

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Applications of Cricket License Company, LLC,)
et al., Leap Wireless International, Inc., and)
AT&T Inc. for Consent To Transfer Control of) WT Docket No. 13-193
Authorizations)
)
Application of Cricket License Company, LLC)
And Leap Licenseco Inc. for Consent to)
Assignment of Authorization)

**THIRD SUPPLEMENTAL RESPONSE OF AT&T INC. TO
INFORMATION AND DISCOVERY REQUEST DATED NOVEMBER 8, 2013**

January 23, 2014

**THIRD SUPPLEMENTAL RESPONSE OF AT&T INC. TO
INFORMATION AND DISCOVERY REQUEST DATED NOVEMBER 8, 2013**

January 23, 2014

15. REQUEST:

The Applicants assert that “AT&T expects that many Leap customers can be seamlessly migrated to AT&T’s network as they select their new devices” and that “as AT&T learns more about Leap’s customer base, it may formulate offers designed to further encourage Leap’s customers to migrate to AT&T’s network within 18 months of merger close.” (Applicants Aug. 20 Amendment, pages 2-3).

- a. Describe in detail AT&T’s plans to migrate current Leap customers to AT&T, including:
 - i. any plans relating to AT&T’s expectation that “many Leap customers can be seamlessly migrated to AT&T’s network as they select their new devices, and the length of time Leap’s current customers would be able to use their existing devices after the closing of the Proposed Transaction”;
 - ii. any plans to “formulate offers designed to further encourage Leap’s customers to AT&T’s network within 18 months of merger close”;
 - iii. any plans for relevant services and devices to be offered to Leap’s current customers, including but not limited to (a) a detailed description of AT&T’s plans to provide Leap’s customers with devices that can be used on AT&T’s network and any associated charges to a Leap customer who is required to acquire such a device, and (b) the data rates, service plans and pricing to be offered to Leap’s customers, specifically identifying the rate plans that will appeal to value conscious customers; and
 - iv. any plans for Leap’s customers to retain their current service plans and if so, the length of time existing Leap customers can remain enrolled under their existing service plans, and the period during which new Leap customers would be able to select one of Leap’s current service plans after the closing of the Proposed Transaction. Include in your explanation a detailed discussion of all the different types of prepaid/no-contract plans (e.g., daily, monthly all-you-can-eat, and pay as you go) currently available to Leap’s customers.

- b. Describe in detail the transition of Leap’s existing customers, including**
 - i. a projected timeline for the transition of all of Leap’s customers;**
 - ii. how Lifeline customers would be transitioned;**
 - iii. how Muve Music customers would be transitioned and whether the service would continue to be offered; and**
 - iv. the transition of Leap’s customers enrolled under the MVNO arrangement with Sprint.**
- c. Provide all plans, analyses, and reports discussing customer migration and transition of Leap’s current customers to AT&T.**
- d. Identify all CMAs where Leap has ETC status on tribal lands. Describe in detail AT&T’s plans for allowing those customers to continue participating in the Lifeline program after the transaction.**
- e. For each handset that would be offered to Leap’s customers after the closing of the Proposed Transaction, provide a description of the features of that handset and the services (e.g., HSPA+, LTE) supported by that handset.**

RESPONSE:

AT&T’s integration planning continues to move forward quickly and carefully to ensure migrating Leap customers will have a positive experience. With this Third Supplemental Response, AT&T is updating the description of its plans for migrating Leap customers to reflect planning undertaken since the Initial Response and Second Supplemental Response.¹

Specifically, AT&T is providing: (1) further information on New Cricket rate plans that will be available to migrating Leap customers; (2) a framework for the migration process, including

¹ See Second Supplemental Response of AT&T Inc. to Information and Discovery Request Dated November 8, 2013 (filed Jan. 3, 2014) (“AT&T Second Supplemental Response”); Initial Response of AT&T Inc. to Information and Discovery Request Dated November 8, 2013 (filed Nov. 22, 2013) (“AT&T Information Request Response”).

examples of potential incentive offers to Leap customers that are currently under discussion, an estimated preliminary integration budget, and an estimated preliminary budget for migration offers; (3) a description of the framework for developing customer communications related to the migration process; and (4) a series of charts (Exhibits 15.3-15.25) illustrating alternative prepaid and Lifeline offerings that are currently available in areas where Leap is present. AT&T will continue to develop and refine its merger integration plans, including with respect to the customer migration process; further examples of potential incentive offers, including **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]; updated handset options for migrating Leap customers; and third-party financing arrangements. AT&T will supplement this Response as further planning progresses. In particular, AT&T plans to submit a further supplemental filing on or about the end of January 2014.

Rate Plans

As discussed in AT&T's prior submissions, the New Cricket will compete vigorously and broadly for prepaid customers and, to that end, AT&T will continue to offer all customers, including migrating Leap customers, competitive rate plans that appeal to value-conscious customers. For a period of 18 months after closing, AT&T intends to offer a prepaid plan featuring unlimited talk, text, and data for \$40 per month (including all taxes and fees),²

² Unlimited data plans include high-speed allowances. See AT&T Information Request Response at 51. The \$40 plan is for feature phones.

wherever the Cricket brand is available nationwide.³ AT&T currently plans that **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]. As noted in AT&T's Second Supplemental Response, approximately **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL INFORMATION]** days after the transaction's closing, AT&T plans to launch the New Cricket.⁴ At launch, AT&T will begin selling to customers **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION].⁶

³ *Id.* at 45-46 & n.55.

