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January 16, 2014

Ex Parte

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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Policies Regarding Mobile Spectrum Holdings, WT Docket No. 12-269

Dear Ms. Dortch:

On January 14, Tamara Preiss, Catherine Hilke, and John Scott from Verizon met with Roger Sherman, Acting Chief, Jim Schlichting, Deputy Chief, and Susan Singer, Joel Taubenblatt, Michael Janson, William Beckwith, Dan Ball, and, by telephone, Kate Matraves of the Wireless Telecommunications Bureau to discuss the above-referenced proceeding.

During the meeting, we explained that wireless customers continue to place increasing demands on wireless network capacity. In the face of these demands, it is critical that Verizon have the ability to acquire the spectrum resources needed to provide our customers with the highest quality service. We discussed the various proposals filed by competitors that would restrict Verizon's ability to acquire more spectrum. We stressed that as the FCC reviews its spectrum aggregation policies, it is imperative that it make decisions based on current and accurate data, rather than rhetoric.

The wireless market is more fiercely competitive than ever before. Nearly every recent statistic on the wireless market shows the intense level of competition among carriers. The major carriers continue to compete aggressively for customers (with T-Mobile in particular adding nearly 2.1 million customers during the second and third quarters of 2013¹). For example:

¹ T-Mobile US Reports Third Quarter 2013 Results (Nov. 5, 2013), <http://newsroom.t-mobile.com/phoenix.zhtml?c=251624&p=irol-newsarticle&ID=1872266> (providing net adds of over 1.0 million); T-Mobile US Reports Second Quarter 2013 Results (Aug. 8, 2013), <http://newsroom.t-mobile.com/phoenix.zhtml?c=251624&p=irol-newsarticle&ID=1845964> (providing net adds of 1.1 million).

- T-Mobile spent \$4.5 billion in capital expenditures from Q3 2012 to Q3 2013² – and capital expenditure in Q3 2013 was 42% greater than Q3 2012.³
- Both Sprint and T-Mobile continue to expand their LTE networks. As of January 2014, T-Mobile's 4G LTE deployment covered 209 million POPs in 273 metro areas, including 94 of the top 100 metro markets.⁴ T-Mobile also aims to cover 225 million POPs in 2014.⁵ Similarly, Sprint covered 200 million LTE POPs at the end of 2013, and it aims to cover 250 million POPs by mid-2014.⁶ And as of December 2013, it had launched 4G LTE in 300 markets.⁷

In addition, both T-Mobile and Sprint regularly tout their strong spectrum positions:

- Sprint CEO Dan Hesse has stated that Sprint is “clearly” in a “strong spectrum position now with 120 [MHz] of Clearwire spectrum in 90% of the top 100 markets plus our 1.9 [GHz], plus 800 [MHz].”⁸ This position is solidified by Sprint's 2.5 GHz spectrum, which, a former Clearwire CEO has asserted, actually has an advantage over low-band spectrum in dense urban markets because it can carry much more data at higher rates, a key capability as carriers cope with increasing data traffic.⁹

² T-Mobile US Q3 2013 Investor Presentation (Nov. 5, 2013), <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjA5NDI1fENoaWxkSUQ9LTF8VHlwZT0z&t=1>.

³ Compare T-Mobile USA Reports Third Quarter 2012 Financial Results (Nov. 8, 2012) (providing capital expenditures of \$717 million in Q3 2012) with T-Mobile US Q3 2013 Investor Presentation (Nov. 5, 2013) (providing capital expenditures of \$1.017 billion in Q3 2013), <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjA5NDI1fENoaWxkSUQ9LTF8VHlwZT0z&t=1>.

⁴ T-Mobile US, Inc. Acquisition of 700 MHz A-Block Spectrum from Verizon Wireless by T-Mobile US Call Transcript (Jan. 6, 2014); T-Mobile US Q3 2013 Investor Presentation (Nov. 5, 2013), <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjA5NDI1fENoaWxkSUQ9LTF8VHlwZT0z&t=1>.

⁵ T-Mobile US Q3 2013 Investor Presentation (Nov. 5, 2013), <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjA5NDI1fENoaWxkSUQ9LTF8VHlwZT0z&t=1>.

⁶ Sprint, Wells Fargo Securities Technology, Media & Telecom Conference Transcript (Nov. 13, 2013).

⁷ News Release, Sprint, Sprint Poised for 2014 Breakthrough Following Year of Network Advances (Dec. 16, 2013), <http://newsroom.sprint.com/news-releases/sprint-poised-for-2014-breakthrough-following-year-of-network-advances.htm>.

⁸ Sprint Q3 2013 Earnings Call Transcript (Oct. 30, 2013) (Statement of Daniel Hesse, President and CEO).

