Applicants state that, by combining the two networks and infrastructure, roaming costs would be eliminated in many areas.[331] According to the Applicants and some commenters, the expanded footprint and subscriber base would also allow ALLTEL to provide more expansive "in-network" calling to subscribers, because the number and location of ALLTEL customers would increase. This in turn will afford ALLTEL subscribers the ability to call a greater number of ALLTEL subscribers for free.[332]

139. Currently, ALLTEL provides Cellular and PCS service to rural areas and mid-sized cities in 24 states.[333] WWC provides similar Cellular and PCS service to rural areas and mid-sized cities in 19 states.[334] Post-transaction, the footprint of the combined company would cover 33 states. Specifically, the proposed merger would allow ALLTEL to expand its existing wireless footprint into nine additional states – California, Idaho, Minnesota, Montana, Nevada, North Dakota, South Dakota, Utah, and Wyoming – and expand its existing wireless operations in Arizona, Colorado, New Mexico, and Texas.[335] Furthermore, ALLTEL and WWC currently have a licensed service area encompassing approximately 62.5 and 11.5 million people, respectively;[336] the combined company, however, would have a licensed service area of approximately 72 million people.[337]

140. The Commission has previously noted the consumer benefits that flow from expanded footprints.[338] With a larger footprint, a carrier can offer competitive service to more consumers across the country. In addition, its customers may enjoy enhanced service and/or lower prices because of

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Telecommunications Bureau, and Marlene Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Turtle Mountain Band of Chippewa Indians Comment"); Letter from John R. Marks, III, Mayor, City of Tallahassee, to Marlene Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 14, 2005) ("Mayor Marks of Tallahassee Comment"); Letter from Cindy K. Johnson, President, Grand Island Area Chamber of Commerce, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 24, 2005) ("Grand Island Area Chamber of Commerce Comment"); Letter from Thomas Hastings, President, Hastings Area Chamber of Commerce, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 24, 2005) ("Hastings Area Chamber of Commerce Comment"); Letter from Doran "Dee" Haussler, Executive Director, Hastings Economic Development Corporation, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 24, 2005) ("Hastings Economic Development Corporation Comment"); Letter from Tom R. Tunnell, President, Kansas Grain & Feed Association, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 24, 2005) ("Kansas Grain & Feed Assoc. Comment"); Letter from Dave Heinman, Governor, State of Nebraska, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Apr. 19, 2005) ("Governor Heineman of Nebraska Comment").

[331] Application, Exhibit 1 at 5; Joint Opposition at 5.

[332] *See* Application, Exhibit 1 at 5; *see also* Regions Financial Corp. Comment at 1, Rosebud Sioux Tribe Utility Commission Comment at 1; Turtle Mountain Band of Chippewa Indians Comment at 1; Grand Island Area Chamber of Commerce Comment at 1; Hastings Area Chamber of Commerce Comment at 1; Hastings Economic Development Corporation Comment at 1; Kansas Grain & Feed Assoc. Comment at 1.

[333] ALLTEL states that they provide PCS and Cellular service in 24 states; however, they hold a 10 percent or greater interest ownership interest in PCS and Cellular licenses in 28 states. *Compare* Application, Exhibit 1, at 4, *with* March 15, 2005 Response to Information Request at 3. *See also* description of ALLTEL *supra* Part II.A.1.

[334] Application, Exhibit 1 at 4.

[335] *Id.*

[336] *See* discussion *supra* paras. 4, 7.

[337] Application, Exhibit 1 at 4-5.

[338] *See, e.g., Cingular-AT&T Wireless Order*, 19 FCC Rcd. at 21604 ¶ 217; *SBC-BellSouth Order*, 15 FCC Rcd. at 25480 ¶ 48.

factors such as the wider area in which the carrier's full handset functionality is operative and the carrier's lessened reliance on roaming agreements to fill out its coverage.[339]

4. Improvements in Service Quality

141. The Applicants, along with some commenters, assert that improvements in the combined company's network would allow ALLTEL to offer its consumers a higher quality product and greater services.[340] They state that, in areas where the Applicants' networks overlap, the combination of networks would reduce dead spots and improve in-market coverage.[341] Because the proposed transaction involves the integration of existing networks, the Applicants claim that improvements would occur "in the near term because of the ability to integrate established and technically compatible operating networks."[342] Specifically, the Applicants state that ALLTEL and WWC operate separate systems and generally do not collocate on the same facilities, so the coverage area of both systems is not identical.[343] The Applicants thus conclude that the combination of the different footprints would "eliminate many of the dead spots that existed in each network on a stand-alone basis."[344] Furthermore, the Applicants have identified areas where WWC's network provides superior coverage to ALLTEL's network.[345] The Applicants state that all ALLTEL handsets have CDMA and analog capabilities, so customers should experience improved coverage "even if the Western Wireless network is analog only."[346] Moreover, the Applicants note that ALLTEL sells tri-mode handsets, capable of communications on both 800 MHz and 1.9 GHz networks; therefore, customers of the combined company would be able to utilize the networks of both companies, which would result in coverage advantages over ALLTEL's existing network.[347] The

[339] *Cingular-AT&T Wireless Order*, 19 FCC Rcd. at 21604 ¶ 217.

[340] *See* Declaration of Jeffrey R. Gardner, Executive Vice President and Chief Financial Officer, ALLTEL Corporation, at 21 ("Declaration of Gardner"), *available at* Application, Exhibit 1, at Attachment 1; *see also* Arkansas Attorney General Beebe Comment at 1; Letter from Richard J. Hobbs, Executive Vice President, Associated General Contractors of Ohio, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Associated General Contractors of Ohio Comment"); Letter from Senator Tom Baker, Chairman, Committee on Transportation & Telecommunications, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Nebraska State Senator Baker Comment"); Letter from James B. Black, Speaker, North Carolina House of Representatives, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Speaker Black of the North Carolina House Comment"); Kansas State Senator Emler Comment at 2; Letter from Frank P. DeTillio, President, Lorain County Chamber of Commerce, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Lorain County Chamber of Commerce Comment"); Letter from Representative Danny F. McComas, North Carolina House of Representatives, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("North Carolina Representative McComas Comment"); Letter from Keith R. Olsen, President, Nebraska Farm Bureau Federation, to Marlene Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Nebraska Farm Bureau Federation Comment"); Rosebud Sioux Tribe Utility Commission Comment at 1; Turtle Mountain Band of Chippewa Indians Comment at 1; Letter from Chris Holman, Publisher, The Greater Lansing Business Monthly, to Marlene Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 21, 2005) ("The Greater Lansing Business Monthly Comment"); Governor Heineman of Nebraska Comment at 1.

[341] Declaration of Gardner at 2.

[342] *Id.*

[343] *See* March 15, 2005 Response to Information Request at 18.

[344] *Id.*

[345] *See id.* at 18-19.

[346] *Id.* at 19.

[347] *See id.* at 19.

Applicants maintain that theses synergies would not be available to the Applicants separately, even if they were able to purchase spectrum, because new spectrum would require the acquisition of tower sites and equipment, which would significantly delay any improvements.[348]

142. Additionally, ALLTEL states that the proposed transaction would allow the combined company to increase product development beyond what each company would be able to accomplish on its own.[349] ALLTEL notes that implementing new products, such as its Touch2Talk feature, is easier for a larger company, because the expense is applied against a larger customer base.[350] [REDACTED].[351] [REDACTED].[352] ALLTEL concludes that the proposed transaction would reduce delays associated with rolling out new product offerings in the future.[353]

5. Promotion of Next-Generation Services

143. The Applicants argue that deployment of advanced services in rural areas generally lags behind urban areas, because larger carriers focus their attention on urban and suburban areas where the demand for such services is highest and regional carriers "lack the economies to deploy advanced services."[354] The Applicants, along with some commenters, assert that the proposed transaction would promote the deployment of "advanced services" in rural areas more quickly than would be possible by the Applicants individually.[355] Specifically, the Applicants state that the incentive for deployment is enhanced by the increased purchasing power and resources of the combined company.[356] For instance, the Applicants state while the nationwide carriers already have begun rolling out advanced services, ALLTEL will commence launching EV-DO in select markets in 2005,[357] and WWC has not announced specific deployment plans for EV-DO or UMTS.[358] ALLTEL states that it has decided to implement EV-DO in its larger markets and anticipates incorporating similar WWC markets into this strategy.[359]

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[348] Declaration of Gardner at 3.

[349] March 15, 2005 Response to Information Request at 5; Joint Opposition at 5.

[350] *See* March 15, 2005 Response to Information Request at 5.

[351] *Id.*

[352] *Id.*

[353] *Id.*

[354] Application, Exhibit 1 at 6-7.

