Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC  20554

In re Application of

T-Mobile US, Inc. and Sprint Corporation

WT Docket No. 18-197

ULS File No. 0008224209, et al

PETITION TO CONDITION, OR IN THE ALTERNATIVE, DENY ANY GRANT OF
THE SPRINT/T-MOBILE APPLICATION

Eric Graham
Benjamin M. Moncrief
Cellular South Inc., d/b/a C Spire
1018 Highland Colony Pkwy
Suite 300
Ridgeland, MS 39157
Tel: (601) 974-7771

Carl W. Northrop
E. Ashton Johnston
Telecommunications Law Professionals PLLC
1025 Connecticut Ave., N.W.
Suite 1011
Washington, DC 20036
Tel: (202) 789-3112
cnorthrop@telecomlawpros.com
ajohnston@telecomlawpros.com

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INTRODUCTION AND SUMMARY

Wireless consumers stand to suffer harm of a direct and tangible nature if the Proposed Transaction is approved by the Commission without the adoption of appropriate safeguards, particularly with regard to wholesale services, including roaming. Two of the major potential harms of the Proposed Transaction are: (1) the rapid elimination of the Sprint CDMA network in a manner that will cause significant disruption to millions of wireless service consumers, particularly in rural America; and (2) the reduction of nationwide wireless providers from four to three that will make it more difficult for non-nationwide carriers to obtain wholesale agreements on reasonable terms and conditions, for both existing and newer technologies.

Nationwide carriers control critical inputs that non-nationwide carriers must have to survive in today’s wireless marketplace. A decrease in the number of national providers from four to three presents obvious risks of coordinated conduct with significant potential anti-competitive effects. Moreover, the Proposed Transaction poses the risk of the elimination of not one, but two “mavericks,” from the wireless marketplace. This dramatically increases the risk that both retail and wholesale prices will rise. The risk is exacerbated by the fact that Sprint and T-Mobile are the two low price leaders in both the retail and wholesale markets, with Sprint currently occupying the low price point.

The Proposed Transaction is particularly troubling because Sprint has been a critical CDMA and LTE roaming partner for competitive carriers such as C Spire. C Spire customers roam on Sprint’s network in order to maintain nationwide coverage. With Verizon having announced its plans to shut down its CDMA network by the end of 2019, Sprint will have the only remaining nationwide CDMA network in the United States. Significantly, Sprint has not announced a CDMA shutdown timeframe. Pursuant to the Proposed Transaction, however, New
T-Mobile, with a GSM/UMTS network base and VoLTE implemented already, will have every incentive to shut down the Sprint CDMA network quickly. This will have the practical effect of stranding millions of customers – mostly in rural areas – who rely on that network when they leave their non-nationwide carrier’s coverage area.

Notably, T-Mobile and Sprint propose to eliminate a nationwide competitor, which would consolidate the nationwide wireless marketplace to three providers – without proposing any associated conditions to mitigate the anti-competitive harm and incentives that would flow from such a combination. They instead argue that the Commission should not concern itself with the obvious and significant risks to consumers that the Proposed Transaction will lead to oligopoly pricing and oligopolistic behavior in the wireless marketplace, because the New T-Mobile can be trusted not to act consistently with well recognized economic principles. Unfortunately for the Applicants, “Trust Us” is not a sufficient public interest showing.

Accordingly, the Commission must condition any grant of the Proposed Transaction as it has done in past merger transactions which raise concerns of this nature. Specifically, C Spire seeks the following conditions to mitigate anti-competitive harms: (1) New T-Mobile must commit to maintain any and all existing roaming and MVNO agreements with every carrier with which it has such an arrangement (and to apply that agreement to all traffic exchanged with the New T-Mobile on any network that New T-Mobile provides services over) through the term of the agreement, or four years after the close of the Proposed Transaction, whichever is later; (2) New T-Mobile must commit to maintain and operate Sprint’s CDMA network, in substantially the same manner in which it now operates, for a minimum of five years after consummation of the Proposed Transaction; and (3) New T-Mobile must commit to enable requesting carriers to roam or resell on the combined Sprint/T-Mobile network using new technologies.
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PETITION TO CONDITION, OR IN THE ALTERNATIVE, DENY ANY GRANT OF THE SPRINT/T-MOBILE APPLICATION

Cellular South, Inc. d/b/a C Spire ("C Spire"), by its attorneys and pursuant to Section 1.939\(^1\) of the rules and regulations of the Federal Communications Commission (the “FCC” or “Commission”), hereby petitions the Commission to adopt competitive safeguards as a condition to any grant of the captioned application (the “Application”) seeking Commission consent to the proposed transfer of control (the “Proposed Transaction”) of the licenses, authorizations, and spectrum leases held by Sprint Corporation and its subsidiaries (collectively, “Sprint”) to T-Mobile US, Inc. (“T-Mobile”) (T-Mobile and Sprint, collectively, the “Applicants”). The following is respectfully shown:

I.  PRELIMINARY STATEMENT

C Spire is the nation’s largest privately-held, facilities-based wireless operator, offering state–of–the-art mobile broadband services and devices to consumers across a network covering all of Mississippi, southern Alabama, northwestern Florida, and western Tennessee. Both Sprint  

\(^{1}\) See 47 C.F.R. § 1.939.
and T-Mobile provide service in most geographic markets for which C Spire holds FCC authorizations. In addition, C Spire is a party to roaming agreements with numerous CDMA and LTE carriers, with Sprint’s national network being indispensable to C Spire. As is set forth in detail within, C Spire stands to suffer harm of a direct and tangible nature if the Proposed Transaction is approved by the Commission without the adoption of appropriate safeguards, particularly with regard to wholesale services, including roaming. Absent appropriate conditions, consumers will suffer and the public interest will not be served. Consequently, C Spire is a party in interest with standing to submit this Petition. This Petition is timely filed within the period set forth in the Commission’s Public Notice seeking comment on the Application.

II. THE COMMISSION MUST GUARD AGAINST THE POTENTIAL ANTI-COMPETITIVE EFFECTS OF THE PROPOSED TRANSACTION

Notwithstanding the fact that they filed nearly 700 pages of documents seeking to persuade the Commission to approve the Application, the Applicants have failed to adequately address the obvious concern: the Proposed Transaction will eliminate a nationwide competitor and have the immediate effect of consolidating the nationwide wireless marketplace to three players. The “elephant in the room” here is that the Proposed Transaction will exacerbate what one expert and scholar already has identified as “The Oligopoly Problem” in the U.S. wireless

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sector. All of the rhetoric in the Application – about accelerating 5G deployment, creating jobs, benefiting rural America, and enhancing the ability of the merged company (“New T-Mobile”) to compete on a better footing with AT&T and Verizon – does not address the serious risk of oligopoly pricing and oligopolistic behavior.

Brown Shoe Co. v. United States, the first merger case to reach the U.S. Supreme Court, was also the first to “recognize clearly the inherent undesirability of oligopoly power.” In a market of three sellers with similar cost factors, their rational self interest in maximizing profits incents each seller to act in parallel. One manifestation is for the triumvirate to charge a nearly identical equilibrium price that will yield for each the largest return, enabling all three to share what is in fact equivalent to a monopoly profit. In the context of the wireless market, the potential harm of oligopoly pricing potentially affects not just the retail market – the price charged to the end user customer – but also the price charged to other carriers for wholesale services, such as roaming and the ability to offer services as a mobile virtual network operator (“MVNO”).

The harsh reality is that nationwide carriers control critical inputs that non-nationwide carriers must have to survive in today’s wireless marketplace. The Applicants’ proposal to decrease the number of national providers from four to three presents obvious risks of ___________________

5 See, e.g., Public Interest Statement, Executive Summary at i, ii, iii, and iv.
7 Id. at 289, citing C. Wilcox, Competition and Monopoly in American Industry, 5 (TNEC Monograph No. 21 1940) and E. Chamberlain, The Theory of Monopolistic Competition, 12-20, 30-55 (8th Ed. 1962).
coordinated conduct with significant potential anti-competitive effects. This is particularly true since, with respect to wholesale services including roaming, Sprint, not T-Mobile, has been the disruptor and market leader in offering creative attractive arrangements to non-nationwide local, regional and rural carriers (collectively referred to herein as “competitive carriers”). The loss of Sprint as a potential roaming partner will be particularly harmful to rural CDMA carriers when the merger accelerates the dismantling of the wide-area CDMA network that many competitive carriers depend on for essential roaming services.

A. The Commission Must Closely Evaluate Applicants’ Uncommitted Assertions

The Applicants’ main argument against the inherent risks associated with an oligopoly seems to be: trust us! The Application states that “T-Mobile and Sprint are Merging to Beat Verizon and AT&T, Not to be Like Them.”\(^8\) And, the Application boasts that New T-Mobile will maintain “a consumer first approach that gives customers better service for a lower price.”\(^9\) But this claim is coupled with the important admission that “New T-Mobile’s business incentives will be no different than those of any for-profit corporation – to maximize profitability and shareholder value.”\(^10\) Essentially, the Applicants are asking the FCC to bless the Proposed Transaction – which would grant them unprecedented spectrum aggregation and scale nearly comparable to Verizon and AT&T and result in a clear oligopoly in the nationwide wireless industry – without any measures to protect against either anti-competitive harm, or, the clear

\(^8\) Public Interest Statement, Executive Summary at iv.

\(^9\) Id. at 100.

\(^10\) Id.
anti-competitive incentives that would exist for their resulting three-entity wireless industry oligopoly.

Notably absent from the Application is any concrete showing that the best way for New T-Mobile to maximize profit will be to avoid becoming like AT&T and Verizon. Rather, economic theory indicates that, in a relatively mature market where demand is inelastic (i.e., demand for the product does not increase or decrease correspondingly with an increase or decrease in its price)\textsuperscript{11} and there are three competitors of roughly equal size, each competitor’s best strategy for increasing profit is to act in parallel with the others with respect to pricing rather than to act as a maverick.\textsuperscript{12} While there are significant wide-ranging effects associated with the Proposed Transaction that the Commission will have to evaluate, C Spire’s main concern is that competitive carriers – and by extension, their customers – will lose their ability to maintain nationwide services in the foreseeable future as a direct result of the combination of Sprint and T-Mobile. This will significantly hinder both competition and broadband deployment in rural areas. Such an outcome would certainly not be in the public interest.

B. Many Assertions in the Applications Are Undermined By Prior Public Positions Taken by the Applicants

In reviewing the Application, the Commission must determine whether granting its consent to the Proposed Transaction will serve the public interest.\textsuperscript{13} In making this assessment, the Commission must carefully examine the various claims made by the Applicants. In this case,  

\textsuperscript{11} That happens with things people must have, like gasoline . . . and wireless service.
\textsuperscript{12} See Brodley, supra note 6, at 289.
\textsuperscript{13} Pursuant to sections 214(a) and 310(d) of the Communications Act of 1934, as amended, the Commission must determine whether a telecommunications transaction involving common carrier authorizations under Title II or radio licenses under Title II will serve the “public interest, convenience and necessity.” 47 U.S.C. §§ 214(a), 310(d).
however, many of the most important claims in the Application are undermined by prior inconsistent public statements made, and positions taken, by the Applicants. The magnitude of these conflicting claims should raise significant concerns about any vague “promises” the Applicants assert in their Application.

