sprint's retail position. As Multichannel News observed this week, "an Altice/Sprint-like deal that encourages the buildout of small cells would be a more cost-effective path toward 5G, and that cost advantage would grow over time. What's more, with a new MVNO deal, Comcast and Charter could make money on wireless because the costs would drop as the density of the cells increased, and the quality of service to customers would improve."⁴ Partnering with cable companies will significantly accelerate 5G deployment for Sprint, reducing its costs and limiting deployment delays because cable companies can offer Sprint power resources, fiber backhaul, and ready infrastructure for hanging small cell technology.

In order to preserve a competitive wholesale market that will support iMVNO wireless competition, and create conditions that will accelerate the deployment of 5G through cross-industry partnerships, Altice asks the Commission to deny the merger. The harms that would result from the merger make it is clear that denying the merger is in the public interest.

² See Supplemental Response to Information Request of Altice USA, Inc, Declaration of Michael Cragg and Eliana Garcés, WT Docket No. 18-197 (filed Jan. 28, 2019) at 31-64.

³ See, e.g., John Legere, *What's Next: My 2017 Predictions*, T-MOBILE NEWSROOM (Jan. 4, 2017), available at <https://www.t-mobile.com/news/legere-2017-predictions> ("In 2017, Big Cable will unleash their assault on wireless through their MVNO deals, and big surprise – customers won't be satisfied. I predict Big Cable will have their asses handed to them and will be in full retreat from their MVNO strategy by end of year. After all, the last two letters in MVNO are 'NO – as in customers will say 'NO, an MVNO strategy is just not good enough, Big Cable.' ... T-Mobile will say 'NO' to MVNO deals with cable companies."); Daniel Frankel, *T-Mobile's Legere: Charter's wireless service will be 'irrelevant squared'*, FIERCE VIDEO (Feb. 8, 2018), available at <https://www.fiercevideo.com/cable/t-mobile-s-legere-charter-s-wireless-servicewill-be-irrelevant-squared>. T-Mobile's CEO has continued expressing hostility towards the cable industry, including recently in his congressional testimony at the House Energy and Commerce subcommittee where he touted the merger's role in "freeing millions from the stranglehold of big cable" and referring to the "hated" cable companies. See Testimony of John Legere, *Protecting Consumers and Competition: an Examination of the T-Mobile and Sprint Merger*, House Energy and Science Committee, Subcommittee on Communications and Technology (Feb. 13, 2019) available at https://energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/documents/LegereJ_Testimony_2.pdf; Ted Johnson, *Lawmakers Grill T-Mobile, Sprint Execs on Merger Plans*, Variety (Feb. 13, 2019) available at <https://variety.com/2019/politics/news/t-mobile-sprint-merger-lawmakers-opposition-1203138599/>.

⁴ See Mike Farrell, *Moffett: Cable Needs a Better MVNO Deal*, MULTICHANNEL NEWS (Apr. 11, 2019), available at <https://www.multichannel.com/blog/moffett-cable-needs-a-better-mvno-deal>.

Sincerely,

/s/ Jennifer L. Richter
Jennifer L. Richter

Attachments

ATTACHMENT A

David Lawrence

Joel Rabinovitz

Charles Mathias

Nicholas Copeland

Catherine Matraves

ATTACHMENT B

The Faster Path to 5G Deployment

April 10th, 2019



A1. The merger does not accelerate or improve 5G

- T-Mobile and Sprint assert that a primary justification for, and benefit of, the merger is that the merger will allow the combined company to deploy 5G.
- However, TMO and Sprint have each stated publicly and to shareholders that the companies each have standalone plans to deploy 5G and are executing those plans.
 - **Sprint** – “2.5 GHz is great spectrum for us. We can deploy it and still allow it to carry both LTE and 5G traffic. The technology itself is software-upgradable. So as the 5G standards become definitized, it is literally flick the switch to convert to 5G rather than having to reclaim the tower one more time et cetera, et cetera. So again, really pleased with the 2.5 rollout. Fundamentally – more fundamentally, we see we can gain competitive advantage by being the first operator to offer a truly mobile 5G network, and we are still on track to be able to do a commercial launch of that by middle of next year.”*
 - **T-Mobile** – “T-Mobile is building out 5G in six of the Top 10 markets, including New York and Los Angeles, and hundreds of cities across the U.S. in 2018. This network will be ready for the introduction of the first 5G smartphones in 2019. We plan on the delivery of a nationwide 5G network in 2020.”**
- Based on the global experience of Altice in wireless markets and expertise in deploying 5G, Altice believes that Sprint has a clear path to successful deployment of 5G with its current spectrum assets and distribution plan.
- To the extent that there are concerns about the financial position of Sprint, partnerships with cable operators, like Sprint’s partnership with Altice, can provide significant revenue potential to support 5G deployments and accelerate deployment of small cells with favorable backhaul.

