



Thomas A. Schatz
President

September 17, 2018

Chairman Ajit Pai
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Commissioner Jessica Rosenworcel
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Commissioner Michael O'Rielly
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Commissioner Brendan Carr
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: In the matter of Applications of T-Mobile US, Inc., and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations

Dear Chairman Pai, Commissioners Rosenworcel, O'Rielly, and Carr,

On behalf of the more than one million members and supporters of Citizens Against Government Waste (CAGW), I submit the attached public comments to the Federal Communications Commission in reference to the Applications of T-Mobile US, Inc., and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations (WT Docket No. 18-197) as part of their pending merger.

If you have any questions or concerns, please contact either myself or Deborah Collier at (202) 467-5300. Thank you for your consideration of our remarks.

Sincerely,

President
Citizens Against Government Waste

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.**

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

Reply Comments of
Thomas A. Schatz
President
Citizens Against Government Waste

September 17, 2018

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization representing more than one million members and supporters nationwide. CAGW’s mission is to eliminate waste, fraud, abuse, mismanagement, and inefficiency in government. Founded in 1984 by the late industrialist J. Peter Grace and syndicated columnist Jack Anderson, CAGW was established to follow up on the work of the President’s Private Sector Survey on Cost Control, also known as the Grace Commission.

On behalf of CAGW’s members and supporters, I offer the following comments in general support of the Applications of T-Mobile US, Inc., and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations (WT Docket No. 18-197).

The Communications Act charges the Federal Communications Commission (FCC) with determining whether proposed media transactions meet a “public interest” standard. According to a 2013 paper by Gwen Lisa Shaffer and Scott Jordan of the University of California, Irvine, this mandate “may encompass protecting service quality for consumers, preserving American jobs, safeguarding localism, or providing opportunities for audiences to hear diverse points of view (FCC, 2004).”¹ It is with this mandate in mind that I urge you to support the proposed applications of T-Mobile and Sprint to form New T-Mobile.

¹ Gwen Lisa Shafer and Scott Jordan, “Classic Conditioning: The FCC’s Use of Merger Conditions to Advance Policy Goals,” *Media Culture & Society*, 35(3), 2013, pp. 392-403, http://www.cla.csulb.edu/departments/journalism/wp-content/uploads/2012/02/MCS_mergers.pdf.

On April 30, 2018, T-Mobile US, Inc. and Sprint Corporation announced their intent to merge the two companies, following approval by the FCC and the Department of Justice.² The New T-Mobile will combine the assets of the two companies, including their highly valuable spectrum, and enhance their ability to build a robust nationwide 5G network that will increase competition, enhance customer experiences, and help the U.S. take global leadership in 5G deployment.

On June 18, 2018, T-Mobile and Sprint submitted their requests with the FCC for approval to merge the companies.³ Included in the request is approval from the FCC to transfer control of FCC authorizations, radio licenses, and spectrum leases held by Sprint’s subsidiaries from Sprint to T-Mobile, and authority for the *pro forma* transfer of control of the authorizations, radio licenses, and spectrum leases held by T-Mobile’s subsidiaries as a result of the proposed transaction. The public interest statement submitted by the companies explained that the merger was necessary to allow the combined company to deploy the first nationwide 5G network.⁴

The promise of a robust, nationwide 5G network cannot be ignored. According to a February 5, 2018 Pew Research Center study of mobile phone ownership, 95 percent of Americans own a cellphone of some kind, and 77 percent of those individuals own smartphones, an increase of 120 percent over the 35 percent in 2011, when Pew first conducted its annual survey.⁵ The survey noted that, “a growing share of Americans now use smartphones as their primary means of online access at home. Today one-in-five American adults are ‘smartphone-only’ internet users – meaning they own a smartphone, but do not have traditional home broadband service.”⁶

In his June 27, 2018 testimony before the House Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights, Sprint Chief Executive Marcelo Claure noted that the 2.5 GHz spectrum held by Sprint will “deliver very high speeds and support substantial capacity, but due to the propagation characteristics of 2.5 GHz, it would not provide a blanket of coverage outside of major metropolitan and suburban areas.”⁷ At the same hearing, T-Mobile CEO John Legere added that “Sprint and T-Mobile have uniquely complementary spectrum, sites and assets which, when put together, will enable a dramatically better 5G network, and generate over \$40 billion in synergies to fund the creation of this incredible 5G network.”⁸

² John Legere and Marcelo Claure, “T-Mobile and Sprint Merger: 5G Network Innovation,” T-Mobile YouTube Channel, May 1, 2018, <https://www.youtube.com/watch?v=1nsbmtwMrgY>.