T-Mobile and Sprint are the third and fourth largest mobile wireless providers in the country, respectively. T-Mobile has been experiencing notable growth over the past five years—adding over 25 million subscribers from the end of 2013 to the end of 2016 and increasing its market share from 12 percent to 15 percent between 2014 and 2015.\textsuperscript{14} Public reports indicate that T-Mobile’s growth has continued from 2016 to the present. On May 1, 2018, T-Mobile celebrated five years as a public company by touting record low churn, industry leading customer growth and strong profitability, including 20 consecutive quarters with more than one million net customer adds.\textsuperscript{15} Incredibly, the Application seriously downplays T-Mobile’s success, noting that “[w]hile T-Mobile has gained some market share, those gains have amounted to only a few percentage points after five years of continuous aggressive implementation of its Un-carrier strategy.”\textsuperscript{16} This position must be surprising to anyone who has

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\textsuperscript{16} Public Interest Statement at 98. If anything, a recognition that the “Un-carrier” strategy has been of only marginal success exacerbates the concern that New T-Mobile will adopt an alternate strategy to maximize its profits if it is successful in eliminating Sprint as a competitor: conscious parallelism with Verizon and AT&T.
listened to T-Mobile CEO John Legere touting T-Mobile’s explosive growth and competitive impact over the past several years.\textsuperscript{17} The Applicants denigrate the recent progress that Sprint has made as well. Sprint has been making strides forward in the marketplace under the stewardship of Softbank, particularly in the last few years. The Commission’s own analysis of the wireless carrier marketplace reported that “Sprint showed a strong upward trend in 2015 [in terms of net adds] and maintained that growth in 2016.”\textsuperscript{18} Moreover, Sprint recently publicly touted the significant progress it made in fiscal year 2017: postpaid phone net additions of 606,000 (the third consecutive year of net additions), prepaid net additions of 363,000 and the highest ever net income and operating income.\textsuperscript{19} Nonetheless, the Application glosses over this progress and focuses instead on the claim that “Sprint faces serious challenges for the future.”\textsuperscript{20}

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\textsuperscript{17} See, e.g., \textit{T-Mobile’s Legere Calls AT&T, Verizon ‘Dumb’ and ‘Dumber’ in High-Stakes Spectrum Debate}, Channel Partners, Jun. 13, 2015, \url{https://www.channelpartnersonline.com/2015/06/13/t-mobile-s-legere-calls-att-verizon-dumb-and-dumber-in-high-stakes-spectrum-debate/} (“Dumb (Verizon) and Dumber (AT&T) have been treating customers like craps for decades . . . they don’t give a damn about you or about making this industry better. They just want to jack up your bill and line their pockets. It’s the same old crap on a different day”); see also Daniel B. Kline, \textit{T-Mobile CEO John Legere Goes After Verizon – Again}, The Motley Fool, Aug. 23, 2017, \url{https://www.fool.com/investing/2017/08/23/t-mobile-ceo-john-legere-goes-after-verizon-again.aspx} (“Verizon’s network is crumbling from offering unlimited”).

\textsuperscript{18} See \textit{20\textsuperscript{th} Mobile Report, supra} note 14, at 25.


\textsuperscript{20} Public Interest Statement at 94. Notably, claims that Sprint faces “serious challenges” fall far short of the showing that would need to be made for Sprint to get favorable merger consideration as a “failing firm.” Under the Department of Justice (“DOJ”) Horizontal Merger guidelines, a company only qualifies for consideration as a failing firm if, among other things, it is unable to
The Applicants engage in similar revisionist history when describing their willingness and ability to roll out competitive 5G services as stand-alone companies. On May 1, 2017, T-Mobile publicly announced its plans for what it called “Real Nationwide 5G.” T-Mobile committed to quickly deploy 5G nationwide in a large swath of unused spectrum with a rollout to begin in 2019 and a target of 2020 for full nationwide coverage. T-Mobile proclaimed that it was the first company to commit to building a truly nationwide real 5G network with the result that Verizon would continue “getting their a** kicked.” Significantly, T-Mobile emphasized that it already has the spectrum resources it needed to accomplish this goal. T-Mobile definitively stated that it would “deliver a 5G network that offers BOTH breadth and depth nationwide.”

Earlier this year, Sprint also promised to launch a nationwide mobile 5G network in the first half of 2019, and like T-Mobile, stated that it already has all of the spectrum resources it


22 Id.


24 “In addition to the 600 MHz band, we have 200 MHz of spectrum in the 28/39 GHz bands covering nearly 100 million people in major metropolitan areas and an impressive volume of mid-band spectrum to deploy 5G in as well. This positions T-Mobile to deliver a 5G network that offers BOTH breadth and depth nationwide.” Id.

25 Id.
needed to do so. Sprint indicated that its next-gen network would truly differentiate Sprint over the next couple of years. In making this announcement, Sprint noted that it owns roughly 160 MHz of 2.5 GHz band spectrum in top 100 U.S. markets, giving it the ability to offer 5G services on super wide (100 MHz) channels on a nationwide basis, “rather than through ‘hotspots’ operating in millimeter-wave spectrum like AT&T and Verizon are planning to do.”

These recent assertions by T-Mobile and Sprint stand in stark contrast to their claims made in the Public Interest Statement of the Application that the merger is necessary to “allow [New T-Mobile] to build a world-leading 5G network.” An entire section of the Public Interest Statement is titled: “Neither Sprint Nor T-Mobile Can Develop a Robust, Nationwide 5G Network on a Standalone Basis.” And, despite the prior claims regarding the a**-kicking that T-Mobile is giving to Verizon, the Applicants now claim that the merger is necessary in order for the New T-Mobile “to go toe to toe with its two larger rivals.”

One additional, telling example exists of the difficulty in reconciling the claims made in the Applications with prior positions. A nationwide telecommunications company filed an antitrust complaint in 2011 seeking to block the proposed merger of T-Mobile and AT&T because the transaction would eliminate one of four national competitors in the wireless business.

27 Id.
28 Id. at 15.
29 Id. at Section III.B.1.
30 Id. at iii.
and, accordingly, significantly reduce competition. That company, of course, was Sprint. One of Sprint’s stated concerns was the negative impact that the merger could have on Sprint’s ability to secure essential roaming service it needed to enable it to provide service to its customers when they were outside of a Sprint service area. When, ultimately, the AT&T/T-Mobile merger was abandoned, Sprint heralded the outcome as beneficial for the wireless industry. Yet, despite the leading role Sprint played in stopping the prior consolidation of the wireless market from four to three nationwide carriers by explaining the harms of such consolidation, the Application does not cite, or make any direct effort to distinguish, the ill-fated AT&T/T-Mobile merger.


