

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

In the Matter of)	
)	
Applications of AT&T Inc. and)	WT Docket No. 11-65
Deutsche Telekom AG)	DA 11-799
)	ULS File No. 0004669383
For Consent to Assign or Transfer Control of)	
Licenses and Authorizations)	

COMMENTS OF MOBILE FUTURE

Mobile Future, a diverse coalition of cutting-edge technology and communications companies, consumers, and non-profit organizations, working to support an environment which encourages investment and innovation in the dynamic U.S. wireless sector, respectfully submits these comments in support of the applications filed by AT&T Inc. (“AT&T”) and Deutsche Telekom AG (“Deutsche Telekom”) seeking Federal Communications Commission (“Commission”) consent to the transfer of control of the licenses and authorizations held by T-Mobile USA, Inc. (“T-Mobile USA”) and its wholly-owned, majority-owned, and controlled subsidiaries to AT&T (AT&T, Deutsche Telekom, and T-Mobile USA are collectively referred to as the “Applicants”).¹ As discussed below, the transaction provides powerful and convincing evidence of U.S. leadership in the mobile wireless sector. In addition, the transaction would spur substantial consumer benefits through continued competition and innovation throughout the mobile broadband ecosystem by fostering substantial (and much needed) network capacity increases among the combined companies, expanding next-generation broadband coverage, fueling increased broadband adoption across a diverse range of American communities, and

¹ See *AT&T Inc. and Deutsche Telekom AG Seek FCC Consent to the Transfer of Control of the Licenses and Authorizations Held by T-Mobile USA, Inc. and its Subsidiaries to AT&T Inc.*, WT Docket No. 11-65, Public Notice, DA 11-799 (rel. Apr. 28, 2011).

promoting additional consumer benefits such as accessibility enhancements. The Commission should consent to the transaction promptly to ensure that these significant benefits are provided quickly to as many U.S. consumers as possible.

I. THE TRANSACTION AFFIRMS THE ONGOING INNOVATION THAT DEFINES TODAY'S MOBILE WIRELESS ECOSYSTEM.

The U.S. mobile ecosystem is the most fiercely competitive, healthy, and perpetually innovative market in the world. Americans receive incredible value from their mobile experience, and the U.S. is the envy of the world for the dynamic nature of its mobile networks and the tens of billions of dollars in private capital that flow into this next-generation infrastructure each year.

The fact that, despite the comparatively lower level of investment activity occurring in other sectors of the U.S. economy, the Applicants are pursuing a \$39 billion transaction because of American consumers' insatiable appetite for mobile broadband speaks volumes about the optimism and dynamism that characterize the U.S. mobile sector and its bright future prospects under enlightened, market-based policies. Several venture capitalists recently stated that "a merger will drive job growth, innovation and economic opportunity through a more efficient and robust national wireless network."² In letters to the Commission, numerous venture capital firms noted that the "greatest opportunity for economic growth involves wireless broadband and mobile devices."³

Earlier this year, Chairman Genachowski recognized that mobile broadband "is being adopted faster than any computing platform in history" and "offers a powerful new platform for

² See, e.g., *Ex Parte* filing by Matthew J. Murphy; *Ex Parte* Filing by Jon Auerbach et al., WT Docket 11-65 (filed June 6, 2011).

³ See, e.g., *Ex Parte* filing by Matthew J. Murphy; *Ex Parte* filing by Jim Goetz; *Ex Parte* Filing by Jon Auerbach et al., WT Docket 11-65 (filed June 6, 2011).

commerce.”⁴ Consumer demand for mobile broadband services is continuing to drive competition and innovation at all levels of the wireless ecosystem, resulting in a wealth of choices in service offerings, devices, and applications (“apps”); along with a host of other consumer welfare benefits and countless high-paying jobs. These consumer benefits are abundant and significant, for example:

