

**SUBMITTED JANUARY 30, 2015**

**AT&T QUARTERLY REPORT REGARDING TRANSFER OF LICENSES  
FROM LEAP WIRELESS TO AT&T, COVERING THE TIME PERIOD OF  
OCTOBER 1 - DECEMBER 31, 2014**

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**INTRODUCTION**

On March 13, 2014, the Commission approved the applications of AT&T Inc. (“AT&T”) and Leap Wireless International, Inc. (“Leap”) for AT&T to acquire Leap.<sup>1</sup> The transaction closed later that day (the “Closing”). Post-Closing, AT&T embarked on transition processes, including integrating Leap’s CDMA network into AT&T’s GSM/UMTS (including HSPA and HSPA+)/LTE network and migrating Leap’s prepaid customers to AT&T service.

In connection with its approval of the transaction, the Commission imposed on AT&T the obligation to satisfy various commitments (“Commitments”) AT&T had made in letters filed on March 6 and March 12, 2014.<sup>2</sup> These Commitments concern rate plan offerings, spectrum divestitures, roaming, the integration of Leap’s unused spectrum into AT&T’s 4G network, deployment of LTE service, the migration of Leap’s prepaid customers to AT&T’s network, and the filing of quarterly progress reports on the status of the implementation of the Commitments and AT&T’s customer migration plans.<sup>3</sup> AT&T submitted its First Quarterly Progress Report on July 30, 2014 covering the time period March 14-June 30, 2014. AT&T followed with its Second Quarterly Progress Report on October 30, 2014. This is AT&T’s Third Quarterly Progress Report; it covers the time period October 1-December 31, 2014.

In summary, as of December 31, 2014, AT&T is substantially on track to implement the Commitments, and its customer migration plans are on schedule. As detailed below, much work remains. AT&T will continue to advise the Commission in future quarterly reports of its ongoing progress.

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<sup>1</sup> Memorandum Opinion and Order, 29 FCC Rcd. 2735 (WTB/IB 2014) (“*Order*”).

<sup>2</sup> See Notice of Oral Ex Parte Presentation by AT&T Inc. (filed March 12, 2014) (“*Clyburn Ex Parte*”); Letter from AT&T Inc. to Roger Sherman, Chief, Wireless Telecommunications Bureau (filed March 6, 2014) (“*Commitment Letter*”).

<sup>3</sup> *Commitment Letter*, Attachments A-B; *Clyburn Ex Parte* at 1-2. Apart from rate plan offerings, AT&T’s plans for migrating Leap’s prepaid customers, including Lifeline customers, to AT&T’s network are not part of the Commitments.

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**AT&T COMMITMENTS**

**RATE PLANS**

**AT&T Commitment: “\$25 Rate Plan:** For twelve months following the merger’s closing, the New Cricket will make available in the CMAs specified in Attachment 1 below a prepaid rate plan for feature phones that includes unlimited talk and text at a rate that will not exceed \$25 per month (including all taxes and fees).”<sup>4</sup>

**AT&T Implementation Status:** Since the Closing, and in the specified CMAs, New Cricket has offered a \$25 per month prepaid rate plan for feature phones that includes unlimited talk, text, and all taxes and fees. New Cricket will continue to offer the \$25 plan at least through March 14, 2015 (unless it offers a prepaid rate plan for feature phones that includes unlimited talk and text for less than \$25 per month (including all taxes and fees)).

**AT&T Commitment: “\$40 Rate Plan:** For eighteen months following the merger’s closing, AT&T will make available a prepaid rate plan for feature phones that includes unlimited talk, text, and data, in accordance with published speed policies, at a rate that will not exceed \$40 per month (including all taxes and fees).”<sup>5</sup>

**AT&T Implementation Status:** Since the Closing, New Cricket has made available nationwide a prepaid plan for feature phones that includes unlimited talk, text, and data, in accordance with published speed policies, for \$40 per month (including all taxes and fees). New Cricket will continue to offer the \$40 plan through September 14, 2015 (unless it offers a prepaid rate plan for feature phones that includes unlimited talk, text, and data, in accordance with published speed policies, for less than \$40 per month (including all taxes and fees)).

