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The logo for Hogan Lovells, featuring the name "Hogan Lovells" in a serif font on a yellow square background.

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July 10, 2015

VIA ECFS

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

Re: WT Docket No. 15-79

Dear Ms. Dortch:

Pursuant to the Protective Order in this proceeding,¹ T-Mobile USA, Inc. (“T-Mobile”), hereby submits the attached redacted copy of T-Mobile’s Reply to Oppositions to Petition to Deny in the above referenced docket.²

Pursuant to the Protective Order in this proceeding, the Highly Confidential, unredacted version of this submission has been filed in the above-referenced docket via hand delivery to the Secretary’s Office.

Respectfully submitted,

/s/ Trey Hanbury
Trey Hanbury

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¹ *Application of AT&T Mobility Spectrum LLC and East Kentucky Network, LLC for Consent to Assign Licenses*, Joint Protective Order, WT-Docket No. 15-79, DA 15-618 (WTB, rel. May 21, 2015) (“*Protective Order*”).

² *See AT&T Mobility Spectrum LLC and East Kentucky Network, LLC Seek FCC Consent to the Assignment of Three Lower 700 MHz C Block Licenses in Kentucky, Ohio, and West Virginia*, Public Notice, WT Docket No. 15-79, DA 15-617 (rel. May 21, 2015) (“*Public Notice*”).

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**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)
)
Application of AT&T Mobility Spectrum LLC) WT Docket No. 15-79
and East Kentucky Network, LLC for Consent) File No. 0006672533
to Assign Licenses)
)
)

REPLY TO OPPOSITIONS TO PETITION TO DENY

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REPLY TO OPPOSITIONS TO PETITION TO DENY

T-Mobile USA, Inc. (“T-Mobile”) respectfully submits this Reply to Oppositions to its Petition to Deny¹ in the above-captioned proceeding.²

I. INTRODUCTION AND SUMMARY

T-Mobile has opposed AT&T’s application to purchase low-band spectrum in Kentucky, West Virginia, and Ohio³ because it would harm consumers, diminish investment, and raise competitors’ costs of providing service. In 2014, the Federal Communications Commission (“FCC” or “Commission”) adopted new standards that apply stringent scrutiny to transactions, such as this one, that would result in a single operator holding more than one-third of all the critical low-band spectrum resources in a market. Low-band spectrum travels farther and

¹ Petition to Deny of T-Mobile USA, Inc., WT Docket No. 15-79 (June 22, 2015) (“*T-Mobile Petition*”).

² *AT&T Mobility Spectrum LLC and East Kentucky Network, LLC Seek FCC Consent to the Assignment of Three Lower 700 MHz C Block Licenses in Kentucky, Ohio, and West Virginia*, Public Notice, WT Docket No. 15-79, DA 15-617 (rel. May 21, 2015) (“*Public Notice*”).

³ AT&T Inc., through an indirect wholly-owned subsidiary, AT&T Mobility Spectrum LLC (collectively, “AT&T”), is attempting to acquire the Lower 700 MHz licenses in CMA 110 (Huntington-Ashland, WV/KY/OH), CMA 116 (Lexington-Fayette, KY), and CMA 448 (Kentucky 6 – Madison) held by East Kentucky Network, LLC (“East Kentucky”) (collectively “the Markets”). See ULS File No. 0006672533 Ex. 2, *Description of 700 MHz Spectrum to be Assigned to AT&T Mobility Spectrum LLC*.

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penetrates buildings better than higher-band spectrum and is, therefore, especially useful for providing service in less densely-populated, hilly terrain such as central and northeastern Kentucky and West Virginia.

With a market share in excess of 60 percent in some areas, AT&T already dominates wireless service in this difficult-to-serve region. Allowing AT&T to acquire additional low-band spectrum will limit competition and provide AT&T with greater latitude to withhold infrastructure investment, technology upgrades, and service innovations that a more competitive market would require. The parts of central and northeastern Kentucky, West Virginia, and Ohio involved in this transaction exhibit high concentrations of poverty; therefore, any constraints on competitive entry in these markets pose an especially grave risk to price-sensitive consumers.