- **Numerous Carrier Choices for Consumers.** Even with an AT&T – T-Mobile merger, the vast majority of Americans will have no less than 5 carriers to choose from in their respective markets. And new, serious competitors are on the horizon.
- **Low Prices.** Notwithstanding the increasing demand for mobile broadband services, the price for such services continues to decline.⁵ U.S. consumers enjoy the lowest wireless per-minute prices in the world and there is nothing to indicate this trend will change.⁶
- **Wide Range of Devices and Choices.** Americans can choose from more than 630 devices supplied by at least 32 manufacturers.⁷
- **Multiple OS Options.** Consumers have more than six operating systems from which to choose, including Android OS, iOS, Blackberry OS, Windows Phone 7, Palm/WebOS, Symbian, and others.⁸ According to one report, the battle for top market share in the U.S. smartphone OS market is “tighter than it has ever been.”⁹
- **Apps Abound.** The U.S. is an amazing laboratory for app developments. U.S. wireless customers can now access nearly one million mobile apps from 26 competing app

⁴ Julius Genachowski, Chairman, FCC, *Prepared Remarks at the Mobile Future Forum*, Washington, D.C., 4-5 (Mar. 16, 2011) (“*Mobile Future Remarks*”).

⁵ The effective cost per megabyte declined approximately 89% from the third quarter of 2008 to the fourth quarter of 2010 (from 47 cents to 5 cents per megabyte). As a result, consumers now pay roughly the same for a megabyte of data as they do for a minute of voice time, and data prices are expected to continue dropping. See Roger Entner, *What is the Price of a Megabyte of Wireless Data?*, Fierce Wireless (Apr. 13, 2011), <http://www.fiercewireless.com/story/entner-what-price-megabyte-wireless-data/2011-04-13>.

⁶ Bank of America Merrill Lynch, See Glen Campbell et al, *Global Wireless Matrix 4Q09* (Dec. 13, 2009).

⁷ See, e.g., Reply Comments of Mobile Future, GN Docket No. 09-191, 2 (Nov. 4, 2010).

⁸ See *Who is Winning the U.S. Smartphone Battle?*, nielsenwire (Mar. 3, 2011), http://blog.nielsen.com/nielsenwire/online_mobile/who-is-winning-the-u-s-smartphone-battle/.

⁹ See *id.*; see also *Apple Leads Smartphone Race, while Android Attracts Most Recent Customers*, nielsenwire (Jan. 3, 2011), http://blog.nielsen.com/nielsenwire/online_mobile/apple-leads-smartphone-race-while-android-attracts-most-recent-customers/.

stores.¹⁰ By 2015, the “apps economy” is projected to generate \$38 billion in sales, with real jobs and economic opportunities flowing primarily to the U.S.¹¹

- **High Customer Satisfaction.** Approximately 92% of U.S. wireless customers are satisfied with their mobile service.¹²

These examples underscore the ongoing market dynamism that will fuel U.S. global competitiveness over the next several years and help secure our economic future, especially if the transaction is approved. Fierce competition in the wireless sector by the remaining mobile providers, moreover, will ensure that AT&T passes on the efficiency benefits of the transaction to its customers. Ultimately, wireless consumers will reap the benefits of this transaction and the resulting continued, intense competition among providers.

II. THE APPLICANTS HAVE CONVINCINGLY DEMONSTRATED THAT THE TRANSACTION WILL PROVIDE SUBSTANTIAL MOBILE BROADBAND CAPACITY IMPROVEMENTS TO HELP MEET CONSUMER DEMAND.

As the Applicants explained in their Public Interest Showing, the integration of AT&T’s and T-Mobile’s networks will create “substantially more capacity than the two companies could produce individually.”¹³ This expansion in capacity is urgently needed to satisfy the tremendous demand for mobile broadband, from both rural and urban consumers alike, recognized by the Commission and most analysts.¹⁴ In a letter to the Commission, several high-tech companies

¹⁰ *Id.*

¹¹ *Mobile Future Remarks* at 4-5.

¹² See, e.g., *Broadband Satisfaction: What Consumers Report About Their Broadband Internet Provider*, FCC Working Paper (Dec. 2010), available at http://fjallfoss.fcc.gov/edocs_public/attachmatch/DOC-303263A1.pdf.

¹³ Description of Transaction, Public Interest Showing, and Related Demonstrations, ULS File No. 0004669383, 7 (“Public Interest Showing”).

