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January 15, 2009

BY ELECTRONIC SUBMISSION

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20054

Re: *Comments of Sprint Nextel Corporation, In the Matter of Applications Filed for the Transfer of Control of Centennial Communications Corp. to AT&T, WC Docket No. 08-246*

Sprint Nextel Corporation ("Sprint Nextel") hereby submits a redacted version of the *Comments of Sprint Nextel Corporation* filed in the above-captioned proceeding. This redacted version is available for public inspection. Sprint Nextel is filing under separate cover a confidential, non-redacted version of the *Comments of Sprint Nextel Corporation*.

We are filing electronically one copy of this letter and the redacted *Comments of Sprint Nextel Corporation* in the above-captioned docket.

Respectfully submitted,

/s/ Anna M. Gomez

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Vice President, Government Affairs

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Applications Filed for the Transfer of)	WC Docket No. 08-246
Control of Centennial Communications Corp.)	DA 08-2713
To AT&T, Inc.)	File Nos. 0003652457,
)	0003668912 and 0003674680

COMMENTS OF
SPRINT NEXTEL CORPORATION

Sprint Nextel Corporation (“Sprint”) submits these comments in response to the applications of AT&T, Inc. (“AT&T”) and Centennial Communications Corp. (“Centennial”) to approve transfer of control of Centennial to AT&T (the “AT&T Application”).¹ These comments are limited in scope to AT&T’s proposal to acquire Centennial’s mobile radio licenses and CDMA assets in Puerto Rico and the U.S. Virgin Islands (“USVI”).²

AT&T has not submitted sufficient facts for interested parties or the Commission to conduct a meaningful public interest analysis of its proposal to acquire Centennial’s Puerto Rico and USVI wireless operations. Given this lack of information, Sprint is concerned about the potential implications of this merger for the CDMA customers of Centennial and the customers of other CDMA providers such as Sprint. Sprint believes the Commission must obtain assurances from AT&T regarding the operation of Centennial’s CDMA networks to ensure that access to these networks is maintained or, if AT&T plans to discontinue operation of Centennial’s CDMA

¹ See Public Notice, *AT&T, Inc. and Centennial Communications Corp. Seek FCC Consent to Transfer Control of Licenses, Leasing Arrangements and Authorizations*, Docket No. 08-246, DA 08-2713 (Dec. 16, 2008); see also AT&T, Form 603, Exhibit 1, Description of Transaction, Public Interest Showing and Related Demonstrations (Nov. 21, 2008) (“AT&T Application”). Centennial also filed several shorter applications between November 21 and 26, 2008.

² Sprint takes no position regarding AT&T’s proposal to acquire Centennial’s radio licenses and associated assets on the U.S. mainland or Centennial’s wireline assets in Puerto Rico.

networks, that carriers are given sufficient time to develop and implement alternative arrangements. Depending upon the information the Commission obtains, it may be appropriate to either deny the AT&T Application with respect to Puerto Rico and the USVI, or impose appropriate conditions.

1. Background. AT&T and Centennial operate GSM networks on the U.S. mainland, and their respective network coverage is largely complementary (*i.e.*, they generally serve different geographic areas). The situation is much different in Puerto Rico and the USVI. There, Centennial operates a CDMA network and AT&T operates a GSM network, their networks overlap, and the two companies compete directly with each other. Industry analysts noted immediately upon announcement of the proposed transaction that the “most complicated aspect of the deal will involve AT&T Mobility’s integration plans for Centennial’s CDMA-based Puerto Rico operations.”³ Yet, AT&T’s Application does not discuss this integration subject or the potential harms this portion of the acquisition might have on consumers or on competition.

2. The Commission’s Public Interest Standard. AT&T’s Application correctly describes the analysis the Commission undertakes in a proceeding such as this: The Commission “weighs any potential public interest harms of the proposed transaction against the potential public interest benefits.”⁴ And, as AT&T recognizes, it “bear[s] the burden of proving, by a preponderance of the evidence, that the proposed transaction, on balance, serves the public interest.”⁵

³ RCR WIRELESS NEWS, *Acquisition Frenzy Continues; Centennial Deal Might Not be Last* (Nov. 17, 2008).