AT&T does not require any additional spectrum in these markets. The company is under-utilizing the vast amount of spectrum, including low-band spectrum, that it already holds, and could achieve all of the purported “benefits” of the transaction by refarming spectrum currently being used for 2G and 3G service, investing in its network infrastructure, and deploying new technologies. AT&T’s alleged inability to provide adequate service in these markets is a self-inflicted wound that can easily be addressed without reducing competition or limiting consumer choice.

Under the circumstances of this sale, no competitive carrier was realistically in a position to purchase the spectrum at issue, when AT&T was willing and able to pay foreclosure level prices in a difficult-to-serve area. AT&T will almost always be willing to pay a high premium above a license’s actual value in order to keep the spectrum from a competitor, which is exactly why the Commission must deny this type of transaction. T-Mobile is not, contrary to arguments by AT&T, attempting to position itself here as the only alternative buyer for this spectrum.

Several other parties, including East Kentucky, are more than capable of ably serving customers in these areas. AT&T, however, has failed to show how the proposed further concentration of low-band spectrum satisfies the heightened standard of review imposed by the Commission for this type of transaction.

AT&T has not met the stringent burden of “enhanced factor” review required of carriers that seek to acquire spectrum in excess of the competitive safeguards the Commission established just last year. Denying AT&T’s proposed low-band spectrum acquisition here will help protect consumers in central and northeastern Kentucky and parts of Ohio and West Virginia against higher quality-adjusted prices, and has the potential to increase investment, innovation, and choice in wireless broadband Internet access throughout the region.

II. AT&T FAILED TO MEET THE SIGNIFICANT BURDEN OF ENHANCED FACTOR REVIEW.

The Commission imposed a heightened standard of review to prevent the competitive harms brought by this type of transaction.⁴ In the 2014 *Mobile Spectrum Holdings Order*, the Commission determined that holdings of spectrum below 1 GHz should be treated as an “enhanced factor” in the evaluation of secondary market spectrum transactions.⁵ In transactions where the acquiring party will hold more than one-third of suitable and available below-1-GHz spectrum in a market upon consummation of the transaction, the acquiring entity must provide “a detailed demonstration regarding why the public interest benefits outweigh harms.”⁶ Unless the acquiring entity proves, “by a preponderance of the evidence ... that the proposed transaction ...

⁴ *Policies Regarding Mobile Spectrum Holdings*, Report and Order, 29 FCC Rcd 6133 (2014) (“*Mobile Spectrum Holdings Order*” or “*MSH Order*”).

⁵ *Id.* at 6239 ¶ 283.

⁶ *Id.* at 6240 ¶ 286.

will serve the public interest,” then the transaction “will more likely be found to cause competitive harm in [the Commission’s] case-by-case review” of the application.⁷

AT&T has failed to present sufficient evidence to prove the proposed transaction will more likely than not provide public benefits outweighing the public harms. In fact, the reverse is true: the risk of public interest harm far outweighs any alleged benefits. The proposed transaction will harm the public interest by reducing competition, decreasing the incentive to invest in network infrastructure and technological innovation, and placing consumers at a heightened risk of rising quality-adjusted prices. Furthermore, AT&T could achieve any purported benefits of this transaction through a variety of other means. In any event, notwithstanding AT&T’s so-called precedent, the burden is on AT&T to show, *for this transaction*, that further increasing the already high concentration of low-band spectrum is somehow in the public interest. AT&T has failed to do so, and the Commission should therefore deny the application.

A. The Proposed Transaction Will Reduce Competition and Harm Consumers.

This transaction will harm the public interest by reducing competition, further increasing the troubling low-band spectrum concentration in the Markets, and allowing AT&T to leverage its dominant position and lack of competition in the market to tailor its quality-adjusted pricing to the detriment of consumers.