³ “Applications for T-Mobile US, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations,” WT Docket No. 18-197, Federal Communications Commission, June 18, 2018, [https://ecfsapi.fcc.gov/file/10618281006240/Public%20Interest%20Statement%20and%20Appendices%20A-J%20\(Public%20Redacted\)%20.pdf](https://ecfsapi.fcc.gov/file/10618281006240/Public%20Interest%20Statement%20and%20Appendices%20A-J%20(Public%20Redacted)%20.pdf).

⁴ *Ibid.*

⁵ “Mobile Fact Sheet,” Pew Research Center, Internet & Technology, February 5, 2018, <http://www.pewinternet.org/fact-sheet/mobile/>.

⁶ *Ibid.*

⁷ Written Testimony of Marcelo Claure, Executive Chairman, Sprint Corporation, Senate Committee on the Judiciary, Subcommittee on Antitrust, Competition Policy and Consumer Rights, June 27, 2018, p. 3, <https://www.judiciary.senate.gov/imo/media/doc/06-27-18%20Claure%20Testimony.pdf>.

⁸ Written Testimony of John Legere, CEO, T-Mobile US, Inc., Senate Committee on the Judiciary, Subcommittee on Antitrust, Competition Policy and Consumer Rights, June 27, 2018, p. 5, <https://www.judiciary.senate.gov/imo/media/doc/06-27-18%20Legere%20Testimony.pdf>.

As with other merger requests, one can expect the usual outcry from those who believe that competition of three is anti-competitive, and the wireless marketplace requires a fourth competitor. Concerns have also been raised about the impact on pre-paid and postpaid customers.

The ill-conceived notion of the proper number of competitors does not hold up in today's converging telecommunications ecosystem. It also fails to recognize and does a disservice to the large number of wireless providers who are not part of the "big four" offering communications services across the country.

Phoenix Center for Advanced Legal and Economic Public Policy Studies Economist Dr. George S. Ford wrote that the "transaction has drawn significant resistance from smaller mobile wireless providers in the pre-paid and wholesale markets."⁹ While Dr. Ford claimed that prices may increase for customers of prepaid and postpaid offerings through the wholesale market due to the merger, this is countered by a letter to the Department of Justice from Senate Judiciary Antitrust Subcommittee Chairman Mike Lee (R-Utah), who noted that the expansion of capacity expected by T-Mobile and Sprint from their combined resources could, "provide the merged firm with incentives to lower prices to attract customers. Such efficiency claims, if supported by verifiable evidence, suggest the merger could, on the whole, benefit, rather than harm, consumers."¹⁰

For prepaid customers, there is already a strong competitive market, based in part on the blurred distinctions between prepaid and postpaid markets today. For example, many "postpaid" wireless subscribers are not locked into monthly service contracts and finance their handsets independent of their service plans. Device unlocking, together with network defragmentation resulting from deployment of a single 4G standard (LTE), have made moving from one service provider to another less difficult. T-Mobile and Sprint have long offered prepaid plans for their respective customers and have committed to continuing those offerings. All wireless customers will benefit from the lower cost and increased capacity of the New T-Mobile network using LTE for current services and joining the 5G network when it becomes available. The combined company's increased capacity and the network slicing capabilities 5G will enable will increase competition in the wholesale market, reduce prices, and improve services offered by mobile virtual network operators, including to prepaid customers.