⁹ Phil Goldstein, Former Clearwire CEO Prusch: Sprint will have advantage with 2.5 GHz spectrum, Fierce Wireless (Jan. 14, 2014), <http://www.fiercewireless.com/story/former-clearwire-ceo-prusch-sprint-will-have-advantage-25-ghz-spectrum/2014-01-14#ixzz2qZan0UR0>.

- T-Mobile CEO John Legere similarly has noted that the company is “on track” to roll out 20-plus-20 LTE “with substantial deployments beginning in 2014.”¹⁰
- Dan Hesse observed that Sprint is “deploying LTE aggressively on the 1.9 [GHz] spectrum,” is “beginning to deploy LTE on 800 [MHz],” and “of course [is] focusing first on deploying 2.5 [GHz] ... in those dense urban markets where we can use it for speed and especially capacity so that’s our initial priority.”¹¹ Sprint deployed 5,000 Clearwire 2.5 GHz sites by the end of 2013,¹² and expects to expand its rollout of 2.5 GHz in 2014.¹³
- T-Mobile, in turn, has stated that it would have 10+10 MHz 4G LTE deployed in 40 of the top 50 metro areas by the end of 2013 and is on a path to 20+20 MHz 4G LTE deployed in 90% of the top 25 markets.¹⁴

In light of this indisputable evidence of vibrant competition, we urged the Commission to reject calls for policies that favor particular companies, especially large, well-capitalized corporations that are capable of acquiring spectrum without regulatory assistance.

In particular, we stressed that the Commission must update its spectrum screen to include Sprint’s substantial spectrum holdings. We explained that there is no credible argument that Sprint’s Broadband Radio Service (BRS) and Educational Broadband Service (EBS) spectrum is not “suitable and available” for commercial mobile use; as demonstrated above and in numerous prior filings, that spectrum is both available and in use. Indeed, the Commission itself has identified the full 194 MHz of BRS/EBS spectrum as among the “most commonly deployed [mobile broadband spectrum] bands” in the United States and noted that it is “*available for mobile broadband*” in this country.¹⁵ We used the attached chart to illustrate the need to add both the BRS/EBS spectrum and Dish’s AWS-4 spectrum to the screen.¹⁶

¹⁰ T-Mobile US Q3 2013 Earnings Call Transcript (Nov. 5, 2013) (Statement of John Legere, President and CEO).

¹¹ Sprint Q3 2013 Earnings Call Transcript (Oct. 30, 2013) (Statement of Daniel Hesse, President and CEO).

¹² Sprint 3Q13 Investor Presentation (Oct. 30, 2013), <http://investors.sprint.com/Cache/1500053682.PDF?Y=&O=PDF&D=&fid=1500053682&T=&iid=4057219>.

¹³ Sprint Q3 2013 Earnings Call Transcript (Oct. 30, 2013) (Statement of Steven Elfman, President-Network Operations & Wholesale).

¹⁴ T-Mobile US Q3 2013 Investor Presentation (Nov. 5, 2013), <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjA5NDI1fENoaWxkSUQ9LTF8VHlwZT0z&t=1>.

¹⁵ FCC White Paper, *The Mobile Broadband Spectrum Challenge: International Comparisons*, at 5 (Figure 1), 8 (Table 5) (Feb. 2013) (emphasis added), available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-318485A1.pdf (last visited Jan. 15, 2014); see *id.* at 6 (Table 3).

¹⁶ In the attached chart, wireless providers’ spectrum holdings generally were calculated by determining the MHz-POPs – an industry measurement that is derived by multiplying the number of megahertz associated with a license

We also urged the Commission to maintain its policy of weighting equally all spectrum included in the screen. Any weighting scheme would be infeasible and inherently arbitrary, as the “value” of a given spectrum band varies by carrier, by geography, and over time; rules that place more value on particular spectrum might be out of date before they can take effect. Rather than adopt backward-looking rules that fail to reflect marketplace realities, the Commission would be better served by the use of a simple screen that maintains its flexibility to consider the competitive effects of proposed spectrum acquisitions.

This letter is being filed pursuant to Section 1.1206 of the Commission’s Rules. Should you have any questions, please contact the undersigned.

