

September 20, 2018

VIA ELECTRONIC FILING

Marlene H. Dortch
Secretary
Federal COMMUNICATIONS Commission
445 12th Street, SW
Washington, DC 20554

Re: Notice of Ex Parte Presentation
In the Matter of Applications of T-Mobile US, Inc. and Sprint Corporation,
Consolidated Applications for Consent to Transfer Control of Licenses and
Authorizations, WT Docket No. 18-197

Dear Ms. Dortch:

On September 18, 2018, representatives of Altice USA, Inc. (“Altice”) including Lee Schroeder, Executive Vice President, Government & Community Affairs and Michael Olsen, Senior Vice President, Legal – Operations & Regulatory, together with their counsel from Akin Gump Strauss Hauer & Feld LLP, Jennifer Richter and Shea Boyd, held separate meetings with the following to discuss the concerns of Altice related to the above-referenced transfer applications, and the creation of “New T-Mobile”: Umair Javed, Commissioner Rosenworcel’s Wireless Advisor, Erin McGrath, Commissioner O’Rielly’s Wireless Advisor, Will Adams, Commissioner Carr’s Legal Advisor, and members of the Sprint T-Mobile Task Force. A list of members of the Sprint/T-Mobile Task Force in attendance is included at Attachment A.

Altice led the meetings by discussing its current regional video and broadband operations in 21 states, and reviewed with Commission staff the map of its service footprint included at Attachment B. Altice intends to launch mobile wireless service in 2019. Altice discussed its concerns about how the New T-Mobile will treat MVNO partners if the merger is approved, particularly those MVNOs positioned to offer customers competitive alternatives on both product innovation and price.

Altice described the unique nature of its full infrastructure-based MVNO model, of which a diagram is included at Attachment C, differentiating full infrastructure-based MVNOs, from “white label” MVNOs and “light” MVNOs. The Altice full infrastructure-based MVNO will rely critically, but minimally, on mobile network operator (“MNO”) partners, utilizing only the radio access network (“RAN”) of the MNO. Altice will supply all other aspects of the mobile offering, including the SIM, roaming and network partners, data and Internet access, voice messaging, rate charging, customer care, and billing. A full infrastructure-based MVNO, such as Altice, will provide facilities-based competition to the MNOs, including meaningful price competition, and innovation in products and services for customers, advancing its own competitive destiny. “White label” MVNOs and “light” MVNOs have limited latitude to

innovate, reselling products and services controlled by the MNO, and offering competition only with respect to a small margin of wholesale/retail pricing which is, again, controlled by the MNO. “White label” and “light” MVNOs are really just an extension of the MNO offering and will not exert the same competitive pressures as the full infrastructure-based MVNO that Altice will offer.

Altice highlighted the disconnect in the record between the public interest statement filed by Sprint and T-Mobile, which relies heavily on MVNOs as a competitive force to justify the further market concentration they propose,¹ and the absence of tangible commitments to ensure a robust and durable, long-term, nationwide MVNO market post-merger. No firm commitments to the MVNO market are made by Sprint or T-Mobile in: (1) the public interest statement; (2) the statements made by T-Mobile to Congress;² or (3) the Opposition recently filed by Sprint and T-Mobile.³ Sprint and T-Mobile only discuss the “incentives” they may have to make the additional capacity of their combined networks available to others. The absence of firm commitments to MVNOs, when combined with T-Mobile’s hostile statements towards cable MVNOs, in particular,⁴ has to concern the Commission and all MVNOs that desire to provide facilities-based wireless competition.

Since the filing of petitions to condition or deny the transfer applications for the New T-Mobile, various MVNO partners of T-Mobile have offered praise for the carrier, but the Commission must scratch beneath the surface of these filings.⁵ These MVNOs are the “white label” or “light” MVNOs that cannot provide facilities-based competition, or pricing competition, and are under the control of the MNOs.