Despite East Kentucky and AT&T’s arguments to the contrary,⁸ this sale would eliminate a competitor from the Markets. But for this sale, East Kentucky, doing business as Appalachian Wireless, would continue to hold spectrum in the Markets and would be required to meet build-

⁷ *Id.* at 6239-40 ¶¶ 285-86.

⁸ Opposition of AT&T to Petition to Deny, WT Docket No. 15-79, at 4 (July 2, 2015) (“*AT&T Opposition*”); East Kentucky Network, LLC, Opposition to Petition to Deny, WT Docket No. 15-79, at 1-2 (July 2, 2015) (“*East Kentucky Opposition*”).

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out and service obligations for this spectrum by 2019.⁹ It is therefore at least a potential competitor in the market. Furthermore, if East Kentucky were to assign the licenses to T-Mobile, or any other competitor without a dominant presence in these markets, the current number of competitors would remain flat. But East Kentucky's sale of these licenses to AT&T, which already has significant low-band spectrum and the majority of subscribers in the Markets, is one of the few courses of action that would actually reduce competition and is certainly the most harmful possible use of the spectrum. By allowing AT&T to acquire these licenses, the Commission would eliminate any possible utilization of the spectrum by East Kentucky or some other potential competitor, and thus would decrease competition in the Markets.

Such an outcome would be a disaster for the consumers in these markets that are already starved for greater choice in wireless service providers. AT&T commands a dominating 50 to 60 percent of the market share,¹⁰ most likely because it already holds a significant amount of low-band spectrum in the Markets; AT&T holds 43 megahertz of low-band spectrum in CMA 110 and CMA 116.¹¹ After consummation of this transaction, AT&T would hold more than one-third of the available low-band spectrum in the Huntington-Ashland and Lexington-Fayette CMAs.¹² Grant of the application would allow AT&T to further entrench its already dominant position in these markets and deprive potential competitors of the low-band spectrum needed to provide the robust service that consumers demand.

⁹ See *Service Rules for the 698-746, 747-762 and 777-792 MHz Bands, et al.*, Report and Order and Further Notice of Proposed Rulemaking, 22 FCC Rcd 8064, 8096 ¶ 84 (Apr. 27, 2007) (establishing build-out deadlines for Auction 44 spectrum purchasers).

¹⁰ KPMG StreamShare – April 2015 Report. Market share figures are calculated by Designated Market Area.

¹¹ ULS File No. 0006672533 Ex. 4 *Competitors*, 1–3.

¹² After consummation of this transaction, AT&T would not hold more than one-third of the available low-band spectrum in CMA 448, Kentucky 6 – Madison. However, on June 17, 2015, AT&T filed an additional application for a transaction with Bluegrass Cellular, Inc., including low-band spectrum in CMA 448. See ULS File No. 0006842123. If both transactions were approved, AT&T would hold more than one-third of the available low-band spectrum in CMA 448.

Market concentration at the levels present here allows the dominant market participant to decrease the quality of service it provides to consumers. Indeed, economists have noted that in situations such as this, there is a significant risk of consumers experiencing higher quality-adjusted prices than comparable customers in more competitive markets.¹³ While AT&T sets prices on a nationwide level, in non-competitive markets such as these, AT&T can build fewer base station locations, offer fewer local retail outlets and service options, and conduct fewer local marketing promotions than it would in a more competitive part of the country. This means consumers will pay more for less robust services than consumers in markets with effective competition. As such, AT&T is willing to pay foreclosure level prices for this spectrum now, because it will benefit later through higher quality-adjusted pricing.

B. AT&T Could Provide the Purported Benefits of This Transaction Through Upgraded Technology and the Deployment of Additional Infrastructure.