* Transcript, Sprint Presentation at Deutsche Bank Leveraged Finance Conference, Fair Disclosure Wire (Oct. 2, 2018)

** Press Release, T-Mobile, T-Mobile Delivers Its Best Financials Ever and Strong Customer Growth in Q3, at 5 (Oct. 30, 2018)

A2. Capacity increase in LTE and 5G

To build a network with capacity to support LTE or 5G:

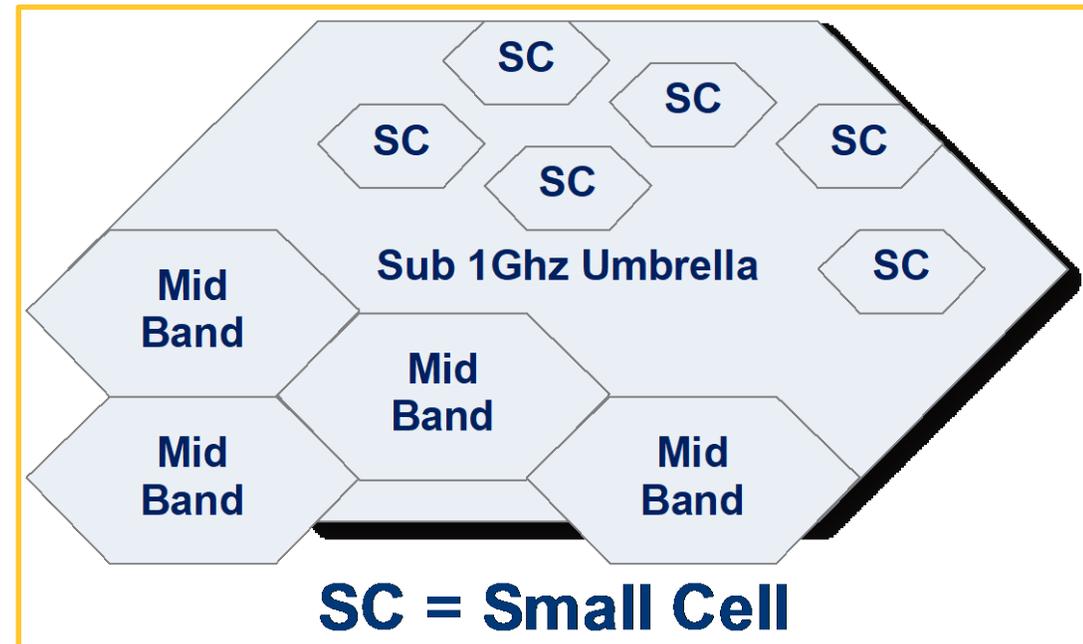


A cellular network, LTE or 5G, is comprised of multiple layers, 2 minimum:

- Coverage (umbrella) – sub-1 GHz spectrum
- Capacity – Mid-band (AWS, PCS...) and higher

How to increase capacity for LTE and 5G:

