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VIA ELECTRONIC MAIL AND ECFS

Jon Wilkins
Chief, Wireless Telecommunications Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: **Ex Parte Letter**

WT Docket No. 16-137, *Nineteenth Report on the State of Mobile Wireless Competition*

Dear Mr. Wilkins:

T-Mobile's strategy of differentiation through innovation has led to the now well-established pattern of our competitors attempting to copy our pro-consumer, "Un-carrier" initiatives. Since our first Un-carrier announcement more than three years ago, we have relentlessly challenged the *status quo* in the wireless industry by identifying and removing consumer pain points. The large incumbent carriers have taken notice and responded by replicating some of the most popular features of our innovative programs, albeit often without offering the same high level of consumer benefit. Nonetheless, the net result is that T-Mobile's Un-carrier initiatives have benefited not only T-Mobile customers, but all wireless consumers.

The latest and most striking attempt to mimic T-Mobile's Un-carrier initiatives is Verizon's recent announcement that it is increasing the size of its data buckets (and raising the price tag for each of those buckets) while simultaneously launching a series of "new" programs.¹ Much like T-Mobile's Data Stash program², Verizon customers will now be able to carry over unused data from one month to the next (but unlike Data Stash, that data can only be carried over for one month rather than a full year). Similar to our Mobile Without Borders program,³ certain

¹ See Trevor Thomas, *Verizon transforms your wireless experience*, VERIZON NEWS CENTER (July 6, 2016), <http://www.verizonwireless.com/news/article/2016/06/verizon-transforms-your-wireless-experience.html>.

² See *T-Mobile Unveils Data Stash – Now Your Unused Data Rolls Forward*, T-MOBILE MEDIA RELATIONS (Dec. 16, 2014) <https://newsroom.t-mobile.com/news-and-blogs/services/uncarrier-8.htm>.

³ See *T-Mobile Introduces 'Mobile without Borders': Extends Coverage & Calling Across North America at No Extra Charge*, T-MOBILE MEDIA RELATIONS (July 9, 2015), <http://newsroom.t-mobile.com/media-kits/mobile-without-borders.htm>.



Verizon customers can now get free voice and data roaming in Canada and Mexico (but fees apply to customers with data buckets smaller than 16 GB per-month). And similar to T-Mobile's unlimited data plans, Verizon will now offer a "Safety Mode" that allows customers to avoid overage charges when they run out of data by slowing their speeds (but customers that don't already pay for the most expensive data plans must pay \$5 per-month to avoid the risk of overages).⁴

The press quickly noted the similarities between Verizon's new programs and T-Mobile's.⁵ One outlet even labeled the phenomenon the "Un-carrier effect."⁶ But this is only the most recent example of T-Mobile innovating, and our competitors imitating, with consumers reaping the benefits. Starting with the first Un-carrier initiative, "Simple Choice," T-Mobile eliminated the long-term contracts that prevented consumers from finding the carrier and plan that is right for them.⁷ T-Mobile was also the first nationwide carrier to help consumers change providers by paying off early termination fees or device payments, and T-Mobile will now reimburse new customers with up to \$650.⁸

Consumers have overwhelmingly responded to these and other Un-carrier initiatives and are flocking to T-Mobile in record numbers.⁹ Our competitors have similarly taken notice and responded by adopting their own similar programs. For example, none of the nationwide carriers

⁴ T-Mobile's CEO John Legere has led a campaign to rid the industry of overage charges, including skywriting the message "End Overages Now" above Verizon's Basking Ridge headquarters last October. See Stephanie Mlot, *T-Mobile Pushes Verizon to 'End Overages' Via Skywriting*, PC MAGAZINE (Oct. 27, 2015), <http://bit.ly/29Esc9I>. This week, Legere pointed out that the new Verizon offer actually forces some customers to pay extra for relief from overages. See Daniel B. Kline, *T-Mobile CEO Bashes New Verizon Plans*, THE MOTLEY FOOL (July 7, 2016), <http://bit.ly/29rG0Ba>.