**AT&T Commitment: Honor Legacy Leap Rate Plans:** “[F]or all customers who maintain their existing Leap rate plan during the transition period (including Lifeline customers), AT&T commits that it will honor those existing rates (and for Lifeline customers, the corresponding discounts) until the earlier of such time as the customer voluntarily upgrades his or her device, chooses another rate plan, migrates to the New Cricket platform, or until sunset of the CDMA network, which AT&T anticipates will happen between 12 to 18 months from closing depending

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<sup>4</sup> Fifth Supplemental Response of AT&T Inc. to Information and Discovery Request Dated November 8, 2013, at 4, Attachment 1 (filed Mar. 6, 2014, updated Mar. 11, 2014) (“*Fifth Supplemental Response*”).

<sup>5</sup> *Commitment Letter* at 3.

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on the market. This commitment will remain in effect even where AT&T elects to relinquish Leap's ETC designation."<sup>6</sup>

**AT&T Implementation Status:** AT&T has continued and will continue to honor the legacy Cricket CDMA rates (and for Lifeline customers, the corresponding discounts) until the earlier of such time as the customer voluntarily upgrades his or her device, chooses another rate plan, or migrates to the New Cricket platform or until the sunset of the CDMA network, which AT&T continues to anticipate will happen between 12 to 18 months from the Closing, depending on the market.

### **SPECTRUM DIVESTITURES**

**AT&T Commitment:** "Within six months of the merger's closing, AT&T will file applications with the Commission to assign or transfer control of the amounts and type of spectrum in the geographic areas identified in Attachment B ("Divestiture Assets"). AT&T reserves the right, upon notice to the Bureau, to change the specific type of spectrum to be divested in any geographic area, based on further analysis performed after the merger's closing. Upon application by AT&T to the Bureau, the Bureau may grant one or more extensions, not to exceed 60 days in the aggregate, to allow AT&T further time to dispose of the Divestiture Assets. To the extent the applications are not filed by the relevant date, or by any extended date allowed by the Bureau, the Commission may require AT&T to surrender the Divestiture Assets."<sup>7</sup>

**AT&T Implementation Status:** As described in the Second Quarterly Progress Report filed on October 30, 2014, AT&T has satisfied this Commitment. AT&T reached agreement with three carriers, Atlantic Tele-Network, Inc. ("ATNI"), T-Mobile License LLC ("T-Mobile"), and

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<sup>6</sup> *Clyburn Ex Parte* at 1-2.

<sup>7</sup> *See Commitment Letter* at 3, Attachment B (list of divestiture CMAs). On April 14, 2014, AT&T notified the Wireless Telecommunications Bureau that it was exercising its right under the *Commitment Letter* to change the type of spectrum to be divested in certain CMAs. Specifically, AT&T said it would divest 10 MHz of PCS and 10 MHz of AWS-1 spectrum in CMA101 (Beaumont-Port Arthur, TX), as opposed to 20 MHz of AWS-1 spectrum as originally stated, and 10 MHz of PCS spectrum in CMA128 (McAllen-Edinburg-Mission, TX) and CMA669 (Texas 18 – Edwards), as opposed to 10 MHz of AWS-1 spectrum as originally stated. *See Letter from Joan Marsh, Vice President – Federal Regulatory, AT&T, to Marlene H. Dortch, Esq., Secretary, Federal Communications Commission, at 1-2 (filed April 14, 2014) ("April 2014 Submission")*.