¹⁴ See, e.g., *Ex Parte* filing by Mobile Future, WT Docket No. 10-133, 2-3 (filed Apr. 20, 2011). For example, as of December 2010, there were 119 million unique 3G and 4G subscribers in the U.S. and smartphone data traffic had reached 58.5 billion MB. On average, mobile users are now consuming 350 MB per month, a year-over-year traffic increase of 132%. See Chetan Sharma, *U.S. Mobile Data Market Update Q4 2010 and 2010*, Always On Real-Time Access (Feb. 28, 2011), <http://www.chetansharma.com/blog/2011/02/28/us-mobile-data-market-update-q4-2010-and-2010/>. Some analysts expect that, by 2014, mobile broadband traffic will increase 35-fold over 2009 levels; Cisco

urged the Commission to weigh the benefits of this merger so that, despite network challenges, the U.S. can continue to be a leader in wireless broadband technologies and innovation.¹⁵ The high-tech companies, including Microsoft, Facebook, Research in Motion, Yahoo!, and Qualcomm, noted that the struggle to keep wireless networks on pace with exploding consumer demands can be addressed in the near-term with the combination of AT&T and T-Mobile.¹⁶

Specifically, the synergies resulting from the transaction will free up network capacity in many urban, suburban, and rural markets to support path-breaking fourth-generation (“4G”) long-term evolution (“LTE”) applications and services. Thus, the deal provides the “fastest, most efficient, and most certain solution” to the Applicants’ existing network capacity challenges.¹⁷ Professor Jeffrey Reed and Dr. Nishith Tripathi recently noted that it is “implausible that AT&T could achieve capacity gains on anything like the scale that could be achieved through the merger in any remotely similar time-frame.”¹⁸ The transaction will help ensure that consumers are able to download the latest streaming video, monitor their health using mobile applications, or remotely lower the air conditioning in their home, all from the palm of their hand.

As an example of the network capacity benefits generated directly by the transaction, AT&T will be able to quickly integrate numerous T-Mobile cell sites into its existing network

estimates a 60 times increase over the same period. *See Mobile Future Remarks* at 8; Julius Genachowski, Chairman, FCC, *Prepared Remarks at the Minority Media & Telecom Council Broadband and Soc. Justice Summit*, Washington, D.C., 3 (Jan. 20, 2011).

¹⁵ *See Ex Parte* filing by Avaya, et al., WT Docket 11-65 (filed June 6, 2011).

¹⁶ *Id.*

¹⁷ Public Interest Showing at 7.

¹⁸ Joint Declaration of Jeffrey H. Reed and Nishith D. Tripathi, WT Docket No. 11-65, at p. 17 (filed June 10, 2011).

because the two companies have “highly compatible cell site grids.”¹⁹ Doing so will effectively create “instant” cell splits in areas where T-Mobile and AT&T cell sites overlap, enhancing network cell density and essentially doubling traffic capacity in such areas. As the Applicants point out, the combined company will also be able to repurpose redundant control channels (freeing up 4.8 to 10 MHz of spectrum) and create larger GSM and UMTS spectrum channel pools (increasing GSM capacity as much as 15% in some areas).²⁰ Larger channel pools will allow the combined company to serve more customers and deliver more traffic using the same amount of spectrum, providing an immediate capacity gain.²¹ In addition, the transaction will allow the combined company to utilize spare capacity much more efficiently than the two companies could by operating separate and independent networks.²²

The increased network capacity created by the transaction will benefit consumers directly by enhancing service quality and reliability, reducing the number of dropped or blocked communications, and increasing network data speeds.²³ As the Applicants note, these benefits could not occur without the merger.²⁴ Furthermore, the transaction’s capacity benefits and other efficiencies will push back the date of expected spectrum exhaust in many markets, which, in turn, will provide more time for the combined company to address continuing capacity needs through the ramping down of GSM networks and the deployment of more spectrally efficient 4G technologies.²⁵

¹⁹ *Id.* at 7-8, 34.

²⁰ *Id.* at 8.

²¹ *Id.* at 37-38.