The Free State Foundation comments filed on August 27, 2018 noted that the proposed merger is between the two smallest of the national carriers, with the smallest coverage areas in terms of revenue, connections, and geography.¹¹ AT&T covers approximately 99.3 percent of the U.S. population and 71.9 percent of the U.S. land area; Verizon covers about 97.4 percent of the population and 67 percent of land area; T-Mobile covers 95.2 percent of the U.S. population and

⁹ George S. Ford, "Potential Implications of the Sprint/T-Mobile Merger on Wholesale Markets," Perspectives, Phoenix Center for Advanced Legal and Economic Public Policy Studies, August 27, 2018, <http://www.phoenix-center.org/perspectives/Perspective18-06Final.pdf>.

¹⁰ Letter to U.S. Attorney General Jeff Sessions and Federal Communications Commission Chairman Ajit Pai from U.S. Senator Mike Lee (R-Utah), August 6, 2018, <https://www.lee.senate.gov/public/index.cfm?p=press-releases&id=5A8B98E9-475A-4611-A794-5E3CC5046311>.

¹¹ "Comments of the Free State Foundation," In the Matter of Applications of T-Mobile US, Inc., and Sprint Corporation, For Consent to Assign or Transfer Control of Licenses and Authorizations," Free State Foundation, August 27, 2018, http://www.freestatefoundation.org/images/FSF_Comments_-_T-Mobile-Sprint_Merger_082718.pdf.

47.6 percent of U.S. land area; and, Sprint covers 92.1 percent of the population and 27.5 percent of the U.S. land area. Free State Foundation also supports the merger, noting that consumers would continue to have rural and regional providers, including U.S. Cellular, C Spire, and others.¹²

On August 24, 2018, the state attorneys general of New Mexico and Utah submitted comments to the FCC regarding the proposed merger. In response to generalized arguments against reducing the number of competitors in a market from four to three, the attorneys general noted that, “this particular case has some unique qualities that make this an exception to the rule. Rather than creating a mega-player that will dwarf remaining competitors, a T-Mobile-Sprint merger will take the third and fourth largest domestic players and, combined, create an entity that remains third behind Verizon and AT&T in market share.”¹³ They also suggested that a T-Mobile-Sprint merger will provide benefits to the residents of their respective states, including delivering robust broadband services to rural communities and small towns and adding thousands of new jobs.

CTIA has identified nearly 100 wireless providers nationwide, with nearly every American having the choice between three or more service providers, and 99.7 percent of the country is covered by 4G.¹⁴ These providers present the opportunity for building a diverse and robust 5G network that will benefit the emerging smart economy with precision agriculture, healthcare, and a new business ecosystem to provide opportunities for millions of Americans. Combining Sprint’s 2.5 GHz spectrum holdings with T-Mobile’s 600 GHz spectrum will create a large national network and increase competition in areas where it previously did not exist.

Other providers are entering the wireless marketplace, including cable operators, who already have the wired backbone required to support a wireless network and are signing agreements with wireless providers to support their new networks. These entrants are also purchasing spectrum and developing their own wireless networks, including Comcast’s launch of Xfinity Mobile in 2017,¹⁵ and Charter’s launch of Spectrum Mobile on July 3, 2018.¹⁶

The importance of having the U.S. lead in 5G deployment cannot be understated. If not, countries like China, South Korea, and Japan could be the first to deploy a nationwide 5G network that will enable new technologies and support millions of jobs.

According to CTIA, the wireless industry currently supports more than 4.7 million jobs and contributes \$475 billion each year to the U.S. economy.¹⁷ Chip manufacturer Qualcomm described 5G as a new type of network that will provide a platform for a vast diversity of devices

¹² Ibid, pp. 6-7.

¹³ Letter to the Federal Communications Commission from Sean D. Reyes, Utah Attorney General and Hector Balderas, New Mexico Attorney General, August 24, 2018, <https://ecfsapi.fcc.gov/file/1082488029914/2018-08-24%20Joint%20AG%20Ltr%20FCC.pdf>.

¹⁴ “The Wireless Industry, Industry Data,” CTIA The Wireless Association, viewed June 20, 2018, <https://www.ctia.org/the-wireless-industry/infographics-library>.

¹⁵ Aaron Pressman, “Wireless Service From These Cable Guys Is on the Way,” *Fortune*, September 20, 2016, <http://fortune.com/2016/09/20/comcast-wireless-service-wifi/>.