⁴ AT&T Application at 3.

⁵ *Id.*

AT&T contends in its Application that its proposal to acquire Centennial “will serve the public interest” and “will have no adverse effect on competition.”⁶ The problem with these arguments, at least as applied to its proposal to acquire Centennial’s Puerto Rico/USVI wireless operations, is that AT&T’s Application does not contain any of the facts that parties and the Commission need to analyze the potential public interest harms of its proposed acquisition of Centennial’s Puerto Rico/USVI wireless operations. And, if the Commission does not have the facts to assess potential public interest harms, it cannot determine that AT&T’s acquisition of Centennial, “on balance, serves the public interest.”⁷

Sprint below discusses some of the material facts AT&T must disclose to permit interested parties and the Commission to conduct a meaningful public interest analysis of this portion of AT&T’s proposed acquisition.

3. Impact of AT&T’s Proposal on Centennial’s Puerto Rico/USVI Wireless Customers.

AT&T’s Application understandably focuses on the benefits it thinks Centennial customers would enjoy by being served by AT&T. For example, AT&T states that its acquisition of Centennial “will enable AT&T to extend 3G services to Centennial’s customers.”⁸ AT&T’s Application does not, however, advise the Commission that Centennial’s entire CDMA network in Puerto Rico has been 3G-capable (EV-DO) for some time and that as of last May, Centennial

⁶ *Id.* at 4 and 23.

⁷ AT&T Application at 3.

⁸ AT&T Application at 8.

made a more advanced 3G technology (EV-DO Rev. A) available to “approximately 85% of Puerto Rico’s population.”⁹

AT&T’s Application further states that the merger “will give Centennial’s subscribers access to the full range of services available on AT&T’s national network.”¹⁰ But AT&T’s Application again does not mention that these services will be available to Centennial’s Puerto Rico customers only if they discard their current CDMA handsets and purchase new GSM phones.

Somewhat surprisingly, AT&T’s Application does not discuss at all how its acquisition of Centennial will affect Centennial’s 430,000 CDMA customers in Puerto Rico.¹¹ Assuming that AT&T intends to discontinue CDMA service in Puerto Rico eventually, Sprint believes that the Commission should ask the following questions:

- How long can Centennial’s CDMA customers expect to continue to use their current CDMA phones on Centennial’s wireless network?
- Will AT&T force Centennial’s CDMA customers to buy new GSM phones in this distressed economy?
- Will AT&T provide new GSM handsets to Centennial’s Puerto Rico customers free of charge or on a subsidized basis?
- Will AT&T migrate Centennial’s CDMA customers to AT&T’s GSM network slowly over time if it plans to eliminate the CDMA network?
- What assurances will Centennial’s CDMA customers have that AT&T will continue to maintain Centennial’s network facilities at the same or better level than Centennial has?
- Will Centennial’s CDMA customers have the same degree of access to wireless broadband data after the acquisition as they do today?

⁹ See Centennial 2008 Annual Report, Form 10K Exhibit, at 3. The Census Bureau estimates that on July 1, 2008, the “population for Puerto Rico was 4 million, up by 0.3 percent (13,000) from one year earlier.” See www.census.gov/Press-Release/www/releases/archives/population/013049.html.

¹⁰ AT&T Application at 5.

¹¹ See Press Release, *Centennial Communications Announces Second-Quarter Results* (Jan. 8, 2009).

- Given Centennial's extensive CDMA EV-DO wireless broadband coverage on Puerto Rico, will 430,000 customers lose wireless broadband access where they have it today because AT&T offers more limited, or simply different, wireless broadband data coverage on its network?

Sprint submits that the Commission needs to require AT&T to answer these questions before it renders a decision on AT&T's Application. But answers to these questions cannot be made until AT&T discloses (1) the length of time AT&T intends to maintain Centennial's CDMA network, and (2) AT&T's specific network integration and customer migration plans. Depending upon the responses the Commission receives, it may be necessary to deny the AT&T Application or condition the merger to protect the public interest.

4. Impact on Competition of AT&T's Proposal to Acquire Centennial's Puerto Rico/USVI Wireless Operations. AT&T states that its acquisition of Centennial "will have no adverse effect on competition."¹² But the issue in an acquisition proceeding such as this is not whether a proposed transaction would have "no adverse effect on competition," but rather whether competition *would be enhanced*.

Specifically, the Commission considers whether the proposed merger "could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Communications Act":

Our public interest evaluation necessarily encompasses the "broad aims of the Communications Act," which include, among other things, a deeply rooted preference for preserving and enhancing competition in relevant markets¹³

¹² AT&T Application at 23.

¹³ *AT&T/BellSouth Merger Order*, 22 FCC Rcd 5662, 5672-73 ¶¶ 19, 20 (2007). See also *AT&T/Dobson Merger Order*, 22 FCC Rcd 20295, 20304 ¶ 12 (2007); *Verizon Wireless/Alltel Merger Order*, WT Docket No. 08-95, FCC 08-258, 23 FCC Rcd 11401 at ¶¶ 26, 27 (Nov 10, 2008).

In determining the competitive effects of a proposed merger, the Commission is “not limited to traditional antitrust principles,” but rather considers the “broader public interest”:

In addition to considering whether the merger will reduce existing competition, we also must consider whether the merger *will accelerate the decline of market power by dominant firms* in the relevant communications markets, and *the merger's effect on future competition*. . . . For instance, combining assets may allow the merged entity to . . . create market power, create or enhance barriers to entry by potential competitors, and increase opportunities to disadvantage rivals in anticompetitive ways.¹⁴

In particular, the Commission considers whether a proposed transaction “*will enhance, rather than merely preserve, existing competition*.”¹⁵ And, the Commission will approve a merger proposal only if it is “convinced that [the transaction] will *enhance* competition.”¹⁶

AT&T’s Application does not demonstrate how competition in Puerto Rico/USVI would be enhanced by its acquisition of Centennial’s Puerto Rico/USVI radio licenses and associated CDMA assets and its conversion of the CDMA network to GSM.

Sprint provides mobile radio services throughout the United States using the CDMA air interface.¹⁷ Sprint also operates a CDMA network in providing its wireless services in Puerto Rico and the USVI. **[Begin Confidential Section]** [REDACTED]

¹⁴ *AT&T/Dobson Merger Order*, 22 FCC Rcd at 20304-05 ¶ 13 (emphasis added). *See also AT&T/BellSouth Merger Order*, 22 FCC Rcd at 5673-74 ¶ 21; *Verizon Wireless/Alltel Merger Order*, 23 FCC Rcd 11401 at ¶ 28.

¹⁵ *Verizon Wireless/Alltel Merger Order*, 23 FCC Rcd 11401 at ¶ 28 (emphasis added). *See also Verizon Wireless/Rural Cellular Merger Order*, 23 FCC Rcd 12463, 12479 ¶ 32 (2008); *Sprint/Clearwire Order* at ¶ 21; *Sirius/XM Merger Order*, 23 FCC Rcd 12348, 12365 ¶ 29 (2008).

¹⁶ *SBC/Ameritech Merger Order*, 14 FCC Rcd 14712, 14738 ¶ 49 (1999)(emphasis added), quoting *Bell Atlantic/NYNEX Merger Order*, 12 FCC Rcd 19985, 19987 ¶ 2 (1997). *See also Time Warner/America Online Merger Order*, 16 FCC Rcd 6547, 6555 ¶ 21 (2001).

¹⁷ In the mainland U.S., Sprint also operates an iDEN wireless network, a nationwide high-capacity fiber optic network and Tier 1 IP network, and it provides VoIP services and landline long distance services. *See Sprint/Clearwater License Transfer Order*, WT Docket No. 08-94, FCC 08-259, at ¶ 4 (Nov. 7, 2008)(“*Sprint/Clearwater Order*”).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [End Confidential Section]

AT&T's closure of Centennial's CDMA network will also likely impact negatively numerous CDMA carriers operating on the mainland. Centennial has stated the revenues it generates from the provision of roaming services constitute a "signification portion of our wireless revenues,"¹⁸ and it is likely that Centennial has roaming agreements with CDMA carriers that do not have networks on the island (so their customers can continue to use their service when they travel to Puerto Rico). These mainland carriers will need time to investigate and implement alternatives.

The issues raised by AT&T's proposed acquisition of a CDMA network are not new. In fact, the Commission recently addressed a very similar situation in its *Verizon Wireless/Alltel Merger Order*. In that proceeding, Alltel, like Verizon, was a CDMA carrier, but Alltel also operated a GSM network that Alltel used in providing roaming services to GSM carriers throughout the nation. During that merger proceeding, Verizon committed to maintain Alltel's GSM net-

¹⁸ See Centennial 2008 Annual Report, Form 10K Exhibit, at ii. In fiscal year 2008, Centennial's roaming revenues in Puerto Rico were three times larger than what they were only two years earlier. See *id.* at F-39.

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work and to honor all roaming contracts for at least four years.¹⁹ The Commission conditioned its approval of the Verizon Wireless/Alltel merger on these commitments (and added a few more roaming conditions).²⁰ Specifically, the Commission adopted four conditions to its approval of Verizon's acquisition of Alltel:

1. Verizon Wireless will "honor ALLTEL's existing agreements with other carriers to provide roaming on ALLTEL's CDMA and GSM networks;"
2. Verizon will keep "the rates set forth in [Alltel's] agreement[s] in force for the full term of the agreement;"
3. A carrier with an agreement with both Alltel and Verizon will have "the option to select either agreement to govern all roaming traffic between it and post-merger Verizon Wireless;" and
4. Verizon will "not adjust upward the rates set forth in ALLTEL's existing agreements . . . for the full term of the agreement or for four years from the closing date, which ever occurs later."²¹

Until AT&T discloses its intentions concerning the length of time it intends to maintain Centennial's CDMA network and its willingness to honor Centennial's roaming agreements, it is simply not possible to determine whether conditions are required (and if required, what those conditions should be). It does bear noting, however, that the Verizon/Alltel case involved a network used for roaming only, as Alltel did not use its GSM network in the provision of retail services to consumers. It is therefore possible, if not likely, that additional conditions may be needed in this case. These conditions would protect the interests of Centennial's current 430,000

¹⁹ See *Verizon Wireless/Alltel Merger Order*, WT Docket No. 08-95, FCC 08-258, 23 FCC Red 11401, at ¶¶ 15, 126, 173 and 175 (Nov. 10, 2008).

²⁰ See *id.* at ¶ 178.

²¹ *Id.* The adequacy of these roaming conditions remains pending on reconsideration. For example, MetroPCS and NTELOS have asked that the conditions apply for seven years rather than four years. See *Petition for Limited Reconsideration*, WT Docket No 08-95 (Dec. 10, 2008).

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CDMA customers and the hundreds of thousands of additional Americans who rely upon CDMA roaming with Centennial to complete calls in Puerto Rico.

5. Conclusion. For the foregoing reasons, Sprint Nextel Corporation respectfully requests that the Commission direct AT&T to submit the information that parties and the Commission need to determine whether AT&T's proposal to acquire Centennial's Puerto Rico and USVI wireless operations would "on balance, serve the public interest."²² The Commission should then determine, based upon these responses and after further public comment by affected parties, whether it should deny the Application to the extent that it seeks to acquire Centennial's PR/VI CDMA assets or impose the conditions necessary to protect the public interest.

Respectfully submitted,

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January 15, 2009

²² AT&T Application at 3.

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Certificate of Service

I, Jo-Ann Monroe, hereby certify that a copy of the foregoing Sprint Comments was served on January 15, 2009 by first-class United States mail, postage prepaid or, where indicated by *, by electronic mail.

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