¹ Public Interest Statement of Sprint and T-Mobile, WT Docket No. 18-197, 102-116 (filed June 18, 2018) (“Public Interest Statement”) (“The wireless space is increasingly populated by competitors beyond the traditionally recognized four nationwide wireless providers. Comcast is now offering a wireless service in partnership with Charter . . . Additionally, other [MVNO] competitors, such as TracFone and Google, also bring resources, scale, brand recognition, technological capabilities, and customer bases that cannot be ignored in the Commission’s assessment of competitive effects.”).

² *Game of Phones: Examining the Competitive Impact of the T-Mobile – Sprint Transaction*, Senate Committee on the Judiciary, Subcommittee on Antitrust, Competition Policy, and Consumer Rights, 116th Cong. 6 (June 27, 2018) (T-Mobile’s response to questions for the Congressional record), available at <https://www.judiciary.senate.gov/imo/media/doc/Legere%20Responses%20to%20QFRs.pdf>. (refusing to make tangible commitments when asked “Can you commit that you will support the MVNO market by offering commercial terms, access to new technologies, and durable wholesale agreements to your MVNO partners?”).

³ Joint Opposition of T-Mobile US, Inc. and Sprint Corporation, WT Docket No. 18-197, 85-92 (filed Sep. 17, 2018).

⁴ See John Legere, *What’s Next: My 2017 Predictions*, T-MOBILE NEWSROOM (Jan. 4, 2017), available at <https://www.t-mobile.com/news/legere-2017-predictions> (“In 2017, Big Cable will unleash their assault on wireless through their MVNO deals, and big surprise – customers won’t be satisfied. I predict Big Cable will have their asses handed to them and will be in full retreat from their MVNO strategy by end of year. After all, the last two letters in MVNO are ‘NO – as in customers will say ‘NO, an MVNO strategy is just not good enough, Big Cable.’ ...T-Mobile will say ‘NO’ to MVNO deals with cable companies.”).

⁵ Comments of TracFone Wireless, Inc., WT Docket No. 18-197, at 3 (filed Sept. 13, 2018); Comments of Ultra Mobile and Mint Mobile, WT Docket No. 18-197, at 1-2 (filed Aug. 28, 2018); Comments of Republic Wireless, WT Docket No. 18-197, at 4-5 (filed Sept. 7, 2018); Comments of Prepaid Wireless Group, WT Docket No. 18-197, at 3 (filed Aug. 28, 2018).

Altice believes that its full infrastructure-based MVNO model offers the greatest potential for new nationwide wireless competition. As such, the Commission must require New T-Mobile to commit to long-term, nationwide agreements for all MVNOs across the improved coverage of the New T-Mobile, thereby supporting this new source of competition and mitigating the anti-competitive harms of the proposed transaction.⁶

Sincerely,

/s/ Jennifer L. Richter

Jennifer L. Richter

Enclosures

cc:

Kathy Harris
Linda Ray
Kate Matraves
Jim Bird
David Krech

⁶ See Petition to Condition or Deny or Altice USA, Inc., WT Docket No. 18-197, at i, 20-21 (filed Aug. 27, 2018) (“[I]f the Commission determines to approve the transfer applications, such approvals should be conditioned on the New T-Mobile: (1) committing to honor and diligently implement existing MVNO agreements, including good faith finalization of any future requirements in those agreements, (2) committing to offer existing MVNO partners, for the full term of existing agreements, or for ten (10) years post consummation, whichever occurs later, the best wholesale terms and conditions that are offered individually by each of the Applicants to their MVNO partners, with a presumption of long term renewals and, if requested, offering the improved nationwide coverage and service offerings of the New T-Mobile to all existing MVNO partners of the Applicants; (3) divesting spectrum that exceeds the spectrum screen, and associated network infrastructure, in order to make those assets available to MVNOs, and smaller wireless players that need spectrum to enable nationwide mobile deployments and wireless competition; provided, however, that any divestiture partner(s) cannot be under common ownership or control with AT&T, Verizon or the New T-Mobile; and (4) filing detailed quarterly reports with the Commission describing New T-Mobile’s status in implementing these commitments for ten (10) years post-consummation.”).