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Verizon Wireless to transfer or assign all of the spectrum comprising the Divestiture Assets. All three transactions are complete.<sup>8</sup>

## ROAMING

**AT&T Commitment:** “AT&T commits to honor the rates, terms and conditions of the CDMA roaming agreements that AT&T is assuming from Leap, and to offer CDMA voice and data roaming consistent with applicable Commission roaming rules, for so long as AT&T operates Leap’s CDMA network. Nothing in this commitment will require AT&T to modify the rates, terms, or conditions of any CDMA roaming agreement it assumes from Leap.”<sup>9</sup>

**AT&T Implementation Status:** AT&T continues to honor the rates, terms, and conditions of these agreements, which remain in effect as of December 31, 2014. AT&T intends to continue to offer CDMA voice and data roaming services, consistent with applicable Commission roaming rules, for so long as AT&T operates Leap’s applicable CDMA network.

## NETWORK DEPLOYMENT

**AT&T Commitment: Unused Spectrum:** “AT&T has provided the Commission with detailed estimates of where it anticipates it will begin deploying Leap’s unused, contiguous AWS-1 spectrum for LTE service within 90 days of the merger’s closing and where it anticipates it will begin deploying Leap’s unused AWS or PCS spectrum for LTE service within 12 months of the merger’s closing. Within 30 days of the merger’s closing, AT&T will provide updated estimates of where it anticipates it will begin deploying Leap’s unused spectrum within 90 days and 12 months of the merger’s closing. As part of the Progress Reports described below, AT&T commits to providing detailed quarterly reports outlining its progress toward completing the deployments set forth in the updated estimates.”<sup>10</sup>

**AT&T Implementation Status of Its Commitment to File Updated Estimates:** As previously reported, AT&T satisfied this Commitment on April 14, 2014.

**AT&T Implementation Status of Its Commitment to Deploy Unused Spectrum Within 90 Days of Closing:** AT&T previously reported that it had satisfied this Commitment.

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<sup>8</sup> See ULS File Nos. 0006478181, 0006478187, 0006478190, 0006478193 (ATNI); 0006544533, 0006544535 (Verizon Wireless); 0006561708, 0006561739, 0006561756, 0006561769, 0006561780 (T-Mobile).

<sup>9</sup> See *Commitment Letter* at 3.

<sup>10</sup> See *Commitment Letter* at 4.

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***AT&T Implementation Status of Its Commitment to Deploy Unused Spectrum Within 12 Months of Closing:*** AT&T previously reported that it plans to deploy Leap's unused AWS or PCS spectrum for LTE service within 12 months of Closing in [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs,<sup>11</sup> [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] in AT&T's own network<sup>12</sup> and [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] by leasing the spectrum to AT&T roaming partners for use in their networks by AT&T customers and others. (As previously explained, AT&T does not have its own network infrastructure in the latter [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs.)<sup>13</sup> With one exception discussed below, AT&T expects to meet this 12-month commitment on schedule for these [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs.

Deployment in AT&T's Network

AT&T has begun to transmit LTE service over Leap's unused AWS-1 and PCS spectrum in 116 CMAs and is working to begin LTE service in the remaining [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs where AT&T will use that spectrum in its network. In the latter

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<sup>11</sup> See Second Quarterly Progress Report at 5; First Quarterly Progress Report at 5; *April 2014 Submission* at 2; *id.*, Attachment 2.

<sup>12</sup> The [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs include [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]. See Second Quarterly Progress Report at 8. As reported in the Second Quarterly Progress Report, AT&T has agreed to swap the unused Leap spectrum in CMA117 (Colorado Springs, CO) and CMA661 (Texas 10 – Navarro) for T-Mobile spectrum in those CMAs. These swaps provide each carrier with larger contiguous blocks of spectrum. As a result, subscribers of both carriers will enjoy a better customer experience and higher mobile broadband speeds. In each case, AT&T and T-Mobile have entered into reciprocal spectrum leases pending closing of the license assignments. *Id.* at 7, n.15. As of December 31, 2014, both leases have taken effect. AT&T has begun to provide service in CMA661 using the leased spectrum and [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION].

[CONFIDENTIAL INFORMATION].

<sup>13</sup> *Id.* at 7-8.

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group of CMAs, AT&T has begun the “Site Acquisition” Phase<sup>14</sup> and the Transport Phase concurrently. The Site Acquisition Phase comprises structural analysis, amendments to site leases, zoning and permitting verification, and approvals of changes. The Transport Phase consists of Ethernet circuit design and the construction and integration of backhaul solutions to each cell site where AT&T intends to deploy LTE service.