⁴ AT&T Second Supplemental Response at 4.

⁵ **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION].

⁶ As discussed in the Second Supplemental Request, **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]. *See* AT&T Second Supplemental Response at 5 n.2.

REDACTED - FOR PUBLIC INSPECTION

The all-inclusive \$40 per month unlimited talk, text and data plan will provide migrating Leap customers who subscribe to the legacy Cricket \$35 per month unlimited talk and text plan with comparable value and additional services because Cricket's \$35 per month plan does not include all taxes and fees, nor does it include any data usage. Leap customers who subscribe to the legacy Cricket \$35 per month plan incur additional surcharges and state, county, and local taxes.⁷ When such surcharges and state, county and local taxes are taken into account, Leap customers who subscribe to the \$35 monthly plan pay an average of more than **[BEGIN LEAP CONFIDENTIAL INFORMATION]** **[END LEAP CONFIDENTIAL INFORMATION]** with some customers paying over **[BEGIN LEAP CONFIDENTIAL INFORMATION]** **[END LEAP CONFIDENTIAL INFORMATION]**. By contrast, migrating Leap customers who choose the all-inclusive \$40 per month plan will not incur additional monthly charges, and they will receive unlimited data usage with the first 250 megabytes of data provided at high speed.

In addition, AT&T will honor the existing plan of each Leap customer as of merger close, provided that the customer does not suspend or terminate his or her service for that plan, or choose to upgrade to a device or plan that is not comparable to his or her current device or plan.⁸

⁷ The Cricket webpage lists and describes these additional taxes and surcharges that may appear on customer bills. *See* Cricket, Support, Taxes, Fees and Surcharges, <http://www.mycricket.com/support/topic/taxes-fees-and-surcharges> (last visited Jan. 14, 2014).

⁸ AT&T Information Request Response at 45-46; Joint Opposition at 7. *See also* AT&T Second Supplemental Response at 7. AT&T no longer sells GSM-only handsets. **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

REDACTED - FOR PUBLIC INSPECTION

Prior to completing the customer migration in a particular area, AT&T will continue to support CDMA prepaid services for existing Leap customers at their current pricing plans so that Leap customers who choose not to migrate to the New Cricket or to defer their migration may continue using their existing CDMA devices until that time.⁹ Leap customers will have numerous alternative prepaid offerings available to them, including various CDMA-based services, should they wish to choose a different provider. Exhibits 15.3 through 15.6 identify prepaid plans offered by providers serving a significant portion of the areas in which Leap is present.¹⁰ Exhibit 15.3 describes unlimited plans; Exhibit 15.4 presents plans with a fixed number of minutes (referred to as “bucket” plans); Exhibit 15.5 identifies plans billed on a daily basis; and Exhibit 15.6 describes plans billed on a per-minute basis. Exhibit 15.7 describes a selection of prepaid Lifeline offerings

[END AT&T HIGHLY CONFIDENTIAL

INFORMATION].

⁹ AT&T Second Supplemental Response at 6.

¹⁰ These Exhibits do not include certain local and regional operators that may offer prepaid alternatives in certain local areas. The Exhibits also do not include an exhaustive list of MVNOs that may offer service in all or part of Leap’s service area. The Exhibits describe plans based on the providers’ websites as of December 2013. The Exhibits also identify the providers that offer CDMA-based service and the CDMA-based service providers that have bring-your-own-device offerings, which may allow Leap customers who do not wish to migrate to the New Cricket to continue using their current CDMA devices. In addition, the Exhibits include certain types of prepaid plans such as daily plans and per-minute plans that are available to consumers in Leap’s service area, although Leap currently does not offer them for sale to new customers.

available in certain areas where Leap offers Lifeline service. Exhibits 15.8 through Exhibit 15.25 provide additional details about each of the prepaid plans described in Exhibits 15.3 through 15.7.

Framework for the Migration Process & Preliminary Budget

As discussed in AT&T's prior filings, AT&T expects that most customers will migrate quickly and voluntarily to AT&T's network as they select AT&T's attractive rate plans and devices.¹¹ To the extent necessary, AT&T may formulate additional offers designed to provide further encouragement for Leap customers to migrate to AT&T's network within 18 months of the merger's closing or, in certain areas, within **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]** **[END AT&T HIGHLY CONFIDENTIAL**

INFORMATION].¹² While AT&T does not yet have detailed and finalized plans for such incentive offers, examples of possible incentive offers that are under discussion by AT&T's merger integration team include: **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]. The specific amount, scale, and timing of any incentive offers will be defined as AT&T learns more about Leap's customer base and gains experience in transitioning Leap's customers during the actual migration progress.

¹¹ See AT&T Information Request Response at 44; AT&T Second Supplemental Response at 5.

¹² See AT&T Information Request Response at 44-45; AT&T Second Supplemental Response at 7-8 & n.11.

REDACTED - FOR PUBLIC INSPECTION

Exhibit 15.26 describes the merger integration team's framework for implementing migration offers, Exhibit 15.27 provides a preliminary budget for overall integration costs as of January 15, 2014, and Exhibit 15.28 provides analysