



REDACTED – FOR PUBLIC INSPECTION

September 25, 2017

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Applications of Sprint Corporation and PRWireless, Inc., d/b/a Open Mobile for Consent to Assign Licenses and Transfer Control of Licenses and an International Section 214 Authorization (WT Docket No. 17-112)

Dear Ms. Dortch:

Sprint PR Spectrum LLC, Nextel of Puerto Rico, Inc., Sprint Puerto Rico Holdings LLC, SprintCom, Inc., all wholly owned subsidiaries of Sprint Corporation (collectively “Sprint”), and PRWireless, Inc. (“PRWireless” d/b/a “Open Mobile”) (collectively, the “Parties”) hereby submit this minor amendment to their pending applications to assign and transfer control of licenses and authorizations to a new limited liability company, PRWireless PR, LLC, which is the subject of the above-captioned proceeding.¹ The Parties are also amending their pending Section 214 applications and ownership filings to reflect proposed minor changes in the planned ownership structure.

On February 23, 2017, Sprint and “Open Mobile filed a series of applications with the Federal Communications Commission (“Commission”) seeking to form a new entity through the assignment of certain licenses and assets held by each party. Under the initial arrangement, upon Commission approval and closing of the transaction, PRWireless PR, LLC (“PRW”) would be jointly owned and operated by Sprint and Open Mobile through ownership interests in PRWireless HoldCo, LLC² and the new entity would hold a combination of Open Mobile’s 700

¹ Sprint and Open Mobile Seek FCC Consent to the Assignment and Transfer of Control of Licenses and an International Section 214 Authorization in Puerto Rico and the U.S. Virgin Islands, *Public Notice*, DA 17-527, WT Docket 17-112 (May 31, 2017).

² As the Parties explained in their public interest statement, the Open Mobile licenses will be held at the closing by a new limited liability company, PRWireless PR LLC (“PRW”), along with all of Open Mobile’s operations, including wireless network assets, employees, retail stores, and retail subscribers. After this conveyance, PRWireless, LLC will hold 100% of PRWireless PR, Inc., which in turn will hold 100% of the preferred and common membership interests in PRWireless HoldCo, LLC, which in turn will hold 100% of PRWireless PR, LLC. Sprint will

MHz and 1.9 GHz licenses and Sprint's 1.9 GHz and 2.5 GHz licenses along with both Parties' microwave licenses, equipment, employees, and certain customers.³

On May 31, 2017, the Commission issued a *Public Notice* seeking public comment on the transaction, and issued requests for information to Sprint, PRW and other wireless carriers in the Puerto Rico market. On June 14, 2017, PRW responded to the request for information and Sprint responded on June 19, 2017.

Sprint and PRW now have jointly agreed to accelerate the exercise of a spectrum option that was reported to the Commission in the applications and to amend in a minor way the spectrum assets being contributed to the new venture and the ownership structure of the jointly owned PRWireless PR, LLC.⁴ Because some of the additional spectrum being contributed by Sprint is leased or subleased to Sprint from Educational Broadcast Service ("EBS") licensees, Sprint was required to file an application (and secure approval) for a new lease from the EBS licensee and Sprint PR Spectrum LLC so that the same leased spectrum could be included in the transfer of control between Sprint and PRW. On August 7, 2017, Sprint filed the necessary applications to seek approval for these leases and subleases, which the Commission approved as new leases and subleases on September 13, 2017. The instant filing amends Sprint's pending

then convey 100% of the equity it holds in the Sprint subsidiaries that hold the licenses and assets that are involved in this transaction (e.g., the spectrum in Puerto Rico and the USVI identified in this application, along with the related wireless network assets, employees, retail stores, and retail subscribers or subscriber revenues). These transfers will be made in exchange for preferred and common membership interests in PRWireless HoldCo, LLC. Upon approval by the Commission and consummation, PRWireless PR, LLC will be a 100% subsidiary of PRWireless HoldCo, LLC which in turn will be jointly owned by both PRWireless PR, Inc. and Sprint.