*Site Acquisition Phase*

In many cases, deployment of the Leap spectrum requires changes to the equipment located at cell sites, including antennas and other equipment mounted on the towers. To determine whether the towers can bear the weight of the required hardware that AT&T plans to deploy, AT&T has ordered and received tower structural load analyses for sites in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** CMAs. Where necessary, AT&T has begun structural modifications, which may involve reinforcement of the towers or tower foundations or modifications to the other appurtenances.

In parallel, AT&T continues to pursue necessary lease agreements and amendments to site leases as well as zoning and permitting approvals to allow AT&T to install the additional hardware needed for the spectrum deployment. AT&T has submitted proposed lease agreements or amendments to the tower owners for sites in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** CMAs where AT&T plans to use the spectrum in its network; lease agreements or amendments have been signed for towers at sites in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** CMAs.

For at least one site in all of the CMAs, AT&T has determined preliminarily whether or not its proposed modifications will require zoning approval. AT&T has obtained the required zoning approvals for at least one site in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** of these CMAs.

Likewise, AT&T has obtained the required building permits for at least one site in **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** of these CMAs.

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<sup>14</sup> Even where AT&T already owns the cell site, it still refers to this phase as “site acquisition.”

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*Transport Phase*

AT&T has completed the design of all high-speed backhaul Ethernet circuits in the [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs where it is deploying Leap's spectrum in its network. AT&T has determined the sites at which vendors will be able to provision fiber. In addition, AT&T has ordered equipment and prepared equipment locations at these sites for installation of Ethernet transport. For at least one site in [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs, AT&T has received delivered circuits, completed its testing, and determined the circuits are working. For at least one site in the remaining [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] CMAs, AT&T either has received delivered circuits (but not yet completed its testing and determined they are working) or has a firm ordered commitment for Ethernet transport and has readied the site for the fiber vendors to complete their installations.

Deployment in Third-Party Network

AT&T has worked with Panhandle Telecommunication Systems, Inc. ("Panhandle") to fulfill this commitment in CMA596 (Oklahoma 1 – Cimarron). In this CMA, AT&T does not have its own radio access network ("RAN") infrastructure. To provide service to its customers, in accordance with this commitment, AT&T has leased the unused Leap spectrum to Panhandle for use in Panhandle's RAN.<sup>15</sup> Panhandle has deployed the necessary RAN equipment and transport, and AT&T anticipates that Panhandle will begin providing LTE service from at least one site within 12 months of the Closing. Panhandle's RAN is engineered according to AT&T's own network standards and specifications and is tied into AT&T's core network for switching and other services. When using Panhandle's RAN, AT&T customers perceive they are on AT&T's network and receive an equivalent network experience.<sup>16</sup>

**AT&T Commitment: "LTE Services: Within twelve months of the merger's closing, AT&T will deploy LTE service sufficient to provide coverage to 90% of the geographic area in two**

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<sup>15</sup> See ULS File No. 0006444521. This lease took effect upon Commission approval in December 2014.

<sup>16</sup> AT&T sought to enter into a similar arrangement with [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION], so it cannot provide LTE service for AT&T in this CMA within one year of Closing.

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CMAAs in South Texas: CMA112 (Corpus Christi, TX) and CMA128 (McAllen-Edinburg-Mission, TX).

Further, within twelve months of the merger's closing, AT&T will deploy LTE service sufficient to provide coverage to 50% of the geographic area in CMA281 (Laredo, TX), CMA670 (Texas RSA 19 – Atascosa), and CMA671 (Texas RSA 20 – Wilson), and to 40% of the geographic area in CMA669 (Texas RSA 18 – Edwards) and within eighteen months of the merger's closing, AT&T will deploy LTE service sufficient to provide coverage to 80% of the geographic area in CMA281 (Laredo, TX), CMA670 (Texas RSA 19 – Atascosa), and CMA671 (Texas RSA 20 – Wilson), and to 70% of the geographic area in CMA669 (Texas RSA 18 – Edwards).