AT&T also fails to meet the Commission’s heightened burden under enhanced factor review because AT&T does not need these spectrum licenses to provide the purported public interest benefits of this transaction. AT&T argues this transaction will allow it to “deploy a more robust and high-performing 4G LTE network in the affected markets.”¹⁴ AT&T could, however, already provide more robust 4G LTE networks in the Markets by leveraging underutilized spectrum, a course of action which would not threaten consumer harm by blocking competitive

¹³ See, e.g., William Lehr, *Benefits of Competition in Mobile Broadband Services*, attached to Letter of Rebecca Murphy Thompson, General Counsel, Competitive Carriers Association to Marlene H. Dortch, Secretary, FCC, WT Docket Nos. 13-135, 12-269, GN Docket Nos. 12-268, 13-185 (Mar. 24, 2014) (“[C]ost reductions may be observed in expanded value (quality) without an attendant price increase. This last manifestation of a cost reduction amounts to a decrease in appropriate quality adjusted prices, but making such adjustments empirically is notoriously difficult. Observing these price effects directly is difficult in any case because it is necessary to control for quality improvements, product differentiation effects, and changes how products are sold (e.g., whether bundled, subject to term contracts, or with special discounts).”).

¹⁴ *AT&T Opposition* at 6.

entry in the market.¹⁵ Indeed, as AT&T recently disclosed publicly,¹⁶ it has used its cellular spectrum in certain markets to deploy LTE service.¹⁷ AT&T holds sufficient cellular spectrum to deploy a 10+10 LTE carrier in all of the Markets,¹⁸ which AT&T claims would provide “strong public interest benefits.”¹⁹ Since AT&T can provide the purported benefits of this transaction irrespective of its purchase of East Kentucky’s licenses, it has not met its burden under enhanced factor review to show benefits that outweigh the competitive harms associated with such high concentration of low-band spectrum.

C. AT&T Must Meet its Unique Burden for Each Proposed Transaction.

To receive Commission approval of this transaction, AT&T must meet the significant burden of enhanced factor review.²⁰ It must meet this burden in any case in which its acquisition of spectrum will result in AT&T holding more than one-third of the available below-1-GHz spectrum in a market, regardless of the outcome of any other application.²¹ Indeed, AT&T must meet this burden solely on the individual facts of each situation.²² Ironically, in a single breath

¹⁵ See Letter from Trey Hanbury, Counsel to T-Mobile USA, Inc. to Marlene H. Dortch, Secretary, FCC, WT Docket No. 14-145 (July 2, 2015) (exposing AT&T’s similar claims of spectrum need as unfounded).

¹⁶ T-Mobile’s counsel has requested both the highly confidential data and NRUF/LNP data relevant to this proceeding, though has not yet received this data. T-Mobile will supplement its Petition to Deny as necessary after receipt of this data by its counsel. See Letters from Trey Hanbury, Counsel to T-Mobile to Marlene H. Dortch, Secretary, FCC, WT Docket No. 15-79 (July 6, 2015).

¹⁷ Letter of Eric W. DeSilva, counsel for AT&T, to Marlene H. Dortch, FCC, WT Docket No. 15-79, at 1-2 (July 6, 2015).

¹⁸ ULS File No. 0006672533 Ex. 3 *Spectrum Aggregation*.

¹⁹ *AT&T Opposition* at 2.

²⁰ See *MSH Order*, 29 FCC Rcd at 6240 ¶ 286.

²¹ *Id.* at 6223-24 ¶¶ 231-32 (“We have found that in reviewing secondary market transactions the complex technical, strategic, and economic factors that determine the likely competitive effects of increased spectrum aggregation require a case-by-case assessment.”).

²² See, e.g., *2000 Biennial Regulatory Review Spectrum Aggregation Limits for Commercial Mobile Radio Services*, Report and Order, 16 FCC Rcd 22668, 22693-94 ¶ 50 (2001) (Determining that case-by-case review is the appropriate approach in analyzing acquisitions of CMRS spectrum, moving from a prophylactic rule approach, “because it gives the Commission flexibility to reach the appropriate decision in each case, on the basis of the particular circumstances of that case.”).

