

Before the Federal Communications Commission
Washington, D.C. 20554

August 24, 2018
VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

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

Comments of Debra Berlyn, President - Consumer Policy Solutions*

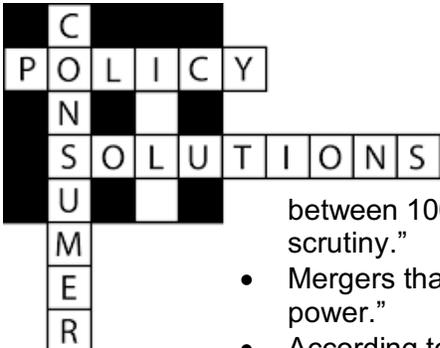
Dear Ms. Dortch:

As the Commission's analyzes the proposed merger of Sprint Corporation and T-Mobile US, Inc., it should evaluate the impact the combined entity (New T-Mobile) would have on the market for prepaid cellular services. While I am neither opposed to nor supportive of this transaction, it's imperative the Commission has all available data to fully understand how prepaid subscribers will be impacted. Consumer Policy Solutions has worked on promoting access to telecommunications services for all consumers, particularly those of fixed and low-incomes.

To that end, I am submitting into the record for consideration a recent article by renowned wireless industry analyst Roger Entner of Recon Analytics. Using Q2 2018 subscriber numbers, Mr. Entner examined the market share New T-Mobile would possess among carrier-branded prepaid subscribers: 59%. With such a dominant market position, New T-Mobile would have the incentive and ability to raise prices for consumers that rely on prepaid cellular services, many of which are low-income and as a result unable to subscribe to post-paid offerings.

Key excerpts from the article include:

- Consider the Herfindahl-Hirschman Index (HHI), a popular modeling tool used by government regulators to assess the potential impact of a merger on competition. According to the Federal Trade Commission's horizontal merger review guidelines any merger in a highly concentrated market (HHI above 2,500) with an increase of the HHI



between 100 and 200 points “raises significant competitive concerns and often warrant scrutiny.”

- Mergers that increase the HHI by more than 200 points will “likely enhance market power.”
- According to HHI, calculations for the wireless segment (which is wireless voice, not the broader market of broadband), the HHI post T-Mobile/Sprint merger, with the exception of connected devices, will increase by more than 200 points.
- In Retail Prepaid, the HHI increases by 1,420 points.

Mr. Entner concludes, “Clearly the proposed merger will increase concentration in the industry, with prepaid subscribers being especially vulnerable should the merged entity fail... These are good and valid issues that the regulatory authorities need to review in depth.”

I hope the insights contained in Mr. Entner’s article assist the Commission in its work, and I appreciate the opportunity to submit it into the record for consideration.

Respectfully submitted,

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ATTACHED: PDF copy of Aug. 17, 2018 *Fierce Wireless* article, “Details matter in the T-Mobile/Sprint merger”

**Consumer Policy Solutions (CPS) is a firm centered on developing public policies addressing the interests of consumers and the marketplace. CPS also directs the Project to Get Older Adults online (Project GOAL).*