¹⁶ Mike Farrell, “Charter Launches Spectrum Mobile,” *Multichannel News*, July 3, 2018, <https://www.multichannel.com/news/charter-launches-spectrum-mobile>.

¹⁷ “The Race to 5G,” CTIA The Wireless Association, <https://www.ctia.org/the-wireless-industry/the-race-to-5g/>

and services, connecting new industries with improved efficiency and lower costs.¹⁸ The company funded an economic study that found by 2035, 5G's full economic benefits would be realized globally and could produce up to \$12.3 trillion in goods and services; generate up to \$3.5 trillion in revenue in the mobile value chain alone, supporting up to 22 million jobs; and over time, contribute \$3.0 trillion to Real Global GDP growth.¹⁹

The 5G network will work in conjunction with Wi-Fi devices and services to provide improved access to the internet and allow for greater deployment of the Internet of Things. A white paper presented by Ericsson during the SCTE-ISBE Cable-Tec Expo 2017 described far-reaching new applications and uses for the 5G network, including wearables, smart homes, traffic management, critical infrastructure, industry processes, and very-high-speed media delivery.²⁰

The combined spectrum of Sprint and T-Mobile will enable the New T-Mobile to upgrade its existing infrastructure and expand it to meet the 5G future. Even though both T-Mobile and Sprint had already planned to invest in new infrastructure to deploy 5G networks individually, their combined resources will enable the New T-Mobile to invest more quickly through efficiencies and cost savings the merger will generate, with a combined planned investment of \$40 billion.²¹

Indeed, T-Mobile has continued to deploy next generation technology into its existing footprint, and has pushed forward with a proposal to unleash 4G LTE and 5G when available in the Commonwealth of Puerto Rico, whose networks were ravaged by hurricanes Irma and Maria in 2017.²² By bringing 600 MHz Extended Range LTE to Puerto Rico by the fall of 2018, the company will be laying the foundation for 5G technology deployment.²³ Currently, T-Mobile has deployed Extended Range LTE to more than 80 percent of Americans with 700 MHz, Band 12.²⁴

The wireless industry is constantly evolving and changing, and the FCC must look beyond how many large competitors are in the wireless industry. Instead, the agency should focus on the benefits that will be derived from the T-Mobile/Sprint merger, including investments in infrastructure and new networks; how the two companies plan to transition their existing customers into the newly formed entity; the overall economic benefits of the merger; and, how the new company will affect future technology transitions to 5G and beyond.

¹⁸ "5G Fact Sheet," Qualcomm, <https://www.qualcomm.com/invention/5g/what-is-5g>.

¹⁹ "The 5G Economy," Qualcomm, <https://www.qualcomm.com/invention/5g/economy>.

²⁰ Glenn Laxdal, "Fixed Mobile Convergence in the Transition to 5G," Ericsson, SCTE-ISBE Cable-Tec 2017 Expo, October 17-20, 2017, <https://www.nctatechnicalpapers.com/Paper/2017/2017-fixed-mobile-convergence-in-the-transition-to-5g>.

²¹ Legere, p. 9.

²² Diana Goovaerts, "T-Mobile urges faster 600 MHz transition in Puerto Rico," Mobile World Live, November 27, 2017, <https://www.mobileworldlive.com/featured-content/top-three/t-mobile-urges-faster-600mhz-transition-in-puerto-rico/>.

²³ Jon Fingas, "T-Mobile is Bringing Its Long-range LTE to Puerto Rico," *engadget*, June 6, 2018, <https://www.engadget.com/2018/06/06/t-mobile-long-range-lte-in-puerto-rico/>.

²⁴ Zacks Equity Research, "T-Mobile to Bring 600 MHz Extended Range LTE in Puerto Rico," Yahoo Finance, June 7, 2018, <https://finance.yahoo.com/news/t-mobile-bring-600-mhz-145902989.html>.

CAGW encourages the commission to allow this merger to move forward by unconditionally approving the companies' applications for consent to transfer various FCC licenses and other authorizations.

Sincerely,

A handwritten signature in black ink that reads "Thomas Schatz". The signature is written in a cursive, slightly slanted style.

Thomas A. Schatz