³ The initial formation of the new entity would be jointly owned by Sprint and Open Mobile. Sprint was to initially have a 68% economic interest, while Open Mobile would have a 32% economic interest. Sprint would have a 55% voting interest, while Open Mobile would have 45%, respectively. Sprint will also have majority control of a five-person Board of Directors. As described further below, the Parties are making a minor amendment to the ownership formation.

⁴ The Parties referred to additional 2.5 GHz spectrum being subject to an option in its original Public Interest Statement at footnote 6. The Parties initially contemplated that this option would be exercised at a future date post-closing. The Parties realized, however, that the new entity's joint Network operations would be greatly enhanced and service to customers significantly improved if this additional 2.5 GHz spectrum were part of the new venture from the start of their joint operations. Notably, there is no spectrum screen or spectrum holdings implications with the addition of this additional spectrum to the new entity. The 2.5 GHz spectrum reflected in this amendment was already attributed to Sprint in its initial filings and will still be attributed to Sprint post-closing. Thus, there is no spectrum aggregation impact through the additional contribution of this spectrum from Sprint to its jointly-owned Sprint affiliate.

application to transfer ownership of PRWireless PR, LLC to include these additional Sprint spectrum holdings to the new entity.

Sprint's additional 2.5 GHz spectrum contributions will increase the amount of Sprint 2.5 GHz spectrum ultimately being operated by the new entity from 44 to 72 MHz – an increase of 28 MHz.⁵ This will directly lead to improved Network quality and services for customers in Puerto Rico, through increased data capacity and data speeds once the Sprint 2.5 GHz spectrum is redeployed in the Open Mobile network.

In Sprint's June 19, 2017, response to the Commission's request for information, Sprint provided a description at pages 8 and 9 of how the transaction would enhance the Open Mobile Network.⁶ Sprint hereby amends its June 19, 2017, submission to reflect the additional spectrum contribution that Sprint is proposing herein.

The paragraph at pages 8 and 9 should be replaced as follows:

The current Open Mobile network will also realize an enhanced spectrum position, resulting in improved network capacity and data speeds. Open Mobile currently has only 15 MHz of mid-band 1.9 GHz spectrum and 22 MHz of low-band 700 MHz. It is Sprint's understanding that both spectrum blocks are at full capacity. Post-transaction, Open Mobile's network will gain access to 30 MHz of additional mid-band 1.9 GHz spectrum and 72 MHz of 2.5 GHz spectrum. Thus, post-transaction, the Open Mobile network will increase its spectrum available for its 3G and 4G LTE network from its current 37 MHz to 139 MHz, including 72 MHz of critical high-capacity 2.5 GHz spectrum. With access to Sprint's 2.5 GHz spectrum, the Open Mobile network will be able to deploy **[begin confidential]** [REDACTED]

⁵ Sprint is contributing 28 MHz of 2.5 GHz spectrum through contribution of 2.5 GHz G Group call signs WLX664, WNC693, WNC694, WNC695, WNC864 (Channels G1 – G4) and Sprint call signs WQYU424 and WQYU425 (H3 channel). Sprint is also contributing an additional 22.5MHz of 2.5 GHz spectrum (via call sign WLX321, Channels A1 – A4) beyond this 28 MHz, however, this same spectrum is the subject of a sublease to Aeronet Wireless Broadband LLC ("Aeronet"). Therefore, PRW will not be operating or responsible for the use of this spectrum.

⁶ The original language at pages 8 and 9 reads: The current Open Mobile network will also realize an enhanced spectrum position, resulting in improved network capacity and data speeds. Open Mobile currently has only 15 MHz of mid-band 1.9 GHz spectrum and 22 MHz of low-band 700 MHz. It is Sprint's understanding that both spectrum blocks are at full capacity. Post-transaction, Open Mobile's network will gain access to 30 MHz of additional mid-band 1.9 GHz spectrum and 44 MHz of 2.5 GHz spectrum. Thus, post-transaction, the Open Mobile network will triple its spectrum available for its 3G and 4G LTE network from its current 37 MHz to 111 MHz, including 44 MHz of critical high-capacity 2.5 GHz spectrum. With access to Sprint's 2.5 GHz spectrum, the Open Mobile network will be able to deploy **[begin confidential]** [REDACTED] **[end confidential]**, which takes advantage of Sprint's high-capacity spectrum to provide a far improved network experience.