Sincerely,



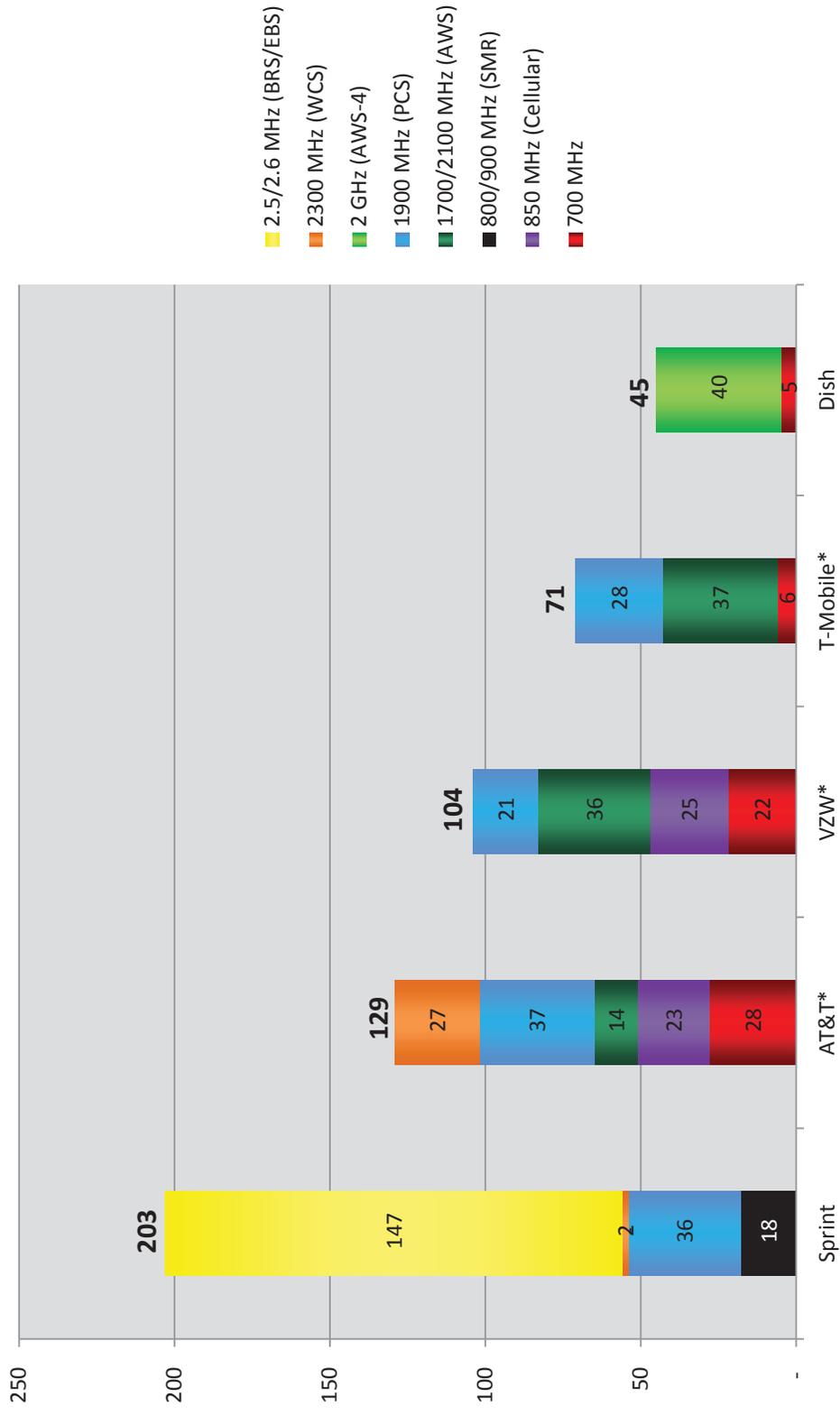
Attachment

cc: (via e-mail)

Roger Sherman	Kate Matraves
Jim Schlichting	William Beckwith
Susan Singer	Dan Ball
Joel Taubenblatt	
Michael Janson	

by the population of the license’s service area – each wireless provider holds in each county, using FCC Universal Licensing System (ULS) data that is updated quarterly. For BRS/EBS spectrum, Sprint’s holdings were based on its March 26, 2013 filing in IB Docket No. 12-343. Each wireless provider’s MHz-POPs were then totaled and averaged across each provider’s license area by dividing the number of total MHz-POPs by the number of POPs that the provider covers. Population (POPs) was estimated using 2011 Census Bureau population data, which is the most currently available information. For SMR spectrum, the chart assumes that Sprint holds 18 MHz of this spectrum. This 18 MHz includes almost 14 MHz of 800 MHz SMR spectrum, which Sprint has publicly acknowledged (*See* Sprint Nextel Comments, WT Docket No. 12-4, at 4 n.11 (filed Apr. 13, 2012)), and 4 MHz of 900 MHz SMR spectrum, as documented in the FCC ULS data. The spectrum holdings for AT&T and Verizon Wireless assume the AT&T-Leap, AT&T-Aloha, and Verizon Wireless-T-Mobile transactions have been consummated. Otherwise, each provider’s spectrum holdings are presented as they existed on October 31, 2013.

Spectrum Holdings by Wireless Provider:



* - after pending AT&T/Leap, AT&T/Alloha, and VZW/T-Mobile transactions