[355] *See id.*; Joint Opposition at 5; *see also* Kansas State Senator Emler Comment at 1; Georgia Chamber of Commerce Comment at 1; Letter from Frank Landis, Commissioner, State of Nebraska Public Service Commission, to Marlene Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Nebraska Public Service Commission"); Nebraska Farm Bureau Federation Comment at 1; Rosebud Sioux Tribe Utility Commission Comment at 1; Mayor Marks of Tallahassee Comment at 1; Grand Island Area Chamber of Commerce Comment at 1; Hastings Area Chamber of Commerce Comment at 1; Hastings Economic Development Corporation Comment at 1; Kansas Grain & Feed Assoc. Comment at 1; Governor Heineman of Nebraska Comment at 1. ALLTEL states that, "[a]lthough [it] has not quantified how much faster the combined company will be able to deploy advanced services, ALLTEL expects the combined company to have the scale to deploy faster than either company could afford to individually." March 15, 2005 Response to Information Request at 5.

[356] Application, Exhibit 1 at 7.

[357] *Id.* ALLTEL states that it is launching EV-DO in the following metro areas within the first quarter of 2005: [REDACTED]. *See* March 15, 2005 Response to Information Request at 8. [REDACTED]. *See id.* at 8-9.

[358] March 15, 2005 Response to Information Request at 5. [REDACTED]. *See id* at 5, 9.

[359] *Id.* at 5-6.

Accordingly, the Applicants claim, subscribers in some WWC markets would have access to advanced services sooner as a result of the proposed merger.[360]

6. Economies of Scale and Operating Synergies

144. The Applicants and some commenters allege that the substantial synergies produced as a result of the proposed transaction would allow ALLTEL to be a more effective competitor with the nationwide carriers.[361] The Applicants assert that the proposed transaction would "create operational synergies with a net present value of more than $600 million."[362] The Applicants state that these savings are the result of reductions in operational expenses, costs per gross additional subscriber, and maintenance/administrative costs.[363] Additionally, the Applicants assert that ALLTEL's acquisition of WWC will result in substantial interest savings.[364] Specifically, the savings would come from a number of factors, such as the diminished need for tower additions, consolidating advertising and marketing costs, elimination of duplicative functions, and the refinancing of WWC's debt at lower interest rates that are available to ALLTEL.[365]

145. The Applicants stress that their use of the same CDMA technology would facilitate ALLTEL's ability to integrate the two networks expeditiously and with little disruption to subscribers.[366] The Applicants highlight that ALLTEL is experienced with integrating newly-acquired companies into its network while achieving substantial synergies and economies of scale.[367]

146. The Applicants also allege that the proposed transaction would result in the reduction in costs associated with the purchase of network equipment, because equipment prices fluctuate based on volume.[368] The Applicants state that the combined company would be able to purchase equipment in larger quantities than either company individually, reducing the costs associated with network

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[360] *See id.*

[361] *See* Application, Exhibit 1 at 5; Declaration of Gardner at 3; *see also* Associated General Contractors of Ohio Comment at 1; Kansas State Senator Emler at 1; Georgia Chamber of Commerce Comment at 1; Letter from L. Lynn Rex, Executive Director, League of Nebraska Municipalities to Marlene Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("League of Nebraska Municipalities Comment"); Nebraska Farm Bureau Federation Comment at 1; Regions Financial Corp. Comment at 1; Rosebud Sioux Tribe Utility Commission Comment at 1; Turtle Mountain Band of Chippewa Indians Comment at 1; Mayor Marks of Tallahassee Comment at 1; The Greater Lansing Business Monthly Comment at 1; Grand Island Area Chamber of Commerce Comment at 1; Hastings Area Chamber of Commerce Comment at 1; Hastings Economic Development Corporation Comment at 1; Kansas Grain & Feed Assoc. Comment at 1.

[362] Application, Exhibit 1 at 5 (citing Declaration of Gardner at 3).

[363] *See* Declaration of Gardner at 4.

[364] *See id.* at 5.

[365] *Id.* at 4-5.

[366] Application, Exhibit 1 at 5.

[367] *Id.* at 6.

[368] *Id.*

equipment.[369] Some commenters also support ALLTEL's assertion that the increased bargaining power would aid its ability to obtain the latest technology.[370]

147. The Applicants and commenters further allege that the combined company would be able to provide a broader selection of customer equipment, at more competitive prices, and containing more features and services demanded by customers.[371] The Applicants state that ALLTEL, [REDACTED],[372] has developed relationships with six of the major CDMA mobile phone Original Equipment Manufacturers ("OEMs").[373] The Applicants explain that such a direct relationship with OEMs provides a carrier the "ability to negotiate software customization, lower phone pricing and other incentives, such as volume incentive rebates, price protection on inventory, [and] product rebates."[374] The Applicants further explain that ALLTEL [REDACTED].[375] [REDACTED].[376] [REDACTED].[377] Thus, the merger would extend the benefits obtained by ALLTEL to WWC's markets and customers and increase the benefits received by the combined company.[378]

148. The Applicants argue that, not only would the combined company be able to purchase handsets with more features and services and at lower prices, the combined company's increased purchasing power would result in a greater willingness of handset manufacturers to customize handsets specific to ALLTEL's service offerings.[379] The Applicants further state that such customizations often involve handset software enabling user authentication for data networks, more accurate roaming indicators, more efficient Mobile Web usage, and overall infrastructure integration.[380] As an example, the Applicants discuss how ALLTEL collaborated with OEMs to develop customized handsets for its Touch2Talk product offering.[381] Specifically, ALLTEL provides documentation [REDACTED].[382] Likewise, ALLTEL is in the process [REDACTED].[383] [REDACTED].[384] [REDACTED].[385] The

[369] *Id.*

[370] *See* Nebraska Public Service Commission at 1; Rosebud Sioux Tribe Utility Commission Comment at 1; Mayor Marks of Tallahassee Comment at 1; Grand Island Area Chamber of Commerce Comment at 1; Hastings Area Chamber of Commerce Comment at 1; Hastings Economic Development Corporation Comment at 1; Kansas Grain & Feed Assoc. Comment at 1.

[371] *See* Application, Exhibit 1 at 6; Declaration of Gardner at 3; *see also* Rosebud Sioux Tribe Utility Commission Comment at 1; Mayor Marks of Tallahassee Comment at 1; Grand Island Area Chamber of Commerce Comment at 1; Hastings Area Chamber of Commerce Comment at 1; Hastings Economic Development Corporation Comment at 1; Kansas Grain & Feed Assoc. Comment at 1.

[372] March 15, 2005 Response to Information Request at 7.

[373] *Id.*

[374] *Id.*

[375] *Id.* [REDACTED].

[376] March 15, 2005 Response to Information Request at 7. [REDACTED]. *Id.*

[377] *Id.*

[378] *See id.*

[379] Application, Exhibit 1 at 6; March 15, 2005 Response to Information Request at 7.

[380] March 15, 2005 Response to Information Request at 8.

[381] *See id.* at 7-8.

[382] [REDACTED].

[383] [REDACTED]

Applicants conclude that "[t]he combination with WWC will enhance ALLTEL's ability to continue purchasing [such] phones with customizations necessary to provide an optimum experience on ALLTEL's networks."[386]

149. Finally, the Applicants discuss the operating synergies achieved by combining the best practices developed by the separate companies.[387] The Applicants state that "[a]s established regional providers, both ALLTEL and WWC have developed a series of practices to efficiently and effectively meet customer needs and comply with regulatory mandates."[388] As an example, the applicants cite WWC's experience with deployment of a GSM network overlay to provide service to roamers within their service areas.[389] The engineering experience and vendor relationships achieved by WWC in building and operating a GSM network would enable ALLTEL to determine whether to create such roaming opportunities and take advantage of WWC's established relationships with GSM vendors.[390] Additionally, ALLTEL asserts that it has experience, through prior acquisitions, of consolidating "various billing operations into a single scalable system that significantly reduced billing costs per subscriber."[391] The Applicants also suggest that the proposed transaction would benefit network operations and management, purchasing, billing, customer service, and general and administrative practices.[392] The Applicants state that the "implementation of the best of these and other practices from each company will inure to the benefit of the combined company's subscribers."[393]

150. Based on the evidence presented by Applicants, we believe that the transaction is likely to enable the merged entity to achieve certain economies of scope and scale and operating synergies of the type asserted and that, absent the transaction, the Applicants individually could not have achieved. However, the record does not contain sufficient supporting evidence for us to verify and quantify the claimed savings or to determine the extent to which they are specific to this transaction. Thus, we cannot confirm the total savings estimated by Applicants and do not give significant weight to them in our balancing of potential public interest harms and benefits.

151. However, we do recognize one specific category of cost savings in this context. ALLTEL's merger with WWC would reduce its roaming costs in geographic markets where ALLTEL and WWC's service areas do not overlap, and the elimination of roaming agreements in these markets would directly benefit those of its customers who would no longer be charged to roam in those areas.[394]

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[384] [REDACTED]

[385] [REDACTED]

[386] March 15, 2005 Response to Information Request at 8.

[387] *See* Application, Exhibit 1 at 6.

[388] Declaration of Gardner at 2.

[389] Application, Exhibit 1 at 6; Declaration of Gardner at 2.

[390] Application, Exhibit 1 at 6; Declaration of Gardner at 2. Documentation provided by ALLTEL demonstrates [REDACTED].

[391] Declaration of Gardner at 2.

[392] *See* Application, Exhibit 1 at 6; *see also* Declaration of Gardner at 3, 4.

[393] Declaration of Gardner at 3.

[394] *See* Application, Exhibit 1 at 5; *see also* League of Nebraska Municipalities Comment at 1; Regions Financial Corp. Comment at 1; Turtle Mountain Band of Chippewa Indians Comment at 1; Grand Island Area Chamber of Commerce Comment at 1; Hastings Area Chamber of Commerce Comment at 1; Hastings Economic Development (continued....)

Specifically, ALLTEL states that currently its subscribers roam when they travel into California, Idaho, Minnesota, Montana, Nevada, North Dakota, South Dakota, Utah, and Wyoming.[395] Post-transaction, ALLTEL would be able to provide service to its subscribers in portions of these states without having to rely on roaming arrangements.[396] We further recognize that the cost savings generated by the elimination of roaming agreements in overlapping markets have the potential to benefit ALLTEL's customers indirectly by giving ALLTEL the ability and the incentive to compete more aggressively with regard to pricing, coverage, and the provision of advanced data services. We emphasize, however, that the realization of these indirect benefits and their magnitude will depend on whether, and the extent to which, ALLTEL passes on cost savings to its customers through lower prices or product improvements such as better voice service and advanced data services.

7. Improved Roaming in Rural Areas

152. The Applicants assert that the combined company would be a more attractive roaming partner for other carriers because of its expanded footprint, which would allow it to provide other carriers with access to a far more expansive rural network for roaming.[397] They state that the combined company would "expand opportunities for carriers to obtain low cost roaming services and potentially justify the expansion of the scope of the free calling areas available to subscribers."[398] Ultimately, the Applicants argue, this may result in a roaming partner choosing to offer its service at a lower price.[399]

153. The Applicants further argue that the combined company's enhanced ability to deploy advanced services makes it a more attractive roaming partner.[400] The Applicants state that roaming partners may want to enter into roaming agreements to extend the geographic area in which advanced services are offered to their subscribers.[401]

154. Additionally, the Applicants claim that the combined company would explore ways to increase roaming opportunities on their network for other carriers.[402] The Applicants assert that they have entered into hundreds of roaming agreements and that these agreements account for 10 percent of their revenues.[403] The Applicants explain that WWC currently provides service to its subscribers on a CDMA network; however, WWC has deployed a GSM overlay solely for the purpose of serving roamers. The Applicants note that WWC's GSM overlay has been an important part of its business as it has increased WWC's revenue stream.[404] The Applicants further allege that the engineering experience and vendor relationships obtained by WWC would be used by ALLTEL "to ascertain whether it would be technically and economically feasible to deploy similar overlays that would permit the company to offer

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Corporation Comment at 1; Kansas Grain & Feed Assoc. Comment at 1; Governor Heineman of Nebraska Comment at 1.

[395] Application, Exhibit 1 at 5.

[396] *Id.*

[397] *See* Application, Exhibit 1 at 8; March 15, 2005 Response to Information Request at 10.

[398] March 15, 2005 Response to Information Request at 10.

[399] *Id.*

[400] *See id.*

[401] *Id.*

[402] *See* Application, Exhibit 1 at 8.

[403] *Id.* at 8.

[404] *See* March 15, 2005 Response to Information Request at 11.

roaming to carriers regardless of the underlying technology."[405] The Applicants state that the merger would facilitate the development of a GSM overlay in ALLTEL's territory because ALLTEL would benefit from WWC's engineering and planning personnel responsible for rolling out WWC's GSM overlay. The Applicants conclude that the proposed transaction has the potential to benefit not only the Applicants' existing subscribers, but also the subscribers of other carriers who would benefit from the expanded roaming agreements and services.[406]

8. Support for Homeland Security and Public Safety

155. In general, many commenters believe that ALLTEL and WWC continue to make progress in their E911 deployment, and that the capabilities of each company to implement and improve 911 services would be strengthened by this merger and thus provide for better public safety and encourage competition.[407] For example, E911 coordinators in many states as well as police departments support the merger, stating that ALLTEL continues to work diligently towards meeting its obligations, as reflected in the deployment of Wireless Phase II service with 367 Public Safety Answering Points ("PSAPs") and Wireless Phase I service with 745 PSAPs.[408] In particular, they commend ALLTEL's diligent and consistent implementation efforts for wireless E911 services.[409] One Commenter also notes that the increased coverage area of the combined company would expand the areas in which subscribers

[405] Application, Exhibit 1 at 8. *See also supra* note 388.

[406] *See* Application, Exhibit 1 at 8.

[407] *See, e.g.,* Letter from Lindsey Thomas, Senior Vice President Governmental Relation, AGL Resources, to Marlene Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("AGL Resources Comment"); Nebraska State Senator Baker Comment at 1; Letter from Steve Marzolf, Virginia PSC Coordinator, Virginia Wireless E-911 Services Board, to Marlene Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Virginia Wireless E-911 Services Board Comment").

[408] *See, e.g.,* Letter from Susan Nelson, E911 Coordinator, Alachua County Combined Communications Center, to Marlene Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Alachua County Combined Communications Center Comment"); Letter from Lt. Tim Webb, Searcy Police Department, to Marlene Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Searcy Police Department Comment"); Letter from Carmen M. Bryant, Administrator, CMRS Emergency Telephone Services Board, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("CMRS Emergency Telephone Services Board Comment"); Letter from Fred Stevens, Director, Hot Spring County 911, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Hot Spring County 911 Comment"); Letter from Debbie O'Neill, Office of Emergency Services Administrator Assistant, Independence County Dispatch, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Independence County OES Comment"); Letter from Susan MacFarlane, Maricopa Region 911 Administrator, City of Phoenix Fire Department, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Maricopa Region 911 Comment"); Letter from Wes Ashley, Director, Martinsville-Henry County Communications Center, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Martinsville-Henry County 911 Communications Center Comment"); Letter from William W. Willis, Director, Wayne County E-911, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9, 2005) ("Wayne County E911 Comment"); Letter from John Benson, E911 Program Manager, Iowa Homeland Security and Emergency Management Division, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 14, 2005) ("Iowa Homeland Security and Emergency Management Division Comment").

[409] *See* CMRS Emergency Telephone Services Board Comment at 1; Maricopa Region 911 Comment at 1; Martinsville-Henry County 911 Communications Center Comment at 1; Letter from Richard N. Taylor, ENP, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1-2 (filed Mar. 9. 2005) ("Taylor ENP Comment"); Virginia Wireless E-911 Services Board Comment at 1; Wayne County E911 Comment at 1; Iowa Homeland Security and Emergency Management Division Comment at 1.

can access E911.[410] This commenter claims that "one of the limitations of wireless E911 service is that it is coverage dependent," since "[e]mergency service providers need ubiquitous E911 service from both wireline and wireless providers."[411] Thus, this commenter concludes that the combined company's coverage would directly benefit the public interest and promoting the Commission's statutory public safety mandate.[412]

156. Many commenters representing States and municipalities in rural areas also express their support of the pending merger, because they believe that the merger would result in better coverage, improved reliability, enhanced call quality, and better implementation of E911 services.[413] Based on ALLTEL's good faith implementation of E911 in the past, they believe that the merger would enhance the capability of the combined company to implement and improve E911 service, providing more ubiquitous E911 services to rural areas.[414]

157. Nevertheless, we do not consider improved E911 deployment to be a benefit of this merger, as the Applicants have indicated that they may not comply with the Commission's E911 handset penetration deadline at the end of this year.[415] We confirm our commitment to the E911 rules and remind the Applicants that they, like all carriers, are obligated to comply with our E911 rules, including the requirement that carriers electing a handset-based E911 solution achieve 95 percent penetration by the end of this year.[416] We will not hesitate to take enforcement action if this deadline is not met.

9. Conclusion

158. We find that the proposed transaction would result in many of the transaction-specific public interest benefits discussed above. Specifically, in those markets where there are no overlaps or where the overlaps are unlikely to cause competitive harm, we find that this transaction results in many

[410] *See* Taylor ENP Comment at 1.

