

**An Independent Wireless Carrier's
Perspective on Pending Wireline Mergers –
WT Dockets 05-65, 05-75**

August 31, 2005

Background: T-Mobile USA

- Largest U.S. GSM/GPRS 1900 MHz voice and data network, reaching 253 million people and 46 of the 50 top markets.
- One of the fastest growing wireless carriers – now nearly 20 million subscribers, up from 10 million at 1Q03.
- Seeking to be a full intermodal competitor.

T-Mobile's Interest in the Wireline Mergers

- T-Mobile is the only remaining nationwide, pure wireless carrier.
- T-Mobile is both a customer and competitor of the merging parties.

The FCC Should Only Approve the Verizon-MCI and SBC-AT&T Mergers with Conditions

- Without conditions, the mergers risk harm to competition and consumers.
- Necessary conditions are listed in T-Mobile's comments and the letter from Senators DeWine and Kohl of July 2005.

The Commission Should Analyze the Pending Mergers Holistically

- The nation's two largest ILECs will own the two largest IXCs while controlling the two largest wireless carriers.
- T-Mobile is concerned about the cumulative effects on competition and market structure nationwide.

The Pending Mergers Could Harm Customers Of The Merging Parties

- Special Access
- Wholesale Long Distance
- Broadband/Intermodal Competition

The Mergers Will Deepen The Existing Lack Of Special Access Competition

- T-Mobile depends on the merging parties' special access offerings as inputs for its competitive wireless services.
- Over 96% of T-Mobile's base station-to-central office links supplied by the local ILEC.
- Over 94% of T-Mobile's interoffice links supplied by the local ILEC.
- In virtually all instances, there does not exist a suitable alternative to ILEC special access facilities.

Special Access Issues

- The little competitive discipline now exerted by MCI and AT&T will disappear if the mergers are approved as filed.
- **Recommended remedial conditions:** Cost-based pricing of special access services or treatment as UNEs, performance measures, and enforcement mechanisms.

The Mergers will Eliminate the Two Largest Independent Providers of Wholesale Long Distance Service

- T-Mobile buys most of its switched long distance service from AT&T. An SBC-AT&T merger raises concerns about discrimination by the post-merger SBC.
- The Verizon-MCI merger would eliminate MCI as a potential independent source of wholesale long distance services.

Long Distance Marketplace Issues (cont'd)

- Other long distance wholesalers do not possess the nationwide, facilities-based networks of AT&T and MCI.
- **Recommended remedial condition:** nondiscrimination safeguards on the merged parties' wholesale long distance offerings.

The Mergers Threaten Developing Intermodal Competition, Especially In Broadband

- The mergers will dampen incentives to innovate in the broadband marketplace.
- **Recommended remedial condition:** Require the merged firms to provide cost-based, stand-alone DSL on a nondiscriminatory basis.

T-Mobile Supports The Letter From Senators DeWine and Kohl of July 29, 2005

- Recognizes need to ensure that market conditions will exist to permit intermodal competition.
- Recommends merger conditions:
 - Stand-alone DSL.
 - “Net Neutrality” commitment.
 - Full nondiscriminatory access to acquiring RBOCs’ 911 and E911 networks.
 - Divestiture of duplicative loop facilities acquired from AT&T and MCI.

Conclusion

- Consolidation must not harm competition.
- The proposed mergers will affect the market structure of the entire industry.
- Remedial conditions are needed to safeguard opportunities for intermodal competition from a variety of independent players, including wireless and IP-based services providers.