32 The DOJ, of course, also filed a complaint to enjoin the merger, asserting that the proposed merger would result in a “significant loss of competition” and a “substantial increase in concentration” because it eliminated “one of four national competitors” in the wireless market where “competition operates at a national level.” See United States of America v. AT&T, Inc., et al, Case No: 1:11-cv-01560, Complaint, D.D.C., filed Aug. 31, 2011 at ¶ 35 (“DOJ Complaint”). A key assertion in the DOJ complaint was that the reduction in the number of nationwide providers from four to three would result in competitive harm by adversely affecting “local and regional carriers [who] must depend on one of the four nationwide carriers to provide them with wholesale services in the form of ‘roaming’ in order to provide service.” Id. Additionally, the FCC’s Staff Analysis and Findings on the AT&T/T-Mobile transaction concluded that the elimination of a competitor by AT&T would result in significant harms to competition, in part because of the lessening of competition in the provision of roaming services and in the wholesale and resale service markets. See Applications of AT&T and Deutsche Telecom, Order, 26 FCC Rcd 16184 at Staff Analysis and Findings, Sections IV.D.1 and IV.D.2. (“FCC Staff Analysis – AT&T/T-Mobile”) https://docs.fcc.gov/public/attachments/DA-11-1955A2.pdf.

33 See Sprint Complaint, ¶ 183-186.

Clearly, the lesson to be learned from the inconsistencies between the Applicants’ prior public statements and their assertions in the Application is that the Commission cannot take the Applicants’ current claims in support of the Transaction at face value. “Trust Us” is not a sufficient public interest showing. As it has done in the past, the Commission must impose meaningful enforceable safeguards in order to guard against anti-competitive behavior. As set forth in detail in Section II below, a condition to protect the ability of competitive carriers such as C Spire to receive wholesale services, including roaming, in order to continue providing competitive services to consumers is essential to protect the public interest.

C. The Proposed Transaction Threatens to Eliminate Two Mavericks

The Proposed Transaction poses the risk of the elimination of not one, but two “mavericks,” from the wireless marketplace. This dramatically increases the risk that both retail and wholesale prices will rise.

A major reason DOJ moved to block the proposed AT&T/T-Mobile merger was because T-Mobile was considered to be a “maverick,” and a “value provider” with a “disruptive pricing plan,” which meant competition would be reduced if T-Mobile was acquired by AT&T. Indeed, one of the “types of evidence” that the DOJ Merger Guidelines focuses on is whether a merger “may lessen competition by eliminating a ‘maverick’ firm, i.e., a firm that plays a disruptive role in the market to the benefit of customers.”

No doubt hoping to curry favor with regulators, Sprint and T-Mobile claim in the Application that New T-Mobile will be a “strengthened Maverick” and a “disruptive rival.” But

35 See discussion infra Section III.
36 See DOJ Complaint, supra note 32, at ¶ 3.
37 See DOJ Merger Guidelines, supra note 20, at § 2.1.5.
such an outcome is by no means assured. The Applicants’ Public Interest Statement discusses at length what they consider to be the significant advantages that Verizon and AT&T – the two largest mobile wireless providers – have in the wireless marketplace. These advantages include scale, market share, network advantages, capital advantages, compounding competitive advantages, and foundations for continued stability and success. The Applicants proceed to note that the Proposed Transaction will allow New T-Mobile to have “the network, scale, and incentives to finally make inroads into Verizon’s and AT&T’s leading markets shares. . ."\(^{38}\) The obvious risk is that, once New T-Mobile becomes as large as the largest two carriers, its incentives will change. After all, T-Mobile now claims that its aggressive “Un-carrier” strategy has resulted in only marginal gains of only a few percentage points after five years of continuous aggressive implementation. And, it freely admits that it wants to maximize profit. The FCC must be concerned that, under these circumstances, New T-Mobile will start talking and acting like the old Verizon and the old AT&T.

The risk is exacerbated by the fact that Sprint and T-Mobile are the two low price leaders in both the retail and wholesale markets, with Sprint currently occupying the low price point.\(^ {39}\) The elimination of Sprint will remove the downward pressure that Sprint’s pricing brings to both markets. Even if New T-Mobile wanted to compete against AT&T and Verizon on price, which is not necessarily a profit-maximizing strategy in an oligopolistic market, it still could raise its prices above their current level. The same reasoning would enable New T-Mobile to increase roaming and MVNO rates without low cost provider Sprint being present to discipline the market

\(^{38}\) Public Interest Statement at 94.

for future technologies. In effect, this means the merger of T-Mobile and Sprint could end up
eliminating not one but two mavericks: Sprint would be bought out and T-Mobile would join the
oligopoly club. The impact on the wholesale market would be severe, particularly with the
potential elimination of Sprint’s CDMA network and the loss of Sprint, which has been the
market leader in term of its willingness to enter into acceptable wholesale arrangements.
Without Commission action to mitigate such concerns, the ability of competitive carriers to
provide a competitive service to rural consumers could disappear with Sprint’s gold and black
logo.

The Herfindahl-Hirshman Index (“HHI”) is a commonly accepted measure of market
concentration. Markets in which the HHIs are in excess of 2,500 are considered to be highly
concentrated.40 At present, the HHIs for the wireless industry show that it already is highly
concentrated. The 20th Mobile Report found that, as of year-end 2016, the weighted average HHI
for mobile wireless services was 3,101.41 This highly concentrated market structure came about,
in part, because many players in the wireless industry that previously existed (MetroPCS, Leap
Wireless, NTELOS and Cincinnati Bell, just to name a few) sold their wireless assets to larger
carriers. The HHI increases as the number of firms in the market decreases. Consequently, the

40 Antitrust authorities in the United States generally classify markets into three types:
Unconcentrated (HHI < 1500), Moderately Concentrated (1500 < HHI < 2500), and Highly
Commission’s initial HHI screen identifies, for further case-by-case market analysis, those
markets in which, post-transaction: (1) the HHI would be greater than 2800 and the change in
HHI would be 100 or greater; or (2) the change in HHI would be 250 or greater, regardless of the
level of the HHI. See, e.g., Applications of SprintCom, Inc., Shenandoah Personal
Communications, LLC, and NTELOS Holdings Corp. for Consent To Assign Licenses and
Spectrum Lease Authorizations and To Transfer Control of Spectrum Lease Authorizations and
an International Section 214 Authorization, Memorandum Opinion and Order, 31 FCC Rcd
3631, 3639, ¶ 17, n.50 (WTB, IB 2016) (“Sprint-Shentel-NTELOS Order”).

