

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of )  
 )  
Applications of T-Mobile US, Inc. and Sprint ) WT Docket No. 18-197  
Corporation for Consent to Transfer Control )  
of Licenses and Authorizations )  
 )

**COMMENTS OF CHARTER COMMUNICATIONS, INC.**

Charter Communications, Inc. (“Charter”) submits these comments in response to the Federal Communications Commission’s (“Commission”) Public Notice<sup>1</sup> seeking comment on the application (“Application”) for transfer of control submitted by T-Mobile US, Inc. (“T-Mobile”) and Sprint Corporation (“Sprint”) (collectively, the “Applicants”). Charter neither opposes nor supports the proposed transaction, and submits these comments to provide factual information about Charter’s mobile service offering and its resulting ability to provide a constraint on potential anticompetitive effects resulting from a merged T-Mobile/Sprint.

As the FCC conducts its analysis of this transaction, Charter wishes to clarify the following:

- 1) Charter only recently launched a mobile service offering.
- 2) Charter has deployed an extensive Wi-Fi network, which relies on unlicensed spectrum. However, Charter uses Wi-Fi to provide service only at fixed locations only, generally in homes, offices, and at some limited outdoor locations.
- 3) Charter does not currently own or lease any licensed spectrum. For delivering wireless service that offers mobility, Charter’s recently launched Spectrum Mobile

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<sup>1</sup> *T-Mobile US, Inc., and Sprint Corporation Seek FCC Consent to the Transfer of Control of the Licenses, Authorizations, and Spectrum Held by Sprint Corporation and Its Subsidiaries to T-Mobile US, Inc., and the Pro Forma Transfer of Control of the Licenses, Authorizations, and Spectrum Leases Held by T-Mobile US, Inc. and Its Subsidiaries*, WT Docket No. 18-197, Public Notice, DA 18-740 (rel. July 19, 2018).

service relies entirely upon its Mobile Virtual Network Operator (“MVNO”) agreement with Verizon.

- 4) Charter’s MVNO agreement with Verizon has contractual and technical limitations that distinguish Charter from both national and regional mobile carriers.

I. Charter Only Recently Launched Its Mobile Offering And Is Not a Major Competitive Presence in the Market.

Charter launched its mobile product (Spectrum Mobile) on June 30, 2018. As a long-time pioneering cable operator and broadband provider, Charter looks forward to continuing its technology innovation and dedication to customer service by offering customers a suite of valuable, high-quality fixed and mobile services at competitive prices. To that end, Charter’s core goal for its Spectrum Mobile service is to create and retain more customers.<sup>2</sup> Charter currently offers Spectrum Mobile only to Charter’s residential customers who subscribe to its internet service.<sup>3</sup>

While Charter is a leading cable network operator in the United States, in the mobile space, Charter is a brand new entrant whose nascent business operations are easily dwarfed by the four nationwide facilities-based carriers, as well as by multiple multi-regional and regional mobile providers. Charter faces formidable competition from all of the very well-established and well-resourced facilities-based carriers and other participants in the market. In stark contrast to Charter’s position as a new player, the four nationwide mobile carriers collectively provided over 411 million mobile connections, representing 98% of total U.S. mobile connections as of the end

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<sup>2</sup> See Charter Communications, Inc. 2017 Annual Report at 6, available at <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NjkwNzc0fENoaWxkSUQ9NDAxNDUwfFR5cGU9MQ==&t=1> (“2017 Annual Report”).

<sup>3</sup> In the future, Charter may offer Spectrum Mobile to the company’s small and medium business customers on similar terms, subject to limitations in our MVNO with Verizon. See *id.* at 5.

of 2016.<sup>4</sup> The next largest facilities-based provider is U.S. Cellular with 5 million connections.<sup>5</sup> With fewer than two months of operation, it is unrealistic to expect Charter's Spectrum Mobile service to gain sufficient scale in a time frame sufficient to counter-act any anticompetitive effect of the transaction in the mobile wireless space.

Charter's recently announced agreement with Comcast does not amount to a combined mobile service offering or an agreement between Charter and Comcast to build a mobile network. Instead, the arrangement establishes a limited and discrete operating platform that covers only the development and design of back-end systems to support each company's respective mobile services. Each company will continue to maintain its own relationships with device manufacturers. All respective customer-facing activities are and will remain entirely separate and independent. Specifically, Charter's customer service, marketing, sales, pricing and packaging have no relationship with Comcast. Mobile customers will engage with each company independently. Most importantly, we each have separate agreements with Verizon as an MVNO provider without network control as described below, and neither Charter nor Comcast have a regional or national macro-tower cellular network. As a result, this limited agreement with Comcast cannot be construed to transform Charter and Comcast into national mobile carriers.

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<sup>4</sup> *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, Including Commercial Mobile Services*, WT Docket No. 17-69, Twentieth Report, 32 FCC Rcd 8968, 8975, ¶13 (2017) ("*Twentieth Wireless Competition Report*"). As of 2016, T-Mobile had approximately 71.5 million connections and Sprint had approximately 59.5 million connections. *See id.* at 8982, Table II.B.1. T-Mobile's LTE network covered 311 million people and Sprint's LTE network covered 300 million people. *See id.* at 8975, n. 45.