²² *Id.*

²³ *Id.* at 9.

²⁴ *Id.* at 7-8.

²⁵ *Id.*

The Commission has recognized that mobile providers have a critical need for more spectrum capacity to meet growing consumer and enterprise demand.²⁶ Because no new spectrum auctions are expected before 2012, however, they must find alternative mechanisms for sourcing such capacity. The transaction provides an immediate, sustainable, and effective solution to existing spectrum constraints that will help facilitate the deployment of robust LTE broadband services across the nation and help meet consumers' increasing appetite for high-speed access.

III. THE TRANSACTION WILL BRING SIGNIFICANT NETWORK COVERAGE AND BROADBAND ACCESS BENEFITS TO CONSUMERS THAT COULD NOT BE OBTAINED WITHOUT A MERGER.

The merger will also give the combined company the scale, resources, and spectrum needed to deploy LTE to more than 97 percent of Americans (approximately 55 million more Americans than under AT&T's current plans absent a merger).²⁷ It will accelerate the transition to LTE in many areas by utilizing the capacity gains mentioned above to transition existing customers to the newer, more spectrally efficient technology. Thus, the transaction would advance in a very significant and concrete way President Obama's National Wireless Initiative to provide 98 percent of Americans with access to wireless broadband Internet services and "enable businesses to grow faster, students to learn more, and public safety officials to access state-of-the-art, secure, nationwide, and interoperable mobile communications."²⁸ It would also promote the goals of the National Broadband Plan, including ensuring that the U.S. continues leading the

²⁶ See, e.g., *Mobile Future Remarks* at 5-9 (discussing the "looming spectrum shortage"); *Mobile Broadband: The Benefits of Additional Spectrum*, FCC Technical Paper No. 6, 18 (Oct. 2010), at http://transition.fcc.gov/Daily_Releases/Daily_Business/2010/db1021/DOC-302324A1.pdf.

²⁷ The Applicants have indicated that T-Mobile has no clear path to LTE. See Public Interest Showing at 1, 5, 13.

²⁸ See Fact Sheet, *The State of the Union: President Obama's Plan to Win the Future* (Jan. 25, 2011), at <http://www.whitehouse.gov/the-press-office/2011/01/25/fact-sheet-state-union-president-obamas-plan-win-future>.

world in mobile innovation and that every American has affordable access to robust broadband service.²⁹ The new broadband networks will be particularly beneficial to rural and less-populated communities, creating jobs in those areas, providing more robust connections between area businesses and global markets, and harnessing LTE capabilities to fill gaps in health care and education infrastructure (all happening independent of any Universal Service subsidies). In fact, one recent study estimates that the transaction could create up to 96,000 additional jobs across the nation.³⁰

IV. THE TRANSACTION WILL PROMOTE BROADBAND ADOPTION.

As the Commission has noted, significant increases in broadband adoption will only occur when a greater number of consumers who currently have access to broadband determine that it is useful, relevant, and meaningful to the way they live their lives.³¹ A ubiquitously deployed LTE network that offers limitless opportunities for U.S. innovators to develop and introduce a wide range of applications, content, and services to the vast majority of Americans is the most effective way to make broadband useful, relevant, and meaningful.

Today, more than two-thirds (68%) of Americans have broadband download speeds of less than 6 Mbps.³² The new LTE networks enabled by this transaction will bring download speeds ranging from 6 Mbps up to a theoretical 100 Mbps. The faster speeds will allow

²⁹ FCC, *Connecting America: The National Broadband Plan*, 9-10, Goals 2 and 3 (rel. Mar. 16, 2010), available at www.broadband.gov (“NBP”). Similarly, the Commission has stated a goal “for this country to lead the world in such mobile services by ensuring that consumers have access to competitive broadband data services over the fastest and most extensive competitive wireless broadband data networks.” *Reexamination of Roaming Obligations of Commercial Mobile Radio Service Providers and Other Providers of Mobile Data Services*, Order on Reconsideration and Second Further Notice of Proposed Rulemaking, 25 FCC Rcd 4181, 4182 ¶ 1 (2010).