[411] *Id.*

[412] *See* Taylor ENP Comment at 1.

[413] *See, e.g.*, Nebraska State Senator Baker Comment at 1; Speaker Black of the North Carolina House Comment at 1.

[414] *See, e.g.*, Senator Jay Scott, Kansas State Legislature Comment at 1; League of Nebraska Municipalities Comment at 1; North Carolina Representative McComas Comment at 1; Letter from James W. Rion, Esq., Project Manager, South Carolina CMRS E911, to Marlene H. Dortch, Secretary, Federal Communications Commission, at 1 (filed Mar. 9. 2005) ("South Carolina CMRS E911 Comment").

[415] *See* ALLTEL Communications, Inc., E-911 Eleventh Quarterly Report, CC Docket No. 94-102, at 2 (filed May 2, 2005) (stating that "ALLTEL may have difficulty complying with the December 31, 2005 requirement to have [location-]capable handsets deployed to 95 [percent] of its subscribers."); Quarterly Report of Western Wireless Corporation on its Enhanced 911 Phase II Deployment, CC Docket No. 94-102, at 6-7 (filed May 2, 2005) (explaining that WWC had not determined whether it would be capable of meeting the 95 percent objective by December 31, 2005, and that it would keep the Commission informed regarding "the status of [its] efforts."); *see also* Letter from Kathryn A. Zachem, counsel for ALLTEL Corporation, to Marlene H. Dortch, Secretary, Federal Communications Commission, CC Docket No. 94-102 (filed July 28, 2005) (explaining that ALLTEL "expects to reach approximately 85 [percent] penetration by the end of 2005" and "anticipates it could take until the end of 2007 to reach the 95 [percent] penetration level. . . ."); Letter from Michele C. Farquhar, counsel for Western Wireless Corporation, to Marlene H. Dortch, Secretary, Federal Communications Commission, CC Docket No. 94-102 (filed May 2, 2005) (discussing that meeting the 95 percent handset penetration deadline "will be a considerable challenge. . . .").

[416] *See* 47 C.F.R § 20.18(g)(1)(v).

public interest benefits and would allow the combined entity to more effectively compete with the nationwide carriers. However, while we find that this transaction is likely to result in transaction-specific public interest benefits and result in the combined company being a more effective competitor, we are not able on the basis of this record, using the sliding scale approach described above, to conclude that they are sufficiently large or imminent to outweigh the potential harms we have identified in certain individual markets. In those markets, therefore, remedies are necessary to reduce the harms.

V. CONDITIONS/REMEDIES

159. Using the analytical standards outlined above, we found that the Applicants' proposed transaction would pose significant competitive harms in a number of local mobile telephony markets. We conclude that, in these markets, these potential harms would not be outweighed by the proposed transaction's alleged public interest benefits. Thus, if our analysis ended at this point, we would have to conclude that the Applicants have not demonstrated that the proposed transaction, on balance, would serve the public interest, convenience, and necessity.

160. In its review of transactions, the Commission is empowered to impose conditions on the transfer of control of Commission licenses to mitigate the harms the transaction would likely create. Such conditions are tailored to address the specific harms anticipated based on economic analysis, examination of documents submitted in response to our inquiry, and public comment contained in the record of this proceeding. We conclude that the conditions set forth below alter the public interest balance of the proposed transaction by mitigating the potential public interest harms. Accordingly, with the conditions that we adopt in this Order, and assuming the Applicants' compliance with these conditions, we find that the Applicants have demonstrated that the proposed transfer of licenses would serve the public interest, convenience, and necessity.

161. We received a number of additional proposals during the comment period from commenters. As we discuss more fully below, we decline to impose additional conditions proposed by various commenters that we find are not tied to merger-specific harms.

A. Operating Unit Divestitures

162. In Part IV.B.4.b, we found that the transaction, as proposed, would be likely to cause significant competitive harm in certain geographic markets. Specifically, our analysis indicated that, in certain markets, there would not be an adequate number of competing carriers remaining, post-merger, with sufficient network and spectrum assets to deter anticompetitive behavior by the merged entity. We therefore condition this grant of authority to transfer control of licenses from WWC to ALLTEL on the divestiture of WWC operating units (including spectrum associated with such operating units, with the exception of PCS spectrum and assets used solely to operate WWC's GSM roaming business, including GSM roaming contracts and equipment). Because ALLTEL's spectrum holdings are not particularly high in the markets where we find a likelihood of competitive harm – spectrum holdings are under 45 megahertz – we do not require divestiture of WWC's PCS spectrum in these markets. Divestiture of WWC's Cellular spectrum is adequate to ensure that there would be a sufficient number of competitors with the presence and capacity to respond to a price increase by the merged company in the listed markets.

CMA	Name
CMA334	Arkansas 11 - Hempstead
CMA430	Kansas 3 - Jewell
CMA431	Kansas 4 - Marshall

CMA435	Kansas 8 - Ellsworth
CMA436	Kansas 9 - Morris
CMA437	Kansas 10 - Franklin
CMA441	Kansas 14 - Reno
CMA534	Nebraska 2 - Cherry
CMA535	Nebraska 3 - Knox
CMA536	Nebraska 4 - Grant
CMA537	Nebraska 5 - Boone
CMA538	Nebraska 6 - Keith
CMA539	Nebraska 7 - Hall
CMA540	Nebraska 8 - Chase
CMA541	Nebraska 9 - Adams
CMA542	Nebraska 10 - Cass

B. Operation of Divestitures

163. Divestiture of operating units including associated spectrum, with the exception of the PCS spectrum and GSM roaming business, as set forth above (the "Divestiture Assets"), will be accomplished in the following way. A management trustee ("Management Trustee") shall be appointed to serve as manager of the Divestiture Assets until such assets are sold to third party purchasers or transferred to a divestiture trustee (who may be the same person as the Management Trustee). During the period in which the Management Trustee is in day-to-day control of the Divestiture Assets, the Applicants shall retain *de jure* control and shall have the sole power to market and dispose of the Divestiture Assets to third party buyers, subject to the Commission's regulatory powers and process with respect to license transfers and assignments.

164. Accordingly, we require that, within three calendar days from the date of release of this Order, the Applicants file an appropriate application with the Bureau to transfer the Divestiture Assets into the trust with the Management Trustee, which application shall also include a request to approve the identity of the Management Trustee and the terms of the trust agreement. We further require that the Divestiture Assets shall be transferred to the trust in accordance with the terms of this Order no later than upon consummation of this proposed transaction, or within three calendar days after the Bureau approves the appropriate applications transferring the Divestiture Assets to the Management Trustee, if the Bureau does not act on such applications prior to the consummation of the proposed transaction. The trust agreement shall include all reasonable and necessary rights, powers, and authorities to permit the Management Trustee to perform his duties of day-to-day management of the Divestiture Assets, in the ordinary course of business, in order to permit expeditious divestiture.[417] The Management Trustee will serve at the cost and expense of the Applicants.

165. From the date of release of this Order, and until the divestitures ordered herein have been consummated, both the Applicants and the Management Trustee shall preserve, maintain, and continue to support the Divestiture Assets and shall take all steps to manage them in a way as to permit prompt

[417] The duties and responsibilities of the Management Trustee and the terms relating to how the Divestiture Assets are to be preserved during the term of the trust are more fully set forth in the DOJ Stipulation and the DOJ Proposed Final Judgment filed in the District Court for the District of Columbia on July 6, 2005. *See* discussion *supra* Part II.C.2. Except to the extent that any provisions herein conflict, we require that the Applicants and the Management Trustee fully comply with such provisions as if they were set forth herein *in extenso*.

divestiture. We require that the Applicants and the Management Trustee abide by the same provisions relating to the duties of the Management Trustee and the preservation of the Divestiture Assets as those contained in the Stipulation that the Applicants have entered into with the DOJ. We also require that, to the extent the Stipulation requires that the Applicants or the Management Trustee provide the DOJ with any reports or requires that the Applicants seek any approvals from the DOJ, the Applicants will also provide such reports to, and seek such approvals from, the Commission.

166. The Applicants will be allowed 120 days from the closing of their transaction or five days after notice of entry of the Final Judgment, whichever is later (the "Management Period"), to divest the Divestiture Assets prior to the second stage of the divestiture procedures becoming operative. Upon application by the Applicants to the Bureau, the Bureau may grant one or more extensions to the Management Period not to exceed 60 days in the aggregate to allow the Applicants further time to dispose of the Divestiture Assets.[418]

167. Upon expiration of the Management Period, any Divestiture Assets that remain owned by the Applicants shall be irrevocably transferred to a divestiture trustee (the "Divestiture Trustee"), who shall be solely responsible for accomplishing disposal of the Divestiture Assets. The Applicants will submit to the Bureau, for approval, both the name of the proposed Divestiture Trustee and a draft of the trust agreement[419] to be entered into with said trustee together with an appropriate application to effect such transfer no later than 30 days prior to the expiration of the Management Period.[420] The Divestiture Trustee will serve at the cost and expense of the Applicants and shall file monthly reports with the Bureau setting forth his efforts to divest the Divestiture Assets.

168. The Divestiture Trustee shall use its best efforts to sell the Divestiture Assets within six months of his appointment, subject to the Commission's regulatory powers and process with respect to license transfers and assignments. The expeditious disposal of the Divestiture Assets during this period is of greater importance than the price that might otherwise be obtained for such assets. If a sale of any of the Divestiture Assets that consist of operating units and associated spectrum has not been effectuated within such period, the Divestiture Trustee shall file a report with the Bureau explaining the Divestiture Trustee's efforts to sell the Divestiture Assets, the reasons why the Divestiture Assets have not been sold, and the Divestiture Trustee's recommendations. The Commission will consider such report and will issue such further orders as it considers appropriate.

169. To the extent that any of the Divestiture Assets are included within the Stipulation and Final Judgment, we are willing to allow the Applicants to proceed to divest such assets in accordance with the terms of the agreements that are contained in those documents. To the extent that this Order requires divestitures in any market that are more extensive than those required by the DOJ, we require that the Applicants comply with this Order and completely dispose of the Divestiture Assets included in such markets. To the extent that we are requiring divestitures in additional markets to those of the DOJ, we will require the Applicants, prior to closing their transaction, to provide the Commission with

[418] If the Applicants have filed an application with the Commission seeking consent to the sale of any of the Divestiture Assets to a third party within the time periods set forth above but the Commission has not acted by the end of such period, such period will be extended and shall expire five days after the Commission's action with respect to such Divestiture Assets.

[419] The Bureau will consult with the Office of General Counsel on matters relating to the name of the proposed divestiture trustee and the terms of the divestiture trust.

[420] Except to the extent that any provisions herein conflict, the duties and responsibilities of the Divestiture Trustee are more fully set forth in the Final Judgment and we require that the Applicants and the Divestiture Trustee fully comply with such provisions as if they were set forth herein *in extenso*.

documentation substantially similar to that provided to the DOJ with respect to the additional divestitures that we require herein.

VI. CONCLUSION

170. We find that competitive harm is unlikely in most mobile telephony markets as a result of this transaction. As discussed above, however, with regard to sixteen local mobile telephony markets, our case-by-case analysis shows that likely competitive harms exceed likely benefits of the transaction, and we therefore require remedies to ameliorate the expected harm. We emphasize that our judgment in this matter does not mean that our analysis would be the same if additional consolidation in this sector were to be proposed in the future. Clearly, there is a point beyond which further consolidation would not be in the public interest. As we have here, when reviewing any future applications of this nature, we will look closely at the competitive circumstances pertaining at that time in the affected markets and will make a considered judgment based on careful weighing of all the relevant circumstances.

VII. ORDERING CLAUSES

171. Accordingly, having reviewed the applications, the petitions, and the record in this matter, IT IS ORDERED that, pursuant to sections 4(i) and (j), 309, 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), (j), 309, 310(d), the applications for the transfer of control of licenses from WWC to ALLTEL are GRANTED, to the extent specified in this order and subject to the conditions specified below.

172. IT IS FURTHER ORDERED that, pursuant to section 1.9030 of the Commission's rules, 47 C.F.R. § 1.9030, the application for the transfer of control of a *de facto* transfer lease authorization from WWC to ALLTEL is GRANTED, to the extent specified in this order and subject to the conditions specified below.

173. IT IS FURTHER ORDERED that the above grant shall include authority for ALLTEL to acquire control of: (a) any license or authorization issued to WWC and its subsidiaries during the Commission's consideration of the transfer of control applications or the period required for consummation of the transaction following approval; (b) construction permits held by such licensees that mature into licenses after closing; and (c) applications filed by such licensees and that are pending at the time of consummation of the proposed transfer of control.

174. IT IS FURTHER ORDERED that, pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and section 63.24 of the Commission's rules, 47 C.F.R. § 63.24, the applications to (1) transfer control from WWC to Widgeon of an international section 214 authorization and (2) assign from WWC to Widgeon an international section 214 to provide global facilities-based and resold international services are GRANTED, subject to the conditions applicable to international section 214 authorizations.

175. IT IS FURTHER ORDERED that the Commission's grant of the transfer of control of licenses from WWC to ALLTEL is conditioned upon the completion of the divestitures described in Part V of this Order.

176. IT IS FURTHER ORDERED that, with respect to roaming, ALLTEL may not prevent its customers from completing calls in the manner contemplated in 47 C.F.R. § 20.12(c), unless specifically requested to do so by a subscriber.

177. IT IS FURTHER ORDERED that, pursuant to sections 4(i) and (j), 309, and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), (j), 309, 310(d), the Petitions to

Deny the transfer of control of licenses and authorizations from WWC to ALLTEL filed by Dobson Cellular Systems, Inc. and American Cellular Corporation, Lamar County Cellular, Inc., and Rural Telecommunications Group, Inc. are DENIED for the reasons stated herein.

178. IT IS FURTHER ORDERED that this Memorandum Opinion and Order SHALL BE EFFECTIVE upon release. Petitions for reconsideration under section 1.106 of the Commission's rules, 47 C.F.R. § 1.106, may be filed within thirty days of the date of public notice of this order.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch

Marlene H. Dortch
Secretary

APPENDIX A
COMMENTING PARTIES AND PETITIONERS

Petitions to Deny Filed by:

Dobson Cellular Systems, Inc.
Lamar County Cellular, Inc.

Comments in Opposition Filed by:

Rural Telecommunications Group, Inc.

Comments Filed by:

AGL Resources
Alachua County Combined Communications Center
Associated General Contractors of Ohio
Baker, Senator Tom, Nebraska State Legislature
Arkansas Attorney General Mike Beebe
Speaker James B. Black, North Carolina House of Representatives
City of Searcy Police Department
CMRS Emergency Telephone Services Board
E911 Program Manager Iowa Homeland Security and Emergency Management Division
Senator Jay Scott Emler, Kansas State Legislature
Georgia Chamber of Commerce
Grand Island Area Chamber of Commerce
The Greater Lansing Business Monthly
Hastings Area Chamber of Commerce
Hastings Economic Development Corporation
Dave Heineman, Governor of Nebraska
Hot Spring County 911
Independence County Office of Emergency Services
Kansas Grain & Feed Association
Commissioner Frank E. Landis, Nebraska Public Service Commission
The League of Nebraska Municipalities
Lorain County Chamber of Commerce
Maricopa Region 911 Office
Mayor John R. Marks, III, City of Tallahassee
Martinsville-Henry County 9-1-1 Communications Center
Representative Daniel Francis McComas, North Carolina General Assembly
Nebraska Farm Bureau Federation
Regions Financial Corp.
Rosebud Sioux Tribe Utility Commission

Rural Cellular Association
SC State CMRS E9-1-1
Richard N. Taylor, ENP
Turtle Mountain Band of Chippewa Indians
United States Cellular Corporation
Virginia Wireless E-911 Services Board
Wayne County E-911

Joint Opposition to Petitions to Deny and Comments Filed by:

ALLTEL Corporation and Western Wireless Corporation

Reply Comments Filed by:

Dobson Cellular Systems Inc.
Lamar County Cellular, Inc.
Rural Telecommunications Group, Inc.
United States Cellular Corporation

APPENDIX B
LIST OF MARKETS IDENTIFIED FOR FURTHER ANALYSIS BY INITIAL SCREEN

CEAs:

CEA	Name
CEA1920*	Dallas, TX-OK
CEA3760*	Kansas City, MO-KS
CEA4360	Lincoln, NE
CEA4400*	Little Rock-North Little Rock, AR
CEA6660	Rapid City, SD-MT-NE-ND
CEA9040	Wichita, KS-OK
CEA9514	Manhattan, KS
CEA9532	Grand Island, NE
CEA9533	North Platte, NE-CO
CEA9534	Norfolk, NE
CEA9535	Scottsbluff, NE-WY

CMAs:

CMA	Name
CMA172	Lincoln, NE
CMA334*	Arkansas 11 - Hempstead
CMA430	Kansas 3 - Jewell
CMA431*	Kansas 4 - Marshall
CMA435	Kansas 8 - Ellsworth
CMA436	Kansas 9 - Morris
CMA437	Kansas 10 - Franklin
CMA441	Kansas 14 - Reno
CMA512	Missouri 9 - Bates
CMA534	Nebraska 2 - Cherry
CMA535	Nebraska 3 - Knox
CMA536	Nebraska 4 - Grant
CMA537	Nebraska 5 - Boone
CMA538	Nebraska 6 - Keith
CMA539	Nebraska 7 - Hall
CMA540	Nebraska 8 - Chase
CMA541	Nebraska 9 - Adams
CMA542	Nebraska 10 - Cass
CMA658*	Texas 7 - Fannin

* Markets in which the combined company will hold 70 megahertz or more of spectrum.

