



September 19, 2017

**VIA ELECTRONIC FILING**

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, DC 20554

**Re: Ex Parte Presentation, Wireless Telecommunications Bureau Seeks Comment on the State of Mobile Wireless Competition, WT Docket No. 17-69**

On September 19, 2017, Scott Bergmann of CTIA spoke with Rachael Bender of the Office of Chairman Ajit Pai, Erin McGrath of the Office of Commissioner Michael O’Rielly, Kevin Holmes of the Office of Commissioner Brendan Carr, and Travis Litman of the Office of Commissioner Jessica Rosenworcel, separately and by telephone, to discuss the above-captioned proceeding.

During the calls, CTIA reiterated that all available evidence leads to one irrefutable conclusion: the mobile wireless marketplace today is competitive. For this reason, CTIA expressed its support for the FCC’s draft finding of effective competition in the provision of mobile wireless services,<sup>1</sup> consistent with the FCC’s statutory obligation to provide an assessment of whether there is effective competition in the market.

Over the past seven years, wireless providers have spent more than \$200 billion in network improvements to deliver nationwide 4G LTE mobile broadband—not including the additional billions of dollars wireless carriers have spent to acquire spectrum at FCC auctions and on the secondary market.<sup>2</sup> These network improvements are enabling unprecedented consumer data use: Americans used 13.72 trillion MB of data in 2016, 35

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<sup>1</sup> See *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*, Twentieth Report\*, WT Docket No. 17-69, FCC-CIRC1709-08 ¶ 4 (Sept. 7, 2017), [http://transition.fcc.gov/Daily\\_Releases/Daily\\_Business/2017/db0907/DOC-346595A1.pdf](http://transition.fcc.gov/Daily_Releases/Daily_Business/2017/db0907/DOC-346595A1.pdf) (last visited Sept. 17, 2017) (the “Twentieth Report”).

<sup>2</sup> See Comments of CTIA, WT Docket No. 17-69 at 28 (filed May 8, 2017) (“CTIA Comments”).



times more mobile data than in 2010.<sup>3</sup> Existing service providers are aggressively competing for customers through lower costs, increased service options, and innovative service plans.<sup>4</sup>

Traditional mobile wireless carriers are also facing additional competition from new market entrants. For example, cable Internet Service Providers (“ISPs”) are announcing new service plans that bundle mobile wireless and Wi-Fi services to meet consumer demand.<sup>5</sup> Comcast spent approximately \$1.7 billion on 66 licenses covering 145 million POPs in the recent 600 MHz spectrum auction,<sup>6</sup> and has launched its “Xfinity Mobile” offering through its mobile virtual network operator (“MVNO”) agreement with Verizon.<sup>7</sup> Charter has also activated its MVNO agreement with Verizon.<sup>8</sup> The FCC is also considering Ligado’s plans to deploy a nationwide LTE network.<sup>9</sup> And companies are continuing to compete across multiple dimensions, including price competition, with the introduction of unlimited plans by all four of the largest providers and ongoing service

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<sup>3</sup> *Id.* at 8.

<sup>4</sup> *Id.* at 15-18.

<sup>5</sup> See Press Release, Comcast, Comcast Introduces Xfinity Mobile: Combining America’s Largest, Most Reliable 4G LTE Network and the Largest Wi-Fi Network (Apr. 6, 2017), <http://corporate.comcast.com/news-information/news-feed/comcast-xfinity-mobile>; Chad Bray, *Comcast and Charter Communications Forge Wireless Alliance*, NY TIMES (May 8, 2017), <https://www.nytimes.com/2017/05/08/business/dealbook/comcast-charter-communications-deal.html>; Google, Wi-Fi Connections and Calls, <https://fi.google.com/about/faq/#wifi-connection-and-calls-5> (last visited Sept. 6, 2017).

<sup>6</sup> See *Incentive Auction Closing and Channel Reassignment Public Notice*, Public Notice, 32 FCC Rcd 2786, 2875 (2017).

<sup>7</sup> See Mike Dano, *Comcast and Charter stick to MVNO plans, but most Xfinity Mobile users eschew unlimited offerings*, FIERCEWIRELESS (July 27, 2017), <http://www.fiercewireless.com/wireless/comcast-charter-stick-to-mvno-plans-but-most-xfinity-mobile-users-eschew-unlimited>.

<sup>8</sup> *Id.*

<sup>9</sup> See *Comment Sought to Update the Record on Ligado’s Request that the Commission Initiate a Rulemaking to Allocate the 1675-1680 MHz Band for Terrestrial Mobile Use Shared with Federal Use*, Public Notice, 31 FCC Rcd 3813 (IB, OET, WTB 2016).



plan modifications,<sup>10</sup> and with new product offerings and competitive responses, such as multiple providers launching, or preparing to launch, Internet of Things networks.<sup>11</sup>

The competitive wireless landscape has created positive downstream effects as well. Purchases of applications and in-app purchases added \$36 billion to the GDP, up from \$10 billion in 2012 and essentially zero ten years ago.<sup>12</sup> As a result, the wireless industry has had a marked impact on the U.S. economy, directly or indirectly supporting more than 4.6 million jobs.<sup>13</sup>

As Chairman Pai recently highlighted, there has been “a lot of good news” for consumers in the mobile wireless marketplace over the past year alone.<sup>14</sup> Mobile subscriber connections were up nearly five percent in 2016 to approximately 396 million—creating a mobile penetration rate of 121 percent in the U.S.<sup>15</sup> Approximately 80 percent of mobile subscribers use smartphones and the average subscriber uses four gigabytes of data per month (up 34 percent from a year ago).<sup>16</sup> The cost per megabyte of data has dropped to less than half a cent.<sup>17</sup> And LTE download speeds increased over 60

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<sup>10</sup> See, e.g., Colby Synesael, *T-Mobile Partners with Netflix – Confidence in Network and Content Strategy* (Sept. 6, 2017); Bret Feldman, *GS 26th Annual Communacopia Conference – Day 1 Takeaways*, Goldman Sachs (Sept. 13, 2017); Jennifer Fritzsche, *VZ: Expanding Unlimited Plan Offerings – Opens More Potential Subs & Offers Better Network Management Tool*, Wells Fargo (Aug. 22, 2017); see also CTIA Comments at 15-23.

<sup>11</sup> See, e.g., *AT&T deploying LTE-M technology in Mexico*, SNL S&P Global Market Intelligence (Sept 11, 2017); *T-Mobile to debut internet of things network in 2018*, SNL S&P Global Market Intelligence (Sept 11, 2017); Verizon, *Internet of Things: Connecting everything for a better tomorrow*, <http://www.verizon.com/about/our-company/internet-things>; Dish Network’s Business Strategy Regarding the Internet of Things, Market Realist (Sept. 1, 2017), <http://marketrealist.com/2017/09/dish-networks-business-strategy-regarding-the-internet-of-things/>; see also CTIA Comments at 33-35.

<sup>12</sup> CTIA Comments at 26.

<sup>13</sup> *Id.* at 27.

<sup>14</sup> The Hon. Ajit Pai, Chairman, FCC, Remarks at Mobile World Congress Americas 2 (Sept. 12, 2017), [http://transition.fcc.gov/Daily\\_Releases/Daily\\_Business/2017/db0912/DOC-346666A1.pdf](http://transition.fcc.gov/Daily_Releases/Daily_Business/2017/db0912/DOC-346666A1.pdf) (“Chairman Pai MWCA2017 Remarks”).

<sup>15</sup> *Id.* at 3.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* Indeed, the BLS Wireless Price Index confirms that prices have continued to fall this year. The BLS Consumer Price Index shows that wireless prices fell 13.2 percent from August 2016 to



percent last year to 23.5 Mbps.<sup>18</sup> CTIA agrees with Chairman Pai's assessment that "[w]ith data showing consumer choice, demand, and usage going up, service quality getting better, and prices going down, we have clear indicators that the marketplace is effectively competitive."<sup>19</sup> Not surprisingly, multiple analysts have likewise noted their belief in the state of competition in the wireless marketplace, from Business Insider detailing how "competition within the US wireless carrier market isn't letting up,"<sup>20</sup> to Goldman Sachs noting "key overhangs include: (1) Intense competition in the wireless market"<sup>21</sup> and the impact of "competitive pressures,"<sup>22</sup> to Cowen and Company's observation of "aggressive competition."<sup>23</sup>

To further spur additional innovation and secure America's place as a leader in 5G, CTIA urged the Commission to act quickly to allocate additional low-, mid-, and high-band spectrum for exclusive, licensed use. Modernizing wireless infrastructure siting policies will also enable rapid rollout of next-generation wireless equipment. And restoring Internet freedom by repealing utility-style regulations and promoting core open Internet principles will ensure that mobile broadband service providers continue to invest in their networks and deploy robust services their customers have come to depend upon.

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August 2017, even as the overall Consumer Price Index for all items, rose 1.9 percent. See Economic News Release, Table 2. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by detailed expenditure category, August 2017 (Aug. 11, 2017), <https://www.bls.gov/news.release/cpi.t02.htm>.

<sup>18</sup> Chairman Pai MWCA2017 Remarks at 3.

<sup>19</sup> *Id.*

<sup>20</sup> Laurie Beaver, *Carrier disruption works in T-Mobile's favor*, BUSINESS INSIDER (Aug. 21, 2017); see also Walter Piecyk, *#NetflixOnUs Is More Than Just A Promotion*, BTIG (Sept. 6, 2017).

<sup>21</sup> Brett Feldman, *Verizon Communications (VZ): Competitive pressures weigh on EPS; is M&A next for Verizon?*, Goldman Sachs (Apr. 21, 2017).

<sup>22</sup> Brett Feldman, *AT&T Inc. (T): 1Q17 highlights competitive pressures; lowering EPS estimates*, Goldman Sachs (Apr. 26, 2017).

<sup>23</sup> Colby Synaseal, *Sprint Corp., Solid Results Offset by Lackluster M&A and FCF Commentary*, Cowen and Company (May 4, 2017).



Pursuant to Section 1.1206(b) of the Commission's rules, a copy of this letter is being electronically submitted into the record of this proceeding and provided to the Commission participants. Please do not hesitate to contact the undersigned with any questions.

Sincerely,

/s/ Scott K. Bergmann

Scott K. Bergmann  
Vice President, Regulatory Affairs  
CTIA

cc: Rachael Bender  
Erin McGrath  
Kevin Holmes  
Travis Litman