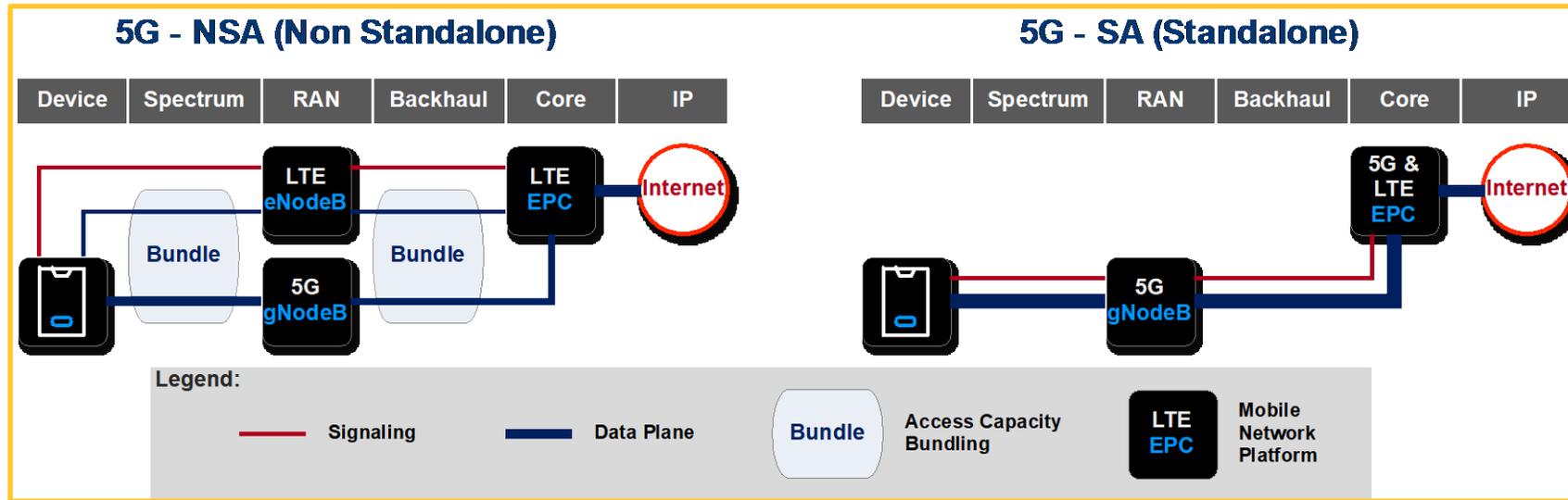
- Small cells to manage densification needs
- Spectrum in mid-band and upper band
- MIMO to Massive-MIMO antennas



A3. Deploying 5G

Steps to successfully deploy 5G:

- Phase 1: Non-Standalone 5G, using LTE spectrum for control-plane (coverage)
 - 5G is introduced as a capacity play to offload LTE, with dedicated capacity bands for 5G
- Phase 2: Standalone 5G requires true 5G equipment to be widely available & reshuffling of spectrum – Phase 2 is not likely to be achieved for several years



Spectrum needed to implement NSA strategy:

- Sub-1 GHz: same as LTE
- Mid-band or High-Band: 40 MHz minimum, 100 MHz optimal

For 5G the quantity of sites needed for mid-band:

- Same as LTE with mid-band spectrum
- Same need of small cells for densification

A4. 5G strategy for competing Sprint and T-Mobile



Successful independent strategy for 5G deployment

Leverage cost of 5G with own customer base and aggressive wholesale (Full MVNO) strategy

Longer term: Need for some coverage spectrum & Partner with more MSOs to increase wholesale revenues and accelerate 5G deployment



Successful independent strategy for 5G deployment

Leverage cost of 5G through increase in own customer base thanks to LTE 600 MHz coverage

Longer term: Need for some capacity spectrum & Accelerate small cell deployment

A5. The merger will slow deployment of 5G

Case Study of Network Capacity: Post-Merger New T-Mobile vs. Current T-Mobile in dense areas :



Facts about New T-Mobile Post Merger

Outcome of Merger	Impact of Outcome
Abundant sites for coverage and upcoming capacity needs for LTE service	No new tower/site investment
Excessive spectrum to optimize with massive-MIMO, creates incentive to continue with 4T4R standard	No new spectrum development
Ample spectrum for foreseeable future	No technological innovation

Merger Stymies Innovation and Creates Incentives to Eliminate Competition

- **Financial incentives to extend LTE lifetime and delay investments in 5G**
- **Strong incentives to not provide wholesale services to competitors, as competitors threaten larger retail customer base resulting from merger**

A6. Wholesale partnerships better enable 5G, while increasing wireless competition

- Wholesale revenues provide a source of funding for 5G deployment.
 - Reference projections in Altice's confidential business case.
- These same partnerships would accelerate 5G deployment by providing an expert workforce, necessary rights-of-way, and beneficial backhaul relationships.
 - For example, Sprint, through its mutually beneficial partnership with Altice, was able to densify Sprint's network and improve its speeds by 130%
 - Altice was able to deploy 19,000 small cells in the New York metro area in 9 months resulting in the network improvement.
 - It would have taken Sprint 5 years to deploy 19,000 small cells due to lack of local workforce, access to rights of way, and fixed network assets.
- Sprint and T-Mobile's independent paths to 5G delivers the same 5G to customers faster and will increase competition in the marketplace.
 - Spectrum will be used most efficiently to deliver 5G service to customers (Massive MIMO).
 - Sprint will become a stronger retail competitor while supporting the entry of new competitors, resulting in more competitive options for consumers, not less.
 - These partnerships will enable new, robust retail competition, by incentivizing the nationwide carriers to participate in the wholesale market for the 5G deployment benefits described above.