⁵ See, e.g., Ryan Knutson, *Verizon to Raise Cost of Monthly Wireless Plans*, FOX BUSINESS (July 6, 2016), <http://fxn.ws/29P3ZKc> ("[M]any of Verizon's new features echo T-Mobile's..."); Roger Cheng, *Verizon hikes price, adds data with new phone plans*, CNET (July 6, 2016), <http://www.cnet.com/news/verizon-confirms-new-plans-with-higher-prices-more-data/> ("Many of the features mimic perks rolled out by rival T-Mobile...").

⁶ Roger Cheng, *Verizon hikes price, adds data with new phone plans*, CNET (July 6, 2016), <http://www.cnet.com/news/verizon-confirms-new-plans-with-higher-prices-more-data/>.

⁷ See *T-Mobile Makes Bold "Un-carrier" Moves*, T-MOBILE MEDIA RELATIONS (Mar. 26, 2013), <https://newsroom.t-mobile.com/news-and-blogs/t-mobile-makes-bold-un-carrier-moves.htm>.

⁸ See *T-Mobile Unleashes Two New Industry-Rocking Moves With 'The Un-contract' and 'Carrier Freedom'*, T-MOBILE MEDIA RELATIONS (Mar. 18, 2015), <http://newsroom.t-mobile.com/news/uncontract-carrier-freedom.htm>; David Pogue, *How T-Mobile Changed the Wireless Industry – and Our Lives – Forever*, YAHOO! TECH (Aug. 28, 2015), <https://www.yahoo.com/tech/how-t-mobile-changed-the-wireless-industry-and-127690231194.html>.

⁹ See *T-Mobile Delivers Unparalleled Financial Results – Tops Revenue and Adjusted EBITDA Estimates*, T-MOBILE MEDIA RELATIONS (Apr. 26, 2016), <http://t-mo.co/1TvuUJU> (explaining that T-Mobile has experienced twelve consecutive quarters with more than one million net customer additions).



attempts to trap their customers in long-term contracts any more, and all of our nationwide competitors offer some form of early termination fee or device payment plan reimbursement.¹⁰ Ironically, as T-Mobile's consumer satisfaction numbers have reached award-winning levels, satisfaction with the industry as a whole has improved as our competitors have been forced to change their ways.¹¹

This game of follow-the-leader is an example of competition in action, and as Chairman Wheeler has explained, "the forces of competition are more agile and more nimble to affect extension of services, quality of service and throughput pricing than we can ever be by regulation."¹² T-Mobile therefore urges the Commission to consider these developments as part of its annual assessment of competition in the mobile wireless market as well as when the agency evaluates potential actions that allow for ongoing and vigorous competition amongst providers. There is no debate that the ability and willingness of a maverick like T-Mobile to compete effectively has resulted in tangible consumer benefits across the wireless industry.¹³

The Commission should also be mindful of actions that might inhibit or limit the ability of competitors like T-Mobile to offer innovative products and services to consumers. The development of original and creative consumer offerings that result in tangible benefits for consumers should be encouraged, not stymied by theoretical concerns. As history has shown us, adopting pro-competitive policies that encourage innovation will benefit not only T-Mobile customers, but all consumers throughout the mobile wireless market.

Respectfully submitted,

/s/ Kathleen O'Brien Ham

Kathleen O'Brien Ham

Senior Vice President, Government Affairs

¹⁰ See David Pogue, *How T-Mobile Changed the Wireless Industry – and Our Lives – Forever*, YAHOO! TECH (Aug. 28, 2015), <https://www.yahoo.com/tech/how-t-mobile-changed-the-wireless-industry-and-127690231194.html>.

¹¹ See *Overall Satisfaction with Wireless Carrier Customer Care Increases, As a Shift in Demographics and Usage Patterns Impacts Phone, Online and Retail Store Channels*, J.D. Power Study Finds, J.D. POWER MEDIA RELATIONS (Feb. 4, 2016), <http://www.jdpower.com/press-releases/2016-us-wireless-customer-care-fs-nc-performance-studies-vol-1>.

¹² Mike Snider, *New FCC Chairman Seeks to Stoke Competition*, USA TODAY (Nov. 14, 2013), <http://www.usatoday.com/story/tech/personal/2013/11/14/fcc-chairman-tom-wheeler/3526303/>.

¹³ See Kevin Kelleher, *You Should Thank This Company for Better Phone Plans*, TIME (Sep. 28, 2015), <http://time.com/4052524/t-mobile-john-legere-iphone/?iid=sr-link5>.