41 See 20th Mobile Report, supra note 6, at ¶ 33.
number will rise even further when the Proposed Transaction is factored in – and the number of major players decreases from four to three.

The even more highly concentrated wireless market that will exist after the Proposed Transaction is further demonstrated by reviewing the relative spectrum holdings of the Applicants. While the Applicants provide data showing the separate spectrum holdings of Sprint and T-Mobile on a market-by-market basis,\textsuperscript{42} incredibly they fail to tally the combination in each market, perhaps in the hope that no one will take the time to do all of the math necessary to prepare a complete list. However, a brief review of the provided data indicates that the Application would result in New T-Mobile having over 300 MHz of spectrum in significant areas of the country – with many markets well over the 238.5 MHz spectrum screen that exists in many markets. Indeed, in terms of excessive spectrum aggregation, New T-Mobile would rival the proposed AT&T/T-Mobile merger - where the Commission stated that “significant competitive concerns [were] raised\textsuperscript{43} - both in the number of markets exceeding the spectrum screen, and by how many MHz the screen is exceeded.

D. The Proposed Transaction Would Result in Anti-Competitive Effects and Incentives in Key Wholesale Markets, Including Roaming

The Commission must consider all of the competitive implications of allowing the already highly concentrated wireless market to become even more so. The focused concern of C Spire is on the impact this concentration will have on the wholesale, and in particular, roaming market.

\textsuperscript{42} Public Interest Statement, Appendix L.
\textsuperscript{43} FCC Staff Analysis at ¶ 45.
Currently, there are four nationwide wireless carriers in the United States: AT&T, Verizon, T-Mobile and Sprint. Both Sprint and Verizon offer CDMA-based 3G services, alongside 4G LTE services. AT&T and T-Mobile offer GSM-based 3G services (such as UMTS), alongside 4G LTE services. All four carriers either have implemented, or have announced plans to implement, VoLTE (voice over LTE) service. T-Mobile has stated that once it acquires Sprint, it will actively work to move customers off the Sprint network over to the T-Mobile network, while moving expeditiously to shut down the Sprint network. Specifically, T-Mobile states that it will use “the existing T-Mobile network as its anchor,” and “migrate Sprint customers to the existing T-Mobile network within three years. . .”

The reduction of nationwide carriers from four to three (and CDMA carriers to zero within a short time frame) will have a significant harmful effect on the provisioning of roaming services. The Commission previously correctly recognized that “transactions raise competitive concerns when they reduce the availability of substitute choices to the point that the merged firm has a significant incentive and ability to engage in anticompetitive conduct, either unilaterally or in coordination with other firms.” The Commission also has found that “the risk of anticompetitive conduct is increased by the inability of other firms to enter the market or expand.” As a result of the unprecedented market concentration resulting from the Proposed Transaction, AT&T, Verizon and New T-Mobile, individually and in coordination, would have greater ability and incentive to raise the costs that their much smaller rural carrier competitors

44 Public Interest Statement at 38.
46 Id. at ¶ 69.
must incur for roaming. They also have an economic incentive to make roaming negotiations more difficult, which could result in driving rural carriers out of business and further increase the nationwide carriers’ market share.

The Proposed Transaction is particularly troubling because Sprint has been a critical CDMA and LTE roaming partner for competitive carriers such as C Spire. C Spire customers roam on Sprint’s network in order to maintain nationwide coverage. With Verizon having announced its plans to shut down its CDMA network by the end of 2019, Sprint will have the only remaining nationwide CDMA network in the United States. Significantly, Sprint has not announced a CDMA shutdown timeframe. And, since Sprint has not yet moved to VoLTE, it would likely maintain its CDMA network for the foreseeable future but for the Proposed Transaction. Pursuant to the Proposed Transaction, New T-Mobile, with a GSM/UMTS network base and VoLTE implemented already, will have every incentive to shut down the Sprint CDMA network as soon as possible. This will have the practical effect of stranding millions of customers – mostly in rural areas – who rely on that network. The elimination of Sprint’s CDMA network within a short period of time would have the devastating effect of undermining the ability of thousands, and potentially millions, of Americans to use wireless services – as well as to access critical emergency services – when they travel.

In addition, after the Proposed Transaction, competitive carriers will have just three, rather than four, nationwide providers with which to negotiate roaming agreements. This

47 Mike Dano, Verizon Stops Activating CDMA 3G Devices as Network Shutdown Looms, FierceWireless (Jul. 17, 2018), https://www.fiercewireless.com/wireless/verizon-stops-activating-cdma-3g-devices-as-network-shutdown-looms (Verizon notes that “[f]or several years, we’ve been publicly saying that our 3G CDMA network will remain available through the end of 2019”).
decrease in potential roaming partners also will be devastating for competitive carriers and their end users. To say the least, AT&T and Verizon have been difficult roaming partners for competitive carriers – generally fighting carriers every step of the way (including opposing the adoption of reasonable roaming rules at the Commission). Ironically, T-Mobile has been one of the most vocal critics of the roaming policies and practices of large carriers who control “must-have” national networks. Now, New T-Mobile stands to become a carrier with an essential must-have network for C Spire and other carriers, and New T-Mobile will have the same economic incentives that have driven the anti-competitive conduct of AT&T and Verizon.

Importantly, the United States District Court for the District of Columbia recognized potential harm related to the foreclosure of roaming availability when it held in 2011 that the removal of a roaming partner of a similar technology was sufficient to withstand a motion to dismiss on antitrust grounds. In that case, C Spire (then Cellular South) argued that the elimination of a GSM provider would potentially result in anti-competitive harm. The Court found that the allegations of “threatened price increases and possible foreclosures suffice to show Cellular South’s antitrust standing to the extent that it relies on T-Mobile and AT&T for a critical input.” Those same concerns that existed in 2011 with the potential removal of a GSM carrier exist today; but in a more exaggerated fashion, with the removal of Sprint as potentially the only remaining CDMA carrier from the wireless marketplace.