³⁰ *The Jobs Impact of Telecom Investment*, Economic Policy Institute, Policy Memorandum 185 (May 31, 2011), at http://w3.epi-data.org/temp2011/EPI_PolicyMemorandum_185%20%282%29.pdf.

³¹ See, e.g., NBP at 170-71, 178.

³² Internet Access Services: Status as of June 30, 2010, Federal Communications Commission, 2 (Mar. 2011), http://www.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305296A1.pdf.

American consumers access to more valuable mobile apps, content, and services, including faster and higher-quality video and other latency-sensitive applications and services such as telemedicine, distance learning, and public safety applications, than ever before.³³ Many of these apps and services will appeal to current non-adopters. Moreover, as mobile broadband speeds become comparable to fixed broadband speeds, mobile broadband will increasingly be viewed as a viable alternative, thereby increasing competition and innovation and potentially lowering broadband prices.

The merger will also promote increased broadband adoption by racial and ethnic minorities and help close the digital divide by bringing robust LTE services to 97% of the country. Although minority adoption of fixed broadband services continues to lag adoption by White Americans, minority use of mobile broadband outpaces that of white Americans.³⁴ As the Minority Media and Telecommunications Council (“MMTC”) has stated, “the wireless sector has been an oasis of opportunity for minorities.”³⁵ The Hispanic Institute has stated, for example, that “few groups have benefitted more from advances in mobile technology than Hispanic Americans,”³⁶ recognizing that mobile connectivity has enabled Latino communities to become “increasingly engaged and civically active.”³⁷ The greater network coverage, speed, and capacity will continue to fuel adoption by making mobile broadband services more useful,

³³ See, e.g., Public Interest Showing, Declaration of John Donovan, Chief Technology Officer, at ¶¶ 29, 50-52.

³⁴ See, e.g., Amicus Comments of the Minority Media and Telecommunications Council in Support of the AT&T / T-Mobile Merger, WT Docket No. 11-65, 6-7 (filed May 30, 2011) (“MMTC Comments”), citing Comments of the National Organizations, GN Docket No. 09-191, 2-3 (filed Jan. 14, 2010); *Connected Hispanics and Civic Engagement*, The Hispanic Institute, 3 (May 2011) (“Connected Hispanics Report”), attached to Letter from The Hispanic Institute, WT Docket No. 11-65 (filed May 24, 2011) (“THI Letter”).

³⁵ MMTC Comments at 6.

³⁶ THI Letter at 1.

³⁷ Connected Hispanics Report at 1.

relevant, and meaningful to all communities. Post-merger, the combined company's capacity, scale, and resources (discussed above) will also drive accessibility enhancements by promoting ubiquitous 4G broadband service, thereby driving broadband adoption rates higher among disabled Americans. Although wireless device ownership among people with disabilities has increased, their broadband adoption remains low relative to people without disabilities.³⁸ And according to one study, almost 40% of non-adopters of broadband services have a disability.³⁹ The higher data-rates and more ubiquitous LTE deployments spurred by the transaction will help stem the current adoption divide for Americans with disabilities by making possible a host of innovative and targeted applications and services available across accessible, cost-effective devices. Such applications and services will connect people with disabilities to new job, educational, communications, and civic opportunities,⁴⁰ and provide them with improved access to medical information and specialized care,⁴¹ among other benefits.

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³⁸ See, e.g., NBP at 167 (stating a then-current adoption rate of 42%, compared to a national average of 65%).

³⁹ See, e.g., *id.* at 169, citing *Broadband Adoption and Use in America*, FCC OBI Working Paper Series No. 1 (2010), available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-296442A1.pdf.

⁴⁰ See, e.g., Comments of the American Association of People with Disabilities, WT Docket No. 11-65 (filed June 1, 2011); Comments of Disability Power & Pride, WT Docket No. 11-65 (filed June 1, 2011) (“Disability Power & Pride Comments”).

⁴¹ See, e.g., Disability Power & Pride Comments at 2.

For the foregoing reasons, Mobile Future encourages the Commission to consent to the proposed AT&T – T-Mobile transaction.

Respectfully submitted,

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