ATTACHMENT A

Sprint/T-Mobile Task Force Meeting Attendees

Aalok Mehta
Bill Dever
David Lawrence
Donald Stockdale
Garnet Hanly
Jim Bird
Jonathan Campbell
Kathy Harris
Linda Ray
Pramesh Jobanputra
Ronald Repasi
Saurbh Chhabra
Thuy Tran

ATTACHMENT B

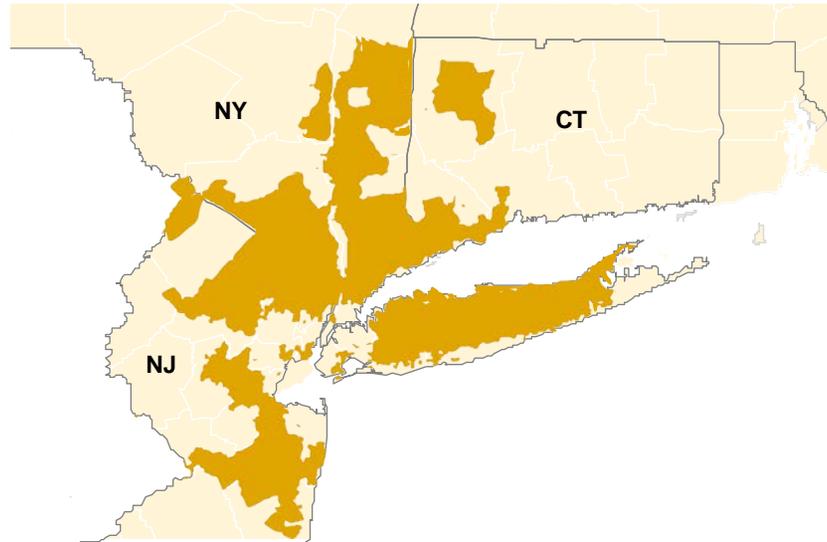
Current Altice Footprint (Optimum and Suddenlink)

A Leading U.S. Broadband and Video Services Provider

optimum.

5.1m Homes passed

3.1m Unique customer relationships



Altice USA

8.5m

Homes passed

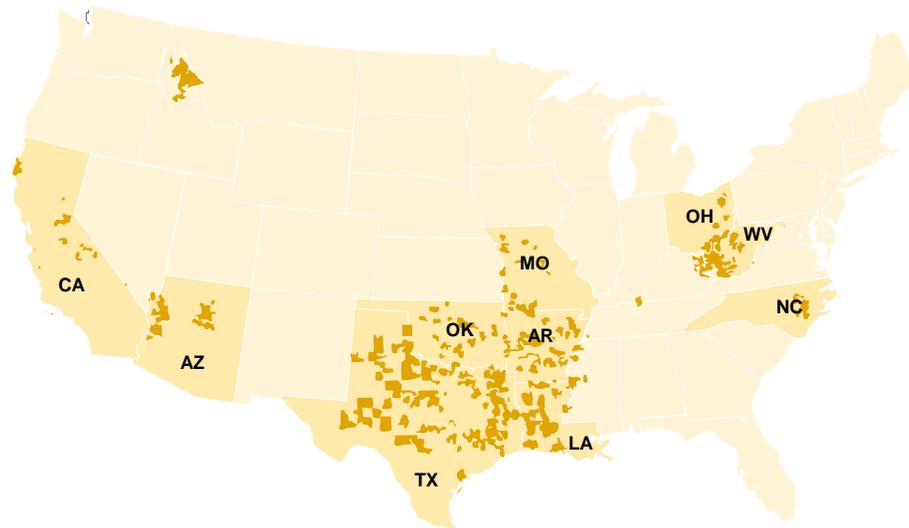
4.9m

Unique customer relationships

suddenlink

3.4m Homes passed

1.8m Unique customer relationships



ATTACHMENT C

Full Infrastructure-Based MVNO Diagram

Altice USA MVNO Implementation Compared to Others

	Radio Sites	Access (e-)SIMs	Telephone Numbers	Roaming	Data Internet	Voice Messages	Rating Charging	MVNO CRM	MVNO Billing
Full MVNO									
White Label									
Light MVNOs									
									
Legend:									