AT&T acknowledges that the Commission must conduct a case-by-case review, but also argues that because the Commission once, in a notably unopposed proceeding,²³ approved a different low-band transaction, it must approve the subject application as well. But the Commission’s holding in the *Plateau Order* does not automatically support a finding that AT&T has met its burden in this case; the Commission must evaluate whether the applicant has met the high burden of showing that the proposed transaction will serve the public interest. AT&T has not met that burden. Indeed, the risk of public interest harm flowing from increased low-band spectrum concentration, as well as the demonstrated lack of public interest benefits from this transaction, all weigh in favor of the Commission denying the application.

III. T-MOBILE’S REJECTION OF THE OFFER FOR SALE WAS REASONABLE – IF NOT A FOREGONE CONCLUSION – DUE TO FORECLOSURE LEVEL PRICING.

Both East Kentucky and AT&T, in their Oppositions, state that T-Mobile could have purchased the spectrum at issue, but refused.²⁴ T-Mobile’s rejection of the offer for sale, however, was not only reasonable, but a foregone conclusion. **[BEGIN T-MOBILE HIGHLY**

CONFIDENTIAL INFORMATION] [REDACTED]
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[REDACTED] [REDACTED]
[REDACTED] [REDACTED]
[REDACTED]

²³ *Applications of AT&T Inc., E.N.M.R. Telephone Cooperative, Plateau Telecommunications, Inc., New Mexico RSA 4 East Limited Partnership, and Texas RSA 3 Limited Partnership for Consent to Assign Licenses and Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd 5107 (May 8, 2015) (“*Plateau Order*”).

²⁴ *AT&T Opposition* at 2; *East Kentucky Opposition* at 2.

²⁵ [REDACTED]

²⁶ [REDACTED]

percentages of the available low-frequency spectrum, could be used to create or enhance market power.”³² In this case, AT&T is paying exorbitant prices for spectrum to eliminate competitors from the market to the benefit of AT&T and to the detriment of the public interest. In the *Mobile Spectrum Holdings Order*, the Commission adopted a clear standard designed to prevent anti-competitive foreclosure of this exact type. In that *Order*, the Commission explained that it feared increased aggregation of low-band spectrum would present a “substantial likelihood of competitive harm.”³³ If the Commission’s standards are to have any meaning, the Commission must enforce them, especially in cases like this where AT&T is the high bidder.

IV. NO COMPETITOR CAN COMPETE IN THIS DIFFICULT MARKET WITHOUT REASONABLE ACCESS TO LOW-BAND SPECTRUM.

In rural areas found in the Markets, which include central and northeastern Kentucky as well as parts of West Virginia and Ohio, mountainous terrain makes antenna search rings smaller, and practical obstacles such as lack of power or reliable infrastructure make tower siting difficult.³⁴ These challenges necessitate low-band spectrum for the deployment of high-quality service, as low-band signals cover more territory than high-band signals and allow providers to overcome the cost to operate in low-population-density areas.³⁵

³² Letter from William J. Baer, Assistant Attorney General, U.S. Department of Justice to Marlene H. Dortch, Secretary, FCC, WT Docket No. 12-269 at 2 (June 24, 2015) (emphasis added); *see also* United States Department of Justice, Ex Parte Submission, WT Docket No. 12-269 (April 11, 2013).

³³ *MSH Order*, 29 FCC Rcd at 6164 ¶ 60; *see also Policies Regarding Mobile Spectrum Holdings*, WT Docket No. 12-269, Notice of Proposed Rulemaking, 27 FCC Rcd 11710, 11725-28 ¶¶ 35-38 (2012) (recognizing the “more favorable propagation characteristics of lower frequency spectrum”).