48 Comments of T-Mobile USA, Inc., WT Docket No 16-137, at 24-25 (filed May 31, 2016).
50 Id. at 38.
The Applicants note that “Sprint must rely on costly roaming agreements to provide services to its customers when they travel outside of its network footprint.” If Sprint, the fourth largest carrier, has trouble securing reasonable roaming arrangements, one can understand how difficult it is for primarily rural carriers to secure such roaming agreements. Since New T-Mobile will have nearly as much scale as AT&T and Verizon, there is cause for serious concern that New T-Mobile will act in the same fashion, and not offer roaming on as favorable terms as either Sprint or the current T-Mobile provided. As Sprint noted in its 2011 complaint, “[i]ncreasing the cost of roaming to rivals would increase . . . [the] ability to profitably raise wireless prices or reduce quality without losing customers to competitors while increasing their market shares.” Simply stated, given the admitted profit-maximizing priority of New T-Mobile, its conduct once it is one of the “Big Three” oligopoly is very likely to change.

Thus, while both Sprint and T-Mobile have been reasonably cooperative in offering acceptable roaming arrangements to competitive carriers in the past, the situation is likely to change when competitive carriers will have one less nationwide carrier from whom to obtain roaming. After the merger, competitive carriers (1) will not have an acceptable glide path to reasonably transition their significant CDMA customer bases in rural areas that depend on nationwide CDMA access for critical wireless services; and (2) will have only three, rather than four, entities with which to seek roaming agreements for new and advanced technologies, such as 4G, VoLTE and 5G. With the Big Three controlling the lion’s share of spectrum nationwide,

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51 Public Interest Statement at 95.
52 Id. at 85 (As of the end of 2016, Verizon had a 36.8% share of mobile wireless service revenues, AT&T, 32.8%, and a combined Sprint/T-Mobile would have had 28.8%).
53 Sprint Complaint at ¶ 186.
competitive carriers will likely not be able to expand their networks to compete with the largest carriers as facility-based carriers. That makes obtaining roaming of even greater importance.

Notably, an entire section of the Applicant’s Public Interest Statement is devoted to the importance of protecting and improving wireless services to rural consumers. The relief C Spire seeks directly addresses this important objective that the Applicants claim to support.

III. TARGETED, TRANSACTION-SPECIFIC CONDITIONS ARE NECESSARY TO PREVENT HARMS TO THE PUBLIC INTEREST

The Commission repeatedly has recognized that “the availability of both voice and data roaming arrangements is critical to promoting seamless consumer access to mobile services nationwide, to promoting innovation and investment, and to promoting facilities-based competition among multiple service providers.” The Commission also has explicitly acknowledged that “additional consolidation in the mobile wireless marketplace may have reduced the incentives of the largest providers to enter into agreements with other providers because of their reduced need for reciprocal roaming.” And, the agency has ruled that its previous adoption of roaming rules “does not . . . obviate the need to consider whether there is any potential roaming-related harm that might arise” from a transaction. Moreover, since the Proposed Transaction would result in an oligopoly, reliance on the Commission’s “commercially reasonable” standard to assess whether a carrier has met its roaming obligations becomes

54 Public Interest Statement, Section III.C.4.
56 Id.
57 Application of AT&T Inc. and Qualcomm Incorporated For Consent To Assign Licenses and Authorization, WT Docket No.11-18, Order, 26 FCC Rcd 17589 at ¶ 25 (rel. Dec 22, 2011) ("AT&T/Qualcomm Order").
questionable. In a marketplace with only three nationwide carriers, those carriers will have incentives to arbitrarily hold rates higher than they would normally be in a properly functioning market – and the rates in existing agreements may also be artificially high.\footnote{The Commission has indicated that rates in an existing agreement are presumed to meet the reasonableness standard. That presumption is suspect in a highly concentrated market in which three carriers have oligopoly pricing power.} The incentives of the Big Three carriers to raise rates would artificially distort what would be considered “commercially reasonable.” Accordingly, the adoption of wholesale-related transaction specific conditions for the Proposed Transaction would be appropriate and necessary in the public interest.

A. Roaming Conditions Are a Well–Established Mechanism to Mitigate Potential Anti-Competitive Harms of a Merger

The Commission has exhibited a willingness to “carefully consider whether to impose a roaming condition” on a previous transaction due to nationwide competitive impact.\footnote{Id. at ¶ 56.} Consequently, in appropriate situations, the Commission has imposed conditions on its approval of certain wireless transactions which are designed to protect the ability of carriers and their customers to continue to receive roaming. For instance, the Commission has obligated an acquiring carrier to continue to offer CDMA voice and data roaming services over an acquired 3G EV-DO network for a specified period of time in order to protect the ability of other carriers (and their customers) to continue to receive CDMA roaming services.\footnote{See In the Matter of Applications of AT&T Inc. and Atlantic Tele-Network Inc., Memorandum Opinion and Order, 29 FCC Rcd 13670 at ¶ 96 (2013) (“AT&T/ATN Order”).} Additionally, the Commission has conditioned its approval of a transfer of control on the requirement that the acquiring carrier not adjust the rates in an existing roaming agreement upward for the full term of the transaction.
the agreement or four years after the closing, whichever is longer, and not exercise any
termination for convenience rights in the agreement.61

Notably, T-Mobile has been a vocal advocate of Commission policies designed to
promote and protect roaming rights and to recognize roaming as an essential service. T-Mobile
has complained that carriers that control “must-have” networks “possess the incentive and ability
to establish anti-competitive and unreasonable [roaming] rates and terms as a method of raising
their rivals’ costs and diminishing their rivals’ quality of service.”62 To curb this potential abuse,
T-Mobile has advocated the reclassification of data roaming as a Title II service subject to the
same reasonable service standards as voice roaming.63 T-Mobile also filed a Petition for
Conditions against a merger transaction, taking the position that ensuring that roaming partners
are not harmed in a purchase transaction is consistent with Commission policy.64 As a result, T-
Mobile asked the Commission to require the buyer, AT&T, to continue to allow the seller’s
roaming partners to roam under the terms of the previous agreement “for a period of not less than
five years.”65