[REDACTED] [end confidential], which takes advantage of Sprint's high-capacity spectrum to provide a far improved network experience.

This additional spectrum contribution by Sprint has caused the Parties to amend slightly the proposed ownership structure of the new entity. Specifically, under approval and closing, Sprint's economic interest would be 72% (up from 68%) and Open Mobile's would be 28% (down from 32%). The voting interests will not change nor will the five-member Board of Directors.

Finally, this new planned ownership structure will have one additional Sprint partner entity in the name of Nextel of Puerto Rico, Inc. Previous filings indicated that Sprint's only partner entity in the joint venture would be Sprint Puerto Rico Holdings, LLC. This amended proposed ownership structure will now include the additional Sprint partner entity of Nextel of Puerto Rico, Inc. sharing Sprint's ownership with Sprint Puerto Rico Holdings LLC.⁷ Further asset contributions beyond those already contributed by Nextel of Puerto Rico, Inc. are not expected, only that this entity will now share in the ownership of Sprint PR Spectrum LLC.

The Parties submit that these changes to the Sprint spectrum contribution and ownership structure are minor in nature. Accordingly, the amended applications are ripe for Commission action. The Parties already have cleared the HSR and CFIUS approval processes leaving the Commission grants as the only remaining federal approval that is required. The Parties are anxious to secure Commission approval of the instant transaction so that they can take the steps necessary to close the transaction and bring the public the benefits of the combination as soon as possible. Prompt favorable Commission action is particularly important because of the significant devastation that first Hurricane Irma caused to the USVI followed by Hurricane Maria's destruction and loss of facilities in Puerto Rico.⁸ Allowing the transaction to move forward will enable the Parties to better coordinate their responses to the hurricane damage.⁹

⁷ Sprint's total ownership in the preferred equity will be approximately 72% and be split approximately 10.5% Nextel of Puerto Rico and approximately 61.5% Sprint Puerto Rico Holdings LLC.

⁸ The Commission's most recent Communications Status Report found that overall, 95.4% of cell sites are out of service in Puerto Rico. All counties in Puerto Rico have greater than 75% of their cell sites out of service, and 47 out of the 78 counties in Puerto Rico have 100% of their cell sites out of service. Federal Communications Commission, *Communications Status Report for Areas Impacted by Hurricane Maria* (Sept. 22, 2017) available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2017/db0922/DOC-346855A1.pdf.

⁹ The applications cited the public interest benefits of eliminating some duplicate facilities between the two networks to achieve cost efficiencies. A coordinated response to the hurricanes may enable the Parties to avoid rebuilding overlapping facilities and thereby expedite the resumption of interrupted services to the public.

Because this submission contains written and electronic material that is Confidential, Sprint is filing this cover letter, narrative responses and its enclosures pursuant to the procedures established in the Protective Order that was issued on May 31, 2017 in this docket.¹⁰ This submission is being delivered by hand to the Secretary's Office, and one additional copy is being delivered to Kathy Harris of the Wireless Telecommunications Bureau. Sprint also is filing a redacted copy of this cover letter for public inspection in the FCC's Electronic Comment Filing System. If you have any questions, please contact the undersigned.

Respectfully submitted,

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¹⁰ Applications of Sprint Corporation and PR Wireless, Inc. d/b/a Open Mobile for Consent to Assign Licenses and Transfer Control of Licenses and an International Section 214 Authorization, Protective Order, WT Docket No. 17-112, DA 17-528 (WTB rel. May 31, 2017).