<sup>5</sup> *Twentieth Wireless Competition Report* at ¶14.

II. Charter's Mobile Service Benefits from the Same Unlicensed Spectrum All Internet Service Providers and Carriers Use for Wi-Fi Service.

Charter has an extensive and growing Wi-Fi network that today is comprised of approximately 15 million residential, small business and out of home Wi-Fi access points. This service is a great benefit to our internet customers as it enables them to improve their in-home internet experience and in some locations, provides out-of-home Wi-Fi service.<sup>6</sup>

Charter's Wi-Fi network, however, does not provide Charter with any competitive advantage in the mobile space. Wi-Fi cannot provide customers with either ubiquitous coverage or with true mobility. Wi-Fi hotspots have a very limited range and use only unlicensed, low-power spectrum with no protection from interference from other devices or users. Wi-Fi can be an effective solution for indoor, stationary traffic within the home or office, and outdoor limited range coverage in targeted areas of high traffic concentration, but it cannot provide seamless coverage to a customer driving a car, for example. While a mobile customer located within range of a Wi-Fi access point can seamlessly switch certain data applications to Wi-Fi rather than using cellular service, the customer must remain at that fixed location within the limited range of the Wi-Fi access point. Licensed spectrum is necessary to fill the gaps whenever a customer is not within that limited Wi-Fi range. That challenge has prevented any operator from successfully providing a Wi-Fi-only mobile service: Cablevision's Freewheel product, for instance, was not a successful service offering and was discontinued.<sup>7</sup> Accordingly, a true

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<sup>6</sup> See Charter Communications, Inc. SEC Form 10-K, at 4, available at <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9Njg3NTk4fENoaWxkSUQ9Mzk3ODQ3fFR5cGU9MQ==&t=1>.

<sup>7</sup> See *Cablevision to Shutter Freewheel as Comcast, Others Prepare to Jump into Mobile* (June 28, 2016), <https://www.fiercewireless.com/wireless/cablevision-to-shutter-freewheel-as-comcast-others-prepare-to-jump-into-mobile>.

mobile service can only be achieved today with licensed spectrum such as that offered by the nationwide or regional carriers using 4G LTE or other cellular technologies.

Of course, an extensive Wi-Fi network is still of great benefit because of its ability to offload certain data-session traffic from more costly and congested mobile networks. But this benefit has accrued to every mobile provider whose customer is a Charter internet customer, as these customers' mobile devices offload traffic onto Charter's Wi-Fi network regardless of the customer's mobile provider.

III. Charter Does Not Hold Any Licensed Spectrum and Relies on its MVNO Agreement with Verizon for Providing Full Mobile Service.

Charter does not currently own or lease any licensed spectrum. While Charter is interested in purchasing spectrum licenses for potentially enhancing delivery of mobile traffic,<sup>8</sup> there are no guarantees that it will be successful in acquiring spectrum licenses at reasonable cost. As explained above, although extensive and useful for providing wireless connectivity at fixed locations, Charter's Wi-Fi network cannot, on its own, offer full mobility. In order to offer customers a fully mobile product, Charter requires access to licensed spectrum, which it achieves today through its MVNO relationship with Verizon.

IV. Charter's MVNO-Based Resale Offerings Do Not Equate to the Operations of the Nationwide and Regional Mobile Carriers.

Although Charter's MVNO reseller arrangement with Verizon offers Spectrum Mobile customers access to Verizon's network, one of the largest, most reliable 4G-LTE networks in the country, Charter faces certain limitations in its ability to compete in the mobile market on the same terms as Verizon or other facilities-based carriers. There are significant limitations to its

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<sup>8</sup> Charter has conducted robust testing of licensed frequencies in the 3.5 GHz and 28 GHz bands. This testing, however, is only to understand the capabilities of licensed spectrum that may become available in the future. Experimental testing does not permit commercial service.

MVNO agreement, which are confidential but limit Charter's ability to fully manage the mobile network and sell the product, thereby hindering the competitiveness of Charter's mobile service. Providing mobile service through Charter's MVNO resale arrangement is materially different than providing mobile service as a facilities-based nationwide or even regional mobile carrier.

At the same time, substantial barriers exist to entering the mobile services market as a facilities-based carrier. The combination of very high spectrum license acquisition costs, significant network deployment costs, tower site acquisition or leasing and construction costs, costs of purchasing network equipment, back haul costs, and the costs of interconnection and roaming, all combine to create an extremely high barrier to entry for new mobile facilities-based participants. Given these substantial barriers to entry, Charter believes that under the existing MVNO agreement, Spectrum Mobile is not and cannot reasonably be viewed as having the ability to counteract price increases or other anticompetitive effects, if any, arising from a merged T-Mobile/Sprint.

V. Conclusion.

As explained above, Charter does not oppose or support the proposed merger of Sprint and T-Mobile. These comments are filed to provide corrected information about Charter's mobile service so that the FCC may conduct its competitive analysis of this transaction.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

I, Catherine Wang, an attorney at the law firm of Morgan, Lewis & Bockius LLP, certify that on this 27th day of August 2018, I caused the foregoing **Comments of Charter Communications, Inc.** to be served, as specified, upon each of the following:

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