61 See In the Matter of Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis
63 Id. at 25.
64 T-Mobile USA, Inc. Petition for Conditions, WT Docket No. 14-144, at 9 (AT&T – Plateau
65 Id.
B. C Spire Proposes Transaction-Specific Wholesale Conditions

Under the Commission’s public interest analysis, it “may impose and enforce narrowly tailored, transaction-specific conditions that address the potential harms of a transaction.”66 It is clear that two of the major potential harms of the Proposed Transaction are: (1) the rapid elimination of the Sprint CDMA network in a manner that will cause significant disruption to millions of wireless service consumers, particularly in rural America; and (2) the reduction of nationwide wireless providers from four to three that will make it more difficult for carriers to obtain nationwide agreements on reasonable terms and conditions, for both existing and newer technologies. Each of these anti-competitive harms would not occur but for the Proposed Transaction. Accordingly, the Commission must condition any grant of the Proposed Transaction on the below conditions to mitigate such anti-competitive harm.

First, Sprint and T-Mobile must commit that New T-Mobile will maintain any and all existing roaming and MVNO agreements with every competitive carrier that it has such an agreement with, and that such arrangement shall apply to all traffic exchanged with the New T-Mobile on any network that it provides service over. In the event that a carrier has agreements with both Sprint and T-Mobile, the carrier must have the ability either to keep both agreements in place, or to select one of the two agreements and to have it apply to all traffic exchanged with New T-Mobile on the legacy Sprint network, legacy T-Mobile network, combined Sprint/T-Mobile network, and/or any future New T-Mobile network. At a minimum, the existing agreements, or the selected agreement, must be allowed to remain in place for the remaining

66 Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations, Memorandum Opinion and Order, 32 FCC Rcd 9581, 9585 at ¶ 9 (2017).
term of the agreement, or for four years after the consummation of the transaction, whichever is longer. 67 New T-Mobile also must forgo exercising any change of control or termination for convenience rights that would enable it to accelerate the termination of such agreements. 68

This condition is crucial. Many competitive carriers have roaming or MVNO arrangements with one or both of the Applicants that are essential to allow such carriers to offer nationwide networks to their customer bases. While the Applicants have stated that they intend to establish a preferred roaming program for third-parties and to allow parties to choose to keep the roaming rate they prefer if they have roaming agreements with both Sprint and T-Mobile, 69 there are no concrete details as to how such a system would work— and certainly no binding commitment at this point. The above must be adopted as a condition to any Commission approval of the transaction, consistent with prior precedent.

Furthermore, consistent with transaction-specific conditions adopted in prior wireless transactions, third parties must have the ability to maintain the rates in such preferred agreements for at least four years after consummation of the Proposed Transaction, or for the term of the

67 See Verizon-Atlantis Holdings Order, supra note 58, at ¶ 178. There, the FCC conditioned approval of the Verizon/Alltel transaction on Verizon’s commitment to (1) honor existing Alltel roaming agreements; (2) offer each regional, small and/or rural carrier that has an existing roaming agreement to keep the rates of such agreement in force for the agreement’s full term; (3) allow each regional, rural, or small carrier to have the option to select which agreement to govern roaming traffic post-transaction; (4) apply such selected rates for the full term of the agreement or four years from the closing date, whichever occurs later.

68 Id. (the FCC required Verizon/ALLTEL to offer “each regional small and/or rural carrier that has a roaming agreement with [one of the acquired entities] the option to keep the rates set forth in that roaming agreement in force for the full term of the agreement, notwithstanding any change of control or termination for convenience provisions that would give [AT&T] the right to accelerate the termination of such agreement.”).

69 Public Interest Statement at 69.
existing agreement, whichever is longer. This timeframe will help counterbalance the ability and new incentives of New T-Mobile to increase roaming or MVNO rates over time.

Second, New T-Mobile must commit to continuing to maintain and operate Sprint’s CDMA network, in substantially the same manner in which it now operates, for a minimum of five years after consummation of the Proposed Transaction. While many competitive carriers are actively constructing and offering services over 4G networks, the use of CDMA network technology is still prevalent across the country. Indeed, Sprint itself has tens of millions of customers that rely on CDMA networks for wireless access, and numerous carriers operate CDMA systems and must roam on Sprint’s CDMA network in order to offer nationwide service. While many carriers are in the process of upgrading their systems to provide next generation advanced services, the timeline is necessarily slower because of financial constraints imposed by a smaller customer base and delays in obtaining access to the newest equipment on the same time frame as the nationwide carriers.

As a result, maintaining access to a nationwide CDMA network is critical to ensuring that a significant number of consumers still have access to voice and 9-1-1 services – including emergency services – even in areas where 4G LTE may be available for data use. Accordingly, the proposed transition period will ensure that no consumer falls through the cracks or is put at risk of not having access to critical wireless services. The Commission adopted similar conditions in prior transactions, such as when it conditioned its approval of AT&T’s acquisition of Atlantic Tele-Network’s Allied Wireless Communications Corporation (“Alltel”) properties
on AT&T’s continued maintaining of a CDMA network (despite the fact that AT&T operated a
GSM-based network only for its own retail customers).\textsuperscript{70}

Third, New T-Mobile must commit to enable requesting carriers to roam or resell on the
combined Sprint/T-Mobile network using new technologies. If New T-Mobile provides retail
services to any of its own customers using a new or advanced technology, New T-Mobile must
allow the subscribers of a requesting carrier to access the New T-Mobile network in the same
fashion provided that the roamer is utilizing technically compatible equipment. Sprint and T-
Mobile have stated that they are committed to ensuring that 5G services are available to
consumers across the country – not just in urban areas. This commitment must extend to carriers
such as C Spire. New T-Mobile must commit to a level playing field for all carriers with respect
to the acquisition of necessary wholesale inputs, including roaming, that will further deployment
of new technologies. Accordingly, New T-Mobile must commit to negotiate in good faith, and at
rates no higher than currently offered by either Sprint or T-Mobile to an existing roaming entity
or MVNO as of the closing date of the Proposed Transaction, existing and new technology
wholesale arrangements with requesting carriers for roaming and MVNO arrangements
(including 4G, 4G VoLTE, IoT, including NB-IoT, and 5G) in order to allow requesting carriers
the ability to offer nationwide 4G and 5G services.