³⁴ Letter from Trey Hanbury, Counsel to T-Mobile to Marlene H. Dortch, Secretary, FCC, GN Docket No. 12-268, WT Docket No. 12-269 (Apr. 1, 2014), Declaration of Mark McDiarmid at 15–18; *see also* Declaration of Scott Sundblad at 3 (July 10, 2015).

³⁵ *MSH Order* 29 FCC Rcd at 6140 ¶ 14; *see also* Tom Wheeler, FCC Chairman, *Getting the Incentive Auction Right*, OFFICIAL FCC BLOG (April 18, 2014), <https://www.fcc.gov/blog/getting-incentive-auction-right> (“Spectrum below 1 GHz ... has physical properties that increase the reach of mobile networks over long distances. The effect of such properties is that fewer base stations and other infrastructure are required to build out a mobile network. This makes low-band particularly important in rural areas. A legacy of earlier spectrum assignments, however, is that two national carriers control the vast majority of low-band spectrum. As a result, rural consumers are denied the

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No competitor other than Verizon, however, would rationally purchase this low-band spectrum at the foreclosure-level prices AT&T appears willing, if not eager, to pay.³⁶ With up to 60% market share and substantially more than one-third of all low-band resources, only AT&T and Verizon, which are similarly situated in most markets, can earn a fair market value return on investment and an additional premium from consumers made possible by depriving would-be rivals of essential spectrum resources they need to compete. Despite AT&T's claims to the contrary, T-Mobile is not trying to position itself as the only alternative purchaser of this spectrum in violation of Section 310(b) of the Act.³⁷ In addition to T-Mobile, DISH, Sprint, and East Kentucky are all able to serve customers in this region, provided that the spectrum is offered at market-based rates as opposed to foreclosure-level prices. AT&T's extensive spectrum holdings and majority market share of up to 60 percent raises special concerns and increases AT&T's already considerable burden under enhanced factor review. The public policy harms this transaction would generate outweigh any purported public interest benefit. This is the precise type of market failure the Commission intended to prevent with its *Mobile Spectrum Holdings Order*,³⁸ and therefore the Commission must deny the transaction.

competition and choice that would be available if more wireless competitors also had access to low-band spectrum.”); *see also Plateau Order* at ¶ 14 (“without access to this low-band spectrum, rival service providers that may lack a mix of low-band and higher-band spectrum would be less able to provide a robust competitive alternative, and may not be able to quickly expand coverage or provide new or innovative services.”).

³⁶ *See, e.g.,* Peter Cramton and Pacharasut Sujarittanonta, *Bidding and Prices in the AWS-3 Auction* (May 2015), available at <https://competitivecarriers.org/wp-content/uploads/2015/05/AS-FILED-Cramton-White-Paper-AWS-3-Auction-Prices-05-20-2015.pdf> (examining the effects of foreclosure-level prices paid by larger carriers on competition in the wireless market); John Legere, *Speak up for America's Wireless Future*, T-MOBILE INSIGHTS & ISSUES BLOG (Feb. 18, 2015), <http://newsroom.t-mobile.com/issues-insights-blog/wireless-future.htm>.

³⁷ *AT&T Opposition* at 9-10.

³⁸ *See MSH Order* 29 FCC Rcd at 6164 ¶ 60 (“The leading providers have most of the low-band spectrum available today. If they were to acquire all or substantially all of the remaining low-band spectrum, they would benefit independently of any deployment of this newly acquired spectrum to the extent that their rivals are denied its use. Without access to this low-band spectrum, their rivals would be less able to provide a competitive alternative.”).

V. CONCLUSION

T-Mobile urges the Commission to deny the proposed transaction. This is the type of transaction the Commission feared when it adopted the *Mobile Spectrum Holdings Order*. AT&T has not established by a preponderance of the evidence that the public interest harms of this transaction are sufficiently outweighed by any benefits, and certainly has not met the heightened burden of enhanced factor review.

