

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

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| In the Matter of |) | |
| |) | |
| Nextel Communications, Inc. and |) | WT Docket No. 05-63 |
| Sprint Corporation |) | |
| Application to Transfer Control of Licenses and |) | |
| Authorizations |) | |

To: The Commission

**SUPPLEMENT TO REPLY OF
COMMUNITY TECHNOLOGY CENTERS' NETWORK**

Community Technology Centers' Network ("CTCNet"), hereby submits a supplement to its April 18, 2005 Reply to the Joint Opposition filed by Nextel Communications, Inc. ("Nextel") and Sprint Corporation ("Sprint").¹ CTCNet has demonstrated that approval of the February 28, 2005 application for transfer of control ("Application") regarding the Nextel and Sprint-licensed GSAs in the 2.5 GHz Band, and spectrum leases to additional GSAs held by Nextel and Sprint, will result in an excessive concentration of market power in the wireless broadband industry, a reduction in the potential for the availability of competitive wireless broadband services, and a resultant negative impact on the cost of such services to consumers. While CTCNet has conceded that the combination would create beneficial efficiencies and a company with truly national reach on the 2.5 GHz Band, it has shown that the benefits of such a combination need not and must not, be achieved at the expense of competition within the fledgling

¹ CTCNet is simultaneously submitting a request for leave to file this Supplement outside of the pleading schedule established by the Commission in its Public Notice DA 05-502, released February 28, 2005.

wireless broadband services industry, and the creation of a potential nationwide monopoly provider of wireless broadband services on the 2.5GHz band. In this regard, CTCNet believes that it is important that it be clarified that if the Application were rejected by the Commission, there would be a natural tendency for the two large regional monopolies to seek spectrum swaps that would ultimately lead to the development of at least two national wireless broadband services, thereby ensuring competition on the 2.5 GHz band. However, if the Application were granted without divestiture conditions, there would remain no incentive for the combined entity to open its markets to competitors, but rather there would exist a natural tendency for the combined entity to try and squeeze out smaller market operators and create an absolute nationwide monopoly.

As Nextel and Sprint have both maintained in their Application for Transfer of Control filed with the FCC, the ability to have a nationwide footprint of 2.5GHz spectrum is critical to the ability to successfully deploy viable service on the spectrum. In their Joint Opposition, filed with the FCC on April 11, 2005, the Applicant's suggested:

“ . . . Sprint Nextel's footprint in the 2.5GHz band will extend to nearly 85% of the pops in the top 100 markets. This near-nationwide footprint will help provide the scale necessary to justify the substantial research, development, implementation, and operational costs required to make use of the band in a manner that will hopefully prove viable over the long term. *The potential national reach of this service would create significant incentives* (emphasis added) to take opportunities and risks to deploy emerging new technologies, since any benefits from these aggressive development efforts would be realized over this larger customer base. The merged company would have the scale necessary to attract significant technology investment from major vendors. With their participation, Sprint Nextel should be able to deploy a common technology over a portion of the 2.5GHz band and, thus, provide consumers with the same services in most areas of the country regardless of where they take their laptop computers, PDAs, or other wireless devices.” See Sprint-Nextel Joint Opposition at page 28, FCC Docket 05-63, filed April 11, 2005.

Thus, if Sprint and Nextel were to remain separate entities with monopolistic regional holdings, by their own admission they would each need a national footprint in order to successfully deploy services on the 2.5GHz spectrum. The risk to each of not individually having a national footprint would be incentive enough for each to swap spectrum with the other in order to achieve such national footprints. This would ensure that there would be at least two national competitors in all, or substantially all, of the same U.S. markets. As discussed in CTCNet's Reply, because neither Sprint nor Nextel would need all or even most of the 198 MHz in the 2.5 GHz spectrum band within any individual market in order to deploy its services, there would be ample spectrum for both to compete in the same markets nationally.

Because of the unique portable/mobile nature of these new wireless broadband services, end users on both Sprint or Nextel systems will demand maximum mobility within and outside their home markets. Thus, individually, Nextel and Sprint would be highly incentivized to find a way to facilitate national roaming. Further, in order to permit interoperability of end user equipment nationwide, so as to benefit from economies of scale in equipment manufacturing, each separate entity would be have to provide access to the other in the markets they control for purposes of allowing nationwide roaming or other similar arrangement for their individual customers. This incentive to work out roaming agreements as separate companies would also assure there is competition in each of the markets where they individually control all, or nearly all, of the 2.5GHz spectrum. If Nextel's customers can roam in Sprint markets, Nextel can also sell their services to prospective customers located in the Sprint markets, and vice versa, assuring there are at least two competitors in each market.

Two separate major competitors that horizontally control virtually all of the 2.5GHz spectrum in most U.S. major markets, but not all of the 2.5GHz spectrum in secondary U.S. markets, are still individually more incentivized to enter into roaming and other spectrum swapping agreements with smaller competitors (e.g., BellSouth/Cingular, Clearwire) that control sufficient 2.5GHz spectrum in secondary markets to engage in such transactions, in order to gain access to the other's markets, and a competitive advantage over its other major competitor. One gigantic competitor that controls virtually all of the 2.5GHz spectrum, in nearly all U.S. major markets, as would the combined Nextel Sprint, does not have the same incentive to engage in swaps or other similar transactions with much smaller competitors, and quite to the contrary, has the incentive to use its control over spectrum and national economies, to eliminate the remaining smaller competitors by refusing to enter into roaming agreements or swaps, such that the smaller competitors cannot offer to end users services similar to the much larger national company.

Finally, as was noted in CTCNet's Reply, a competitive environment where at least two major competitors exist provides incentives for efficiency, competition among technology/equipment vendors, and a competitive market for the suppliers of 2.5GHz spectrum; whereas permitting a combined Sprint Nextel, will assure today's promising equipment manufacturing sector for the 2.5GHz band will all but disappear, prices will be predatory, and the hope for any competitive market for spectrum leasing will die.²

² Whether there exists today a competitive market for the lease of EBS spectrum by new entrant third parties, and whether those new entrants can access spectrum today, is not relevant to the present antitrust analysis. If Sprint and Nextel remain separate concerns, it is likely these two major competitors will have the incentive to compete in each other's markets as suggested – for the very reasons they themselves describe – and there will likely be competition in this distinct new wireless broadband services segment

Accordingly, for the foregoing reasons, CTCNet respectfully requests that the Application and proposed merger be denied or conditioned on a requirement that the post merger entity divest itself of sufficient spectrum in the 2.5 GHz band to ensure the availability of adequate spectrum for competitive broadband wireless services providers within the urban Major Markets Areas, defined by GSAs in the largest 100 BTAs in the United States.

Respectfully submitted,

COMMUNITY TECHNOLOGY
CENTERS' NETWORK

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(with or without any third party competitors). However, if Sprint and Nextel are permitted to combine as proposed, the question regarding availability of spectrum for competitors becomes highly relevant to the analysis, because if the combination is permitted, in the 5 years or so when any of the leased spectrum actually potentially becomes available for competitors, notwithstanding rights of first refusal, etc., there will most likely be no remaining competition (either service providers or equipment vendors) pursuing the 2.5GHz market, let alone potential competitors attempting to lease spectrum.

CERTIFICATE OF SERVICE

I, John Zoltner, hereby certify that copies of the foregoing Supplement to Reply of Community Technology Centers' Network were served this 22nd day of April, 2005 via first class mail of the United States Postal Service, unless otherwise noted, on the following parties:

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