\textsuperscript{70} See AT&T/ATN Order at ¶¶ 95-96. Specifically, the Commission found it to be in the public
interest that AT&T commit to offering CDMA voice and data roaming services over Alltel’s 3G
EV-DO network under the prices, terms and conditions of agreements assumed from Alltel for a
period of at least 18 months subsequent to the closing of the transaction.\textit{Id.} at ¶ 96.
IV. CONCLUSION

For the foregoing reasons, the Commission should condition any grant of the Application upon the aforementioned conditions proposed by C Spire.

Respectfully submitted,

Cellular South, Inc. d/b/a C Spire

/s/ Carl W. Northrop

E. Ashton Johnston

Telecommunications Law Professionals PLLC

1025 Connecticut Ave., N.W.

Suite 1011

Washington, DC 20036

Tel: (202) 789-3112

cnorthrop@telecomlawpros.com

ajohnston@telecomlawpros.com

Eric Graham
Benjamin M. Moncrief
Cellular South Inc., d/b/a C Spire
1018 Highland Colony Pkwy
Suite 300
Ridgeland, MS 39157
Tel: (601) 974-7771

Its Counsel
August 27, 2018
DECLARATION OF ERIC GRAHAM
IN SUPPORT OF THE PETITION TO CONDITION, OR IN THE ALTERNATIVE,
DENY ANY GRANT OF THE SPRINT/T-MOBILE APPLICATION

I, Eric Graham, declare under penalty of perjury the following is true and correct:

1. I am the Senior Vice President, Strategic Relations at Cellular South, Inc. d/b/a/ C Spire.

2. I am familiar with the exact contents of the foregoing “Petition to Condition, Or in the Alternative, Deny Any Grant of the T-Mobile/Sprint Application.” Any facts stated therein of which the Federal Communications Commission may not take official notice are true and correct to the best of my knowledge, information, and belief.

Executed on August 27, 2018
CERTIFICATE OF SERVICE

I, Carolyn Mahoney, hereby certify that on the 27th day of August, 2018, I caused a true and correct courtesy copy of the foregoing Petition to be sent via electronic mail or first class mail to the following:

Nancy J. Victory  
DLA Piper LLP  
500 Eighth Street, NW  
Washington, DC 20004  
Nancy.victory@dlapiper.com  
Counsel for T-Mobile US, Inc.

Regina M. Keeney  
Lawler, Metzger, Keeney, & Logan, LLC  
1717 K Street, NW  
Suite 1075  
Washington, DC 20006  
gkeeney@lawlermetzger.com  
Counsel for Sprint Corporation

Matthew F. Wood  
Free Press  
1025 Connecticut Avenue, NW  
Suite 1110  
Washington, DC 20036  
mwood@freepress.net  
Policy Director for Free Press

Caressa D. Bennet  
Womble Bond Dickinson LLP  
1200 Nineteenth Street, NW  
Suite 500  
Washington, DC 20036  
Carri.bennet@wbd-us.com  
Counsel for Rural Wireless Association

Andrew Golodny  
Steptoe & Johnson LLP  
1330 Connecticut Avenue, NW  
Washington, DC 20036  
agolodny@steptoe.com  
Counsel for DISH Network LLC

Debbie Goldman  
Communications Workers of America  
501 Third Street, NW  
Washington, DC 20001  
dgoldman@cwa-union.org  
Telecommunications Policy Director for Communications Workers of America

Jill Canfield  
NTCA – The Rural Broadband Association  
4121 Wilson Boulevard  
Suite 1000  
Arlington, VA 22203  
jeanfield@ntca.org  
Assistant General Counsel for NTCA – The Rural Broadband Association

Joanne S. Hovis  
President  
CTC Technology and Energy  
10613 Concord Street  
Kensington, MD 20895  
jhovis@ctcnet.us  
Consultant for Communications Workers of America

Allen P. Grunes  
The Konkurrenz Group  
5335 Wisconsin Avenue, NW  
Suite 440  
Washington, DC 20015 
allengrunes@konkurrenzgroup.com  
Counsel for Communications Workers of America

Johanna R. Thomas  
Communications, Internet & Technology  
Jenner & Block  
1099 New York Avenue, NW  
Suite 900  
Washington, DC 20001  
jthomas@jenner.com  
Counsel for SoftBank Group Corp.

David Krech  
Telecommunications and Analysis Division  
International Bureau  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554  
David.krech@fcc.gov

Kathy Harris  
Mobility Division  
Wireless Telecommunications Bureau  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554  
Kathy.harris@fcc.gov

Linda Ray  
Broadband Division  
Wireless Telecommunications Bureau  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554  
Linda.ray@fcc.gov

Jim Bird  
Office of General Counsel  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554  
transactionteam@fcc.gov

Kate Matraves  
Competition and Infrastructure Policy Division  
Wireless Telecommunications Bureau  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC  
Catherine.matraves@fcc.gov

Jennifer L. Richter  
Akin Gump Strauss Hauer & Feld LLP  
1333 New Hampshire Avenue, NW  
Washington, DC 20036  
jrichter@akingump.com  
Counsel to Altice, USA, Inc.

Frank DiRico  
NE Colorado Cellular, Inc., d/b/a Viaero Wireless  
1224 West Platte  
Fort Morgan, CO 80701

T-Mobile US, Inc.  
ATTN FCC Regulatory Compliance  
12920 SE 38th Street  
Bellevue, WA 98006

/s/ Carolyn Mahoney