Respectfully submitted,

/s/ Andrew W. Levin

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and East Kentucky Network, LLC for Consent)	File No. 0006672533
to Assign Licenses)	
)	
)	

DECLARATION OF SCOTT SUNDBLAD

1) My name is Scott Sundblad. I am submitting this Declaration in support of T-Mobile USA, Inc.'s ("T-Mobile") Reply to Oppositions to T-Mobile's Petition to Deny the Application of AT&T Mobility Spectrum LLC and East Kentucky Network, LLC for Consent to Assign Licenses.

2) I am the Director, Corporate Development at T-Mobile. I have 20 years of wireless/telecommunications experience at operating companies (including large carriers and start-ups), service companies, and investment companies. I have negotiated and supported numerous, complex spectrum acquisition and swap transactions with aggregate values well over \$10 billion, involving a wide range of market sizes, from large metropolitan areas to smaller rural areas. My responsibilities include providing strategic analyses and recommendations for corporate development activities including spectrum transactions, merger and acquisition activities, and strategic partnerships.

3) In August 2014, after sending an initial email, Edward J. Moise, Jr. of Alpina Capital, LLC, a sales brokerage firm, contacted me by telephone to discuss whether T-Mobile would be interested in making an offer to purchase the lower 700 MHz C Block licenses for CMA 110

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(Huntington-Ashland, WV/KY/OH), CMA 116 (Lexington-Fayette, KY), and CMA 448 (Kentucky 6-Madison), currently owned by East Kentucky Network, LLC (“East Kentucky”).

4) During my discussion with Mr. Moise, I, like many business negotiators, reflected on the purchase price of the seller’s licenses and asked for the seller’s proposed sale price for those assets. Knowing the seller’s purchase price provides insight into how the seller may have valued the asset at the time of purchase as well as illustrates the seller’s proposed return on investment, which can be one of various measures useful when discussing whether or not a proposed sales price is reasonable. Negotiations rarely begin with a “best and final” offer, and nothing about the discussion regarding the seller’s basis in the license should reasonably have been construed to indicate that T-Mobile’s final price would be the basis price for that license.

5) During our phone call, Mr. Moise confirmed East Kentucky purchased these licenses in Auction 44, where public records show a purchase price of \$356,000, or \$0.025 per MHz-POP in CMA 110, \$0.028 per MHz-POP in CMA 116, and \$0.05 per MHz-POP in CMA 448. For the current sales proposal, however, Mr. Moise said **[BEGIN T-MOBILE HIGHLY CONFIDENTIAL INFORMATION]** [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] [END T-MOBILE HIGHLY CONFIDENTIAL
INFORMATION]

6) In my experience in the industry, relatively few investments generate this level of return on investment over this period of time. The seller's asking price was made all the more exceptional because much of the territory covered by these licenses involved low-population density geographic license areas that tend to be both challenging and costly to serve. Furthermore, in my experience, even the more densely-populated CMA that included Lexington, Kentucky, where valuations are somewhat higher than the other CMAs that are the subject of this transaction, would not support values at these levels.

7) Based on my knowledge of comparable sales prices both in contemporaneous auctions and in the secondary market, I told Mr. Moise during this telephone call that T-Mobile would not be interested in paying prices at the levels the seller was seeking for the licenses.

8) After our discussion on August 22, there were no further discussions, and I subsequently learned, in approximately February 2015, the seller had sold the licenses to AT&T through public notice of the pending application to transfer these assets from the seller to AT&T.

I, Scott Sundblad, hereby declare under penalty of perjury, that the foregoing is true and correct to the best of my knowledge, information, and belief.


Scott Sundblad

Executed on this 10th day of July, 2015

CERTIFICATE OF SERVICE

I, David M. Crawford, hereby certify that on July 10, 2015, I caused true and correct copies of the Reply to Oppositions to Petition to Deny of T-Mobile USA, Inc., to be served on the following via first-class mail, hand-delivery, or electronic mail, as indicated:

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