These LTE deployment commitments are dependent on AT&T's ability to secure zoning and permitting for new equipment and to acquire or supplement high-speed backhaul transport as required for new sites as a predicate to deploying LTE in AT&T's network."<sup>17</sup>

***AT&T Implementation Status:*** As of December 31, AT&T had met these LTE coverage benchmarks for both the 12- and 18-month post-Closing periods for these South Texas CMAAs.

#### **DEVICE COMMITMENTS**

***AT&T Commitment:*** “**Device Trade-In Credits:** [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

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<sup>17</sup> *Commitment Letter* at 3 (emphases added).

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**[END AT&T HIGHLY CONFIDENTIAL INFORMATION]”<sup>19</sup>**

**AT&T Commitment: “Feature Phone Trade-In Program: [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

**[END AT&T HIGHLY CONFIDENTIAL INFORMATION]”<sup>20</sup>**

**AT&T Implementation Status:** As of December 31, 2014, AT&T has not discontinued CDMA service in any area. On November 16, 2014, in markets anticipated to sunset **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** AT&T began to provide the device credits to which it had committed. Beginning on November 16, 2014, AT&T has sent biweekly text messages to customers with phone numbers from these markets advising them of the device trade-in credits.

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<sup>18</sup> **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

**[END AT&T HIGHLY CONFIDENTIAL INFORMATION]**

<sup>19</sup> *Fifth Supplemental Response* at 5-6. AT&T specified various qualifications to this offer. *See id.* at 6. Although these qualifications still apply, AT&T is not restating them here in the interests of concision.

<sup>20</sup> *Id.* at 6-7.

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## **SIM SWAPS**

**AT&T Commitment:** “In addition to other programs and incentives that will be available to all Leap customers, AT&T will establish a process by which Leap customers with legacy Leap iPhone models 4s, 5, 5c, and 5s can visit a New Cricket store and receive a replacement SIM card that will allow the customer to migrate to AT&T’s network without having to replace his or her device.”<sup>21</sup>

**AT&T Implementation Status:** Beginning on May 18, 2014, Leap customers with legacy iPhone models 4s, 5, 5c, and 5s have been able to visit a New Cricket store (including dealers) and receive a free replacement SIM card that will enable the customer to receive service on New Cricket’s network after the replacement SIM card is inserted into the iPhone. Upon request, the replacement is performed by store personnel. On October 19, 2014, AT&T further expanded customer options by offering the free replacement SIM cards through the New Cricket website.

## **AT&T PROGRESS ON CUSTOMER MIGRATION**

AT&T notified Leap customers via text message, in stores, and online in connection with the Closing and the launch of New Cricket on May 18, 2014. Beginning with the launch of New Cricket, AT&T began offering New Cricket devices and rate plans to Leap customers and has migrated approximately [BEGIN AT&T CONFIDENTIAL INFORMATION] [END AT&T CONFIDENTIAL INFORMATION] CDMA customers to the New Cricket network. Subsequent to the launch of New Cricket, AT&T discontinued sales of CDMA devices (other than to Lifeline subscribers) at New Cricket stores and local dealers.<sup>22</sup> AT&T generally ceased sales of Cricket CDMA devices through national retail stores in October 2014.<sup>23</sup>

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<sup>21</sup> Letter from Joan Marsh, Vice President – Federal Regulatory, AT&T, to Marlene H. Dortch, Secretary, Federal Communications Commission, (filed Mar. 12, 2014).

<sup>22</sup> Upon request, AT&T continues to reactivate Cricket CDMA devices for customers whose service had been suspended, provided that the reason for the suspension no longer exists and that the beginning of service suspensions in connection with turning down the CDMA network in the market associated with the customer’s account is more than 60 days away.

<sup>23</sup> One retailer continues to sell about ten to 20 Cricket CDMA devices weekly despite AT&T’s efforts to stop such sales.