APPENDIX C
MARKET-SPECIFIC ANALYSIS OF MARKETS INVOLVING DIVESTITURE

Set forth below is a detailed examination of each of the CMA markets in which we determined that the public interest would not be served by the proposed transfer of control of Western Wireless to ALLTEL and would likely lead to anticompetitive harms that require a remedy.

The market share and HHI information appearing herein are derived from our analysis of three sets of data: geographic service provision data, Local Number Portability (LNP) data, and data compiled in our Numbering Resource Utilization / Forecast (NRUF) database. Using these different sets of data to cross-check against each other, we find that they essentially corroborate each other. When combined with the other factors in our multi-factor, market-specific analysis, we have a reliable basis for drawing competition-related conclusions based on the totality of the circumstances that are present in a given market.

Arkansas 11 - Hempstead (CMA 334)

In terms of market share in this CMA (which has a population of more than 67,000), ALLTEL has [REDACTED] percent of the wireless subscribers, while Western Wireless has [REDACTED] percent of the subscribers. If ALLTEL and Western Wireless were merged in this market, the post-merger share would rise to [REDACTED] percent. The other carriers with market share in this CMA are Sprint, with [REDACTED] percent of the subscribers, and Nextel, with [REDACTED] percent. No other service providers have market share in this CMA.

The post-merger HHI in this CMA would be [REDACTED], constituting an increase of [REDACTED] from the current figure. These numbers reflect that there would be a major change in the character of competition after the merger.

ALLTEL and Western Wireless are the two cellular licensees in this CMA. The merged entity would hold a total of 70 MHz throughout the CMA. ALLTEL and Western Wireless have launched service in all four counties of the CMA and have network coverage throughout it as well. Further, ALLTEL had a total of [REDACTED] mobile-to-mobile "ports out" in 2004 and [REDACTED] to Western Wireless (reflecting [REDACTED] percent of ALLTEL's ports). Western Wireless had a total of [REDACTED] mobile to mobile ports out in 2004 and [REDACTED] to ALLTEL (reflecting [REDACTED] percent of Western Wireless's ports).

Sprint and Nextel hold or control lesser amounts of spectrum in all four counties in the CMA. Four other licensees – Cingular, Leap, T-Mobile, and Verizon – hold lesser amounts of spectrum in various counties in the Hempstead CMA. Sprint has launched service in each of the four counties in the CMA, and its network covers almost two thirds of the population, however its network covers less than 25 percent of the land area. Nextel also has network coverage in the CMA and it covers less than 40 percent of the population and less than 25 percent of the land area in the CMA.

Conclusion. The proposed merger would involve merging the [REDACTED] and [REDACTED] largest providers in the CMA in terms of market share. Whereas ALLTEL now faces [REDACTED] competitors of some size in the CMA, the combined entity would face [REDACTED] with a greater than [REDACTED] percent market share. Combined with the fact that ALLTEL would have approximately

[REDACTED] percent of the subscribers, we find it highly likely that ALLTEL would be able to profitably raise prices or lower the quality of wireless service. Therefore on the basis of the record, we conclude that there is a substantial risk that the transaction, without conditions, would lead to anticompetitive harms in this CMA.

Kansas 3 – Jewell (CMA430)

In the Kansas 3 - Jewell CMA (which has a population of about 52,000), ALLTEL has [REDACTED] percent of the wireless subscribers, while Western Wireless has [REDACTED] percent in terms of market share. Thus, if combined, the market share for the merged entity would be [REDACTED] percent. No other service providers have market share in this CMA.

ALLTEL and Western Wireless are the two cellular licensees in this CMA. In seven counties the merged entity would hold a total of 60 MHz, and in the eighth county in the CMA it would hold 70 MHz. ALLTEL and Western Wireless have launched service throughout the CMA and have network coverage throughout it as well. Further, ALLTEL had a total of [REDACTED] mobile-to-mobile ports out in 2004. Western Wireless had a total of [REDACTED] mobile to mobile ports out in 2004 and [REDACTED] to ALLTEL reflecting [REDACTED] percent of Western Wireless's ports.

Cingular, Nextel, Sprint, and Poplar PCS hold spectrum in all eight counties of the CMA. Three other carriers – Kansas Personal Communications, T-Mobile, and Westlink – hold lesser spectrum in various counties in the Jewell CMA. Also, Cingular and Westlink Communications have entered into a long-term *de facto* spectrum lease, and Cingular is leasing 30 MHz of spectrum in two counties and 20 MHz of spectrum in two counties to Westlink Communications. The network coverage by the other carriers is slight. None of the other carriers has a network that covers more than eight percent of the population or six percent of the land area.

Conclusion. The proposed transaction would [REDACTED] in this CMA. No other carrier appears to have the facilities in place to respond quickly and effectively to any anticompetitive actions by the merged entity. Therefore on the basis of the record, we conclude that there is a substantial risk that the transaction, without conditions, would lead to anticompetitive harms in this CMA.

Kansas 4 – Marshall (CMA 431)

In the Kansas 4 – Marshall CMA (which has a population of over 130,000), ALLTEL has [REDACTED] percent market share of the wireless subscribers, while Western Wireless has [REDACTED] percent; merging these entities in this market would lead to a post-merger share of [REDACTED] percent. The other carriers with market share in this CMA are Sprint, with [REDACTED] percent of the subscribers, T-Mobile with [REDACTED] percent, and Nextel, with [REDACTED] percent. No other service providers have market share in this CMA.

The post-merger HHI in the Marshall CMA would be [REDACTED], an increase of [REDACTED] from the current figure. These numbers reflect that there would be a major change character of competition after the merger.

ALLTEL and Western Wireless are the two cellular licensees in this CMA. The merged entity would hold between 60 to 70 MHz throughout the CMA (the levels vary by area in some counties due to partitioning of PCS licenses). ALLTEL and Western Wireless are launched throughout the CMA and their network coverage includes the entire CMA. ALLTEL had a total of [REDACTED] mobile-to-

mobile ports out in 2004 and [REDACTED] to Western Wireless (reflecting [REDACTED] percent of ALLTEL's ports). Western Wireless had a total of [REDACTED] mobile to mobile ports out in 2004 and [REDACTED] to ALLTEL (reflecting [REDACTED] percent of Western Wireless's ports).

Cingular, Nextel, Poplar PCS, Sprint, and T-Mobile hold spectrum in all of the counties in the CMA. Kansas Personal Communications and Westlink Communications hold spectrum in two counties each in this CMA. Nextel, Sprint, T-Mobile, and Westlink have network coverage of between 68 and 76 percent of the population, but less than 20 percent of the land area. However, only Sprint and T-Mobile have a market share greater than [REDACTED] percent.

Conclusion. The proposed transaction would combine the [REDACTED] and [REDACTED] largest competitors in the Kansas 4 – Marshall CMA in terms of subscribers. Among carriers with a market share greater than [REDACTED] in the CMA, the merger would reduce the number of facilities-based competitors from [REDACTED] to [REDACTED]. Significantly, however, in three of the CMA's counties (Marshall, Nemaha, and Pottawatomie) the merger would reduce the number of facilities-based competitors from three to two carriers. These three counties reflect 31 percent of the population in the CMA. In light of the small percentage of land area covered by the competitors' networks and the merged entity's [REDACTED] market share, we conclude there is a substantial risk that the proposed transaction, without conditions, would lead to anticompetitive harms in the Kansas 4 – Marshall CMA.

Kansas 8 – Ellsworth (CMA 435)

In this CMA (which has a population of about 133,000), ALLTEL has a market share of [REDACTED] percent of the wireless subscribers, while Western Wireless has [REDACTED] percent; if combined, the post-merger share would be [REDACTED] percent. The other carriers with market share in this CMA are Sprint, with [REDACTED] percent of the subscribers, and T-Mobile with [REDACTED] percent. No other service providers have market share in this CMA.

The post-merger HHI in the Ellsworth CMA would be [REDACTED] and the change from the current figure would be [REDACTED]. These numbers reflect that there would be a major change in the character of competition after the merger.

ALLTEL and Western Wireless hold the cellular licenses in the CMA. The merged entity would hold between 50 and 60 MHz of spectrum throughout the CMA (the levels vary by area in some counties due to partitioning of PCS licenses). ALLTEL and Western Wireless launched service in each county and provide network coverage throughout the CMA. ALLTEL had a total of [REDACTED] mobile-to-mobile ports out in 2004 and [REDACTED] to Western Wireless ([REDACTED] percent of ALLTEL's ports). Western Wireless had a total of [REDACTED] mobile to mobile ports out in 2004 and [REDACTED] to ALLTEL ([REDACTED] percent of Western Wireless's ports).

Five other licensees hold spectrum in all six counties of this CMA – Cingular, Nextel, Poplar PCS, Sprint and T-Mobile. Five service providers hold spectrum in fewer than all counties – Kansas Personal Communications, Leap, Nex Tex, NTCH, and Westlink Communications. Also Cingular and Westlink Communications have entered into a long-term *de facto* spectrum lease and Cingular is leasing 20 MHz to Westlink Communications in two counties in this CMA. Cingular, Sprint, T-Mobile, and Westlink Communications have network coverage of more than 50 percent of the population of the CMA, however none covers more than 30 percent of the land area.

Conclusion. As proposed, the merger would combine the [REDACTED] and [REDACTED] largest providers in this particular CMA, and the resulting entity would be [REDACTED] times larger

than the next largest provider. Among carriers with a market share greater than [REDACTED] percent in the CMA, the merger would reduce the number of facilities-based competitors from [REDACTED] to [REDACTED]. In three of the CMA's counties the merger would result in three or fewer competitors with network coverage. In fact, in two counties the merged entity would be the only wireless carrier with network coverage. Therefore, because of the [REDACTED] market share that would be held by the merged entity and the small land area covered by the networks of competitors in the CMA, we conclude that there is a substantial risk that the transaction, without conditions, would lead to anticompetitive harms in the Kansas 8 – Ellsworth CMA.

Kansas 9 – Morris (CMA 436)

In the Kansas 9 – Morris CMA (which has a population of about 60,000), ALLTEL has [REDACTED] percent of the wireless subscribers, while Western Wireless has [REDACTED] percent; if combined, the merged entity would have a post-merger market share of [REDACTED] percent. The other carriers with market share in this CMA are T-Mobile, with [REDACTED] percent of the subscribers, Sprint with [REDACTED] percent, and Nextel with [REDACTED] percent. No other service providers have market share in this CMA.

The post-merger HHI in the Morris CMA would be [REDACTED] and the change from the current figure would be [REDACTED]. These numbers reflect that there would be a major change in the character of competition after the merger.

ALLTEL and Western Wireless are the two cellular licensees in the CMA. The merged entity would hold between 50 and 60 MHz of spectrum throughout the CMA (the levels vary by area in some counties due to partitioning of PCS licenses). ALLTEL and Western Wireless have launched service in all five counties and their network coverage extends throughout the CMA. ALLTEL had a total of [REDACTED] mobile-to-mobile ports out in 2004 and [REDACTED] to Western Wireless (reflecting [REDACTED] percent of ALLTEL's ports). Western Wireless had a total of [REDACTED] mobile to mobile ports out in 2004 and [REDACTED] to ALLTEL ([REDACTED] percent of Western Wireless's ports).

Five other licensees hold spectrum in all five counties of the Morris CMA – Cingular, Nextel, Poplar PCS, Sprint, and T-Mobile. Four other service providers hold spectrum in fewer than all counties – Kansas Personal Communications, Leap, NTCH, and Westlink Communications. Five providers have network coverage in some portion of the CMA, and four of these carriers (Cingular, Nextel, Sprint, and T-Mobile) cover over 55 percent of the population. However, none of these providers covers more than 50 percent of the land area. The remaining carrier, Westlink Communications, covers less than six percent of the population and five percent of the land area of this CMA.

Conclusion. The proposed merger would combine the number [REDACTED] and [REDACTED] carriers in the Kansas 9 – Morris CMA, which then would be about [REDACTED] times the size of the [REDACTED] carriers with more than [REDACTED] percent of the market. Among carriers with a market share greater than [REDACTED] percent in the CMA, the merger would reduce the number of facilities-based competitors from [REDACTED] to [REDACTED]. The other carriers in this CMA have network coverage in only three of the five counties. Thus in 2 counties (Greenwood and Morris) the only two carriers with network coverage are merging. About 23 percent of the CMA's population lives in the counties where there would be a merger to monopoly. Although there are several carriers who have network coverage, the Applicants' combined market share and lack of any current alternative in two counties in the proposed merger causes us to conclude that there is a substantial risk that the transaction, without conditions, would lead to anticompetitive harm in this particular CMA.

Kansas 10 – Franklin (CMA 437)

In this CMA (which has a population of about 113,000), ALLTEL has [REDACTED] percent of the wireless subscribers, while Western Wireless has [REDACTED] percent of the subscribers; if combined, this would lead to a post-merger share of [REDACTED] percent. The other carriers with market share in this CMA are T-Mobile with [REDACTED] percent of the subscribers, Sprint with [REDACTED] percent, Nextel with [REDACTED] percent, and Cingular with [REDACTED] percent. No other service providers have market share in this CMA.

The post-merger HHI in the Franklin CMA would be [REDACTED] and the change from the current figure would be [REDACTED]. These numbers reflect that there would be a major change in the character of competition after the merger.

ALLTEL and Western Wireless are the two cellular licensees. The merged entity would hold between 50 and 60 MHz of spectrum throughout the CMA (the levels vary by area in some counties due to partitioning of PCS licenses). ALLTEL and Western Wireless are launched and provide network coverage in all eight counties of the CMA. ALLTEL had a total of [REDACTED] mobile-to-mobile ports out in 2004, with [REDACTED] to Western Wireless (reflecting [REDACTED] percent of ALLTEL's ports). Western Wireless had a total of [REDACTED] mobile to mobile ports out in 2004, with [REDACTED] to ALLTEL (reflecting [REDACTED] percent of Western Wireless's ports).

Four other licensees hold spectrum in all eight counties of the Franklin CMA – Cingular, Nextel, Sprint, and T-Mobile. Four other service providers hold spectrum in fewer than all counties – Kansas Personal Communications, Leap, NTCH, Poplar PCS, and Verizon. Cingular, Nextel, Sprint, T-Mobile and Verizon have network coverage in this CMA. Cingular covers over 95 percent of the population and land area, T-Mobile covers two thirds of the population and less than 40 percent of the land area, Nextel and Sprint cover less than 40 percent of the population and less than 20 percent of the land area, and Verizon covers less than seven percent of the population and less than four percent of the land area. However, despite the above network coverage, only [REDACTED] and [REDACTED] have market shares greater than [REDACTED] percent.

Conclusion. The merger as proposed would combine the [REDACTED] and [REDACTED] largest carriers in the CMA. Among carriers with a market share greater than [REDACTED] in the CMA, the merger would reduce the number of facilities-based competitors from [REDACTED] to [REDACTED]. More significantly, in three of the CMA's eight counties, the merged company would be the only provider with network coverage, and in another three counties there would be only two providers. These six counties contain 53 percent of the CMA population. In five counties, containing 45 percent of the CMA population, the merger would also reduce the number of carriers with network coverage to two or fewer. As a result, we conclude that there is a substantial risk that the transaction, without conditions, would lead to anticompetitive harms in this CMA.

Kansas 14 – Reno (CMA 441)

In the Kansas 14 - Reno CMA (which has a population of about 175,000), ALLTEL has [REDACTED] percent of the wireless subscribers, while Western Wireless has [REDACTED] percent of the subscribers; if combined, this would lead to a post-merger market share of [REDACTED] percent. The other carriers with market shares in this CMA are Sprint, with [REDACTED] percent of the subscribers T-Mobile with [REDACTED] percent, Nextel with [REDACTED] percent, Leap with

[REDACTED] percent, and Cingular with [REDACTED] percent. No other service providers have market share in this CMA.

The post-merger HHI in this CMA would be [REDACTED], constituting an increase of [REDACTED] from the current figure. These numbers reflect that there would be a major change in the character of competition after the merger.

ALLTEL and Western Wireless are the two cellular licensees. The merged entity would hold between 50 and 60 MHz of spectrum throughout the CMA. ALLTEL and Western Wireless have launched service and provide network coverage in all six counties of the CMA. ALLTEL had a total of [REDACTED] mobile-to-mobile ports out in 2004 and [REDACTED] to Western Wireless (reflecting [REDACTED] percent of ALLTEL's ports). Western Wireless had a total of [REDACTED] mobile to mobile ports out in 2004 and [REDACTED] to ALLTEL ([REDACTED] percent of Western Wireless's ports).

Five other licensees hold spectrum in all six counties of Kansas 14 – Reno Cingular, Nextel, Poplar PCS, Sprint, and T-Mobile. Four other licensees hold spectrum in fewer than all counties – Kansas Personal Communications, Leap, NTCH, and Westlink Communications. Cingular, Leap, Nextel, Sprint, T-Mobile, and Westlink Communications have network coverage in this CMA. Nextel, Sprint, and T-Mobile cover between 50 and 75 percent of the population and only between 15 and 25 percent of the land area of the CMA. Cingular covers less than 45 percent of the population and less than 35 percent of the land area while Westlink covers less than 35 percent of the population and ten percent of the land area. Finally, Leap covers less than 15 percent of the population and less than two percent of the land area. However, despite the above coverage, only [REDACTED] has a market share greater than two percent.

Conclusion. The merger as proposed would combine the [REDACTED] and [REDACTED] largest providers in the Kansas 14 – Reno CMA. Among carriers with a market share greater than [REDACTED] percent in the CMA, the merger would reduce the number of facilities-based competitors from [REDACTED] to [REDACTED]. Additionally, in three counties the merger would decrease the number of carriers with network coverage to three or fewer. These three counties (Kingman, Cowley, and Harper) reflect 29 percent of the CMA population. Although there are a significant number of competitors in part of the CMA, that is not true throughout the CMA. As a result, we conclude that there is a substantial risk that the transaction, without conditions, would lead to anticompetitive harms in the Kansas 14 – Reno CMA.

Nebraska 2 – Cherry (CMA 534)

In the Nebraska 2 - Cherry CMA (which has a population of about 30,000), ALLTEL has [REDACTED] percent of the wireless subscribers, while Western Wireless has [REDACTED] percent; if combined as proposed, the merged entity would have a [REDACTED] percent market share. No other service providers have market share in this CMA.

ALLTEL and Western Wireless are the two cellular licensees. After the transaction, the merged entity would hold a total of 55 MHz of spectrum throughout the CMA. ALLTEL and Western Wireless are launched in all eight counties of the CMA and have network coverage in each county as well. Further, ALLTEL had a total of [REDACTED] mobile-to-mobile ports out in 2004 and [REDACTED] to Western Wireless ([REDACTED] percent of ALLTEL's ports). Western Wireless had a total of [REDACTED] mobile to mobile ports out in 2004.

Five carriers hold spectrum in every county in the CMA – Cingular, NE Colorado, Nextel, Sprint, and T-Mobile, although T-Mobile only holds 5 MHz of spectrum throughout the CMA. Hamilton Wireless, PinPoint Communications, and Verizon hold spectrum in fewer than all counties. Also, Cingular and NE Colorado have entered into a spectrum manager lease agreement, and Cingular is leasing 30 MHz of spectrum to NE Colorado in one county in this CMA. Only NE Colorado and Verizon have network coverage in this CMA. The NE Colorado network reaches about ten percent of the population and less than half a percent of the land area, while Verizon has coverage that reaches less than one percent of the population.

Conclusion. The transaction as proposed would effectively lead to [REDACTED] in this CMA. No other carrier appears to have the facilities in place to respond quickly and effectively to any anticompetitive actions by the merged entity. Thus, we conclude on the basis of the record that there is a substantial risk that the transaction, without conditions, would lead to anticompetitive harms in the Nebraska 2 – Cherry CMA.

Nebraska 3 – Knox (CMA 535)

In the Nebraska 3 – Knox CMA (which has a population of about 117,000), ALLTEL has [REDACTED] percent of the wireless subscribers, while Western Wireless has [REDACTED] percent of the subscribers; combining these two entities would lead to a post-merger share of [REDACTED] percent. The other carriers with market share in this CMA are Sprint, with [REDACTED] percent of the subscribers, and NE Colorado with [REDACTED] percent. No other service providers have market share in this CMA.

The post-merger HHI in the CMA would be [REDACTED] and the change from the current figure would be [REDACTED]. These numbers reflect that there would be a major change in the character of competition after the merger.

ALLTEL and Western Wireless are the two cellular licensees. After the transaction, the merged entity would hold a total of 55 to 60 MHz of spectrum throughout the CMA. ALLTEL and Western Wireless have launched service in all eleven counties of the CMA and have network coverage in each county as well. Further, ALLTEL had a total of [REDACTED] mobile-to-mobile ports out in 2004 and [REDACTED] to Western Wireless ([REDACTED] percent of ALLTEL's ports). Western Wireless had a total of [REDACTED] mobile to mobile ports out in 2004 and [REDACTED] to ALLTEL ([REDACTED] percent of Western Wireless's ports).

Four carriers hold spectrum in every county in the CMA – Cingular, Nextel, Sprint, and T-Mobile, although T-Mobile only holds 5 MHz of spectrum in 9 of the 11 counties in this CMA. Iowa Wireless, Leap, Long Lines, Midwest Wireless, NE Colorado, USCC, and Verizon hold spectrum in at least two counties in this CMA. Also, Cingular and NE Colorado have entered into a spectrum manager lease agreement, and Cingular is leasing 10 MHz of spectrum to NE Colorado in one county in this CMA. NE Colorado, Nextel, Sprint, and T-Mobile are launched in the CMA, but the network coverage of each of these four carriers is less than 46 percent of the CMA and less than 20 percent of the land area. Two additional carriers have network coverage reaching less than five percent of the population and seven percent of the land area.

Conclusion. The merger as proposed involves merging the [REDACTED] and [REDACTED] largest providers in the CMA in terms of subscribers, and would lead to a [REDACTED] in this CMA. No other carrier appears to have the facilities in place to respond quickly and effectively to any anticompetitive actions by the merged entity. Thus, we conclude on the basis of the record that there is a

substantial risk that the transaction, without conditions, would lead to anticompetitive harms in the Nebraska 3 - Knox CMA.

Nebraska 4 – Grant (CMA 536)

In the Nebraska 4 - Grant CMA (which has a population of about 34,000), ALLTEL has [REDACTED] percent of the wireless subscribers, while Western Wireless has [REDACTED] percent; combining these two entities would lead to a post-merger share of [REDACTED] percent. No other service providers have market share in this CMA.

ALLTEL and Western Wireless are the cellular licensees. After the transaction, the merged entity would hold a total of 55 to 60 MHz of spectrum throughout the CMA. ALLTEL has launched service in all thirteen counties of the CMA and has network coverage in each county as well. Western Wireless has launched service in all but one county, and has network coverage in some or all of the ten counties in the CMA. Further, ALLTEL had a total of [REDACTED] mobile-to-mobile ports out in 2004 and [REDACTED] to Western Wireless (reflecting [REDACTED] percent of ALLTEL's ports). Western Wireless had a total of [REDACTED] mobile to mobile ports out in 2004 and [REDACTED] ALLTEL ([REDACTED] percent of Western Wireless's ports).

Four service providers also hold spectrum in all of the counties in this CMA – NE Colorado, Nextel, Sprint, and T-Mobile, although T-Mobile holds only 5 MHz of spectrum throughout the CMA. Six carriers hold spectrum in less than 13 counties in this CMA – Cingular, Eezinet Corporation, Hamilton Wireless, PinPoint Communications, Tracy Corporation II, and Verizon. Also, Cingular and NE Colorado have entered into a spectrum manager lease agreement, and Cingular is leasing 30 MHz of spectrum to NE Colorado in three counties in this CMA. NE Colorado, Nextel, Sprint, and T-Mobile have network coverage in this CMA, however none covers more than 20 percent of the population or more than 6 percent of the land area. Of these carriers [REDACTED] has a market share greater then [REDACTED] percent.

Conclusion. The transaction as proposed effectively would lead to a [REDACTED] in this CMA. No other carrier appears to have the facilities in place to respond quickly and effectively to any anticompetitive actions by the merged entity. Thus, we conclude on the basis of the record that there is a substantial risk that the transaction, without conditions, would lead to anticompetitive harms in the Nebraska 4 – Grant CMA.

Nebraska 5 – Boone (CMA 537)

In the Nebraska 5 – Boone CMA (which has a population of about 150,000), ALLTEL has [REDACTED] percent of the wireless subscribers, while Western Wireless has [REDACTED] percent of the subscribers; if combined, the merged entity would have a post-merger share of [REDACTED] percent. The other carriers with market share in this CMA are Sprint, with [REDACTED] percent of the subscribers, NE Colorado with [REDACTED] percent, and Nextel with [REDACTED] percent. No other service providers have market share in this CMA.

The post-merger HHI in the Boone CMA would rise to [REDACTED], an increase of [REDACTED] from the current figure. These numbers reflect that there would be a major change in the character of competition after the merger.