

My name is M. Eugene "Gene" Retske. I am 71 years old, a US Citizen and a resident of the State of South Carolina. I have been actively involved in the telecommunications industry since my employment with the Southern Bell Telephone Company, then an AT&T subsidiary since 1973, a period of 45 years. I spent 18 years there, starting with Southern Bell until 1983, when I was assigned to AT&T, where I spent several years at company headquarters in New Jersey.

I left AT&T in 1992 to start a Systems Integration company, working with AT&T. I created an application called International Callback, which enabled the provisioning of discounted international telephone calls. In most other countries outside of the US, the government owned both the telephone company and the regulation authority. My callback application caused unwanted competition for what was an insanely profitable monopoly service. By offering international calls at a highly reduced cost, it also allowed low income families to stay in touch with relatives overseas.

I have also written three books on telecommunications, authored over a thousand articles from Newsweek to industry publications. I have been quoted in the Wall Street Journal, and many major daily newspapers around the world. I have spoken or delivered keynote addresses at 36 trade shows and conventions. I was an adjunct professor in a telecommunications MBA program.

I have also been the president of a publicly traded prepaid telecom provider, and 3 other private telecom resellers. I have been a consultant to telecom resellers around the world and in the US.

I was the founder and Executive Director of the American PrePaid Phonecall Association (APPAP), an association of prepaid service providers in North America.

International callback was a network application, a concoction of services from different carriers and equipment manufacturers into a packaged offering that was not available at the price point. It also frequently offered enhanced services that were not offered by carriers. At about the same time, other packaged services were introduced by telecom resellers, again using a mix of carrier services and equipment, which provided domestic calling services, sometimes combined with international calling options. The upshot of all this activity was that people who previously did not have access, or had limited access, to calling services were able to make calls. These services were generally provided by the user paying in advance, or prepaid.

These resellers were highly entrepreneurial and innovative in creating the prepaid services they offered. They bought the underlying network services from established carriers, and packaged them in ways that empowered underserved consumers. Carriers have one criteria, how much they can return to the shareholders in profit. This profit is generated by the sale of massive amounts of network services, usually on a contractual postpaid basis.

Carriers with physical networks are not generally attracted to prepaid services because of the fragmented nature of the markets, dominated by niches. It takes far too many resources to result in the movement of network traffic in the provisioning of prepaid services, so carriers focus exclusively on postpaid, contractual services. Carriers sell exclusively their own network services, for obvious reasons.

Sprint and T-Mobile are facilities based carriers and their primary interest is selling postpaid contractual services. Sprint bought Boost Mobile, a prepaid MVNO (Mobile Virtual Network Operator), in an attempt to increase its revenues. Buying Boost did nothing to increase Sprint's network traffic, but it needed to increase revenues. T-Mobile has little, if any, prepaid business, outside of a perfunctory offering of prepaid service to credit challenged individuals, or the unbanked.

Once Sprint is absorbed into T-Mobile, the new T-Mobile will doubtlessly begin a forced migration of Boost customers to postpaid contracts. Since the amount of traffic generated by Boost prepaid traffic is miniscule compared to the combined Sprint/T-Mobile, they will not care about the low income, unbanked customers who cannot qualify for postpaid contractual services. This will have the impact of removing from the marketplace one of the largest and most attractive prepaid operators, depriving those who can least afford it, of these services.

Boost Global CEO Peter Adderton has suggested that Boost be spun back out of the Sprint/T-Mobile merger. He has asserted that he has the financial backing to accomplish this divestiture of Boost.

Based on my 45 years in telecommunications, the last 26 focused on prepaid services, I concur with Mr. Adderton and urge the FCC to require the divestiture of Boost during the merger to protect the interests of the most vulnerable of consumers, the low income and unbanked. Losing access to prepaid services for many of them will mean the loss of access to services that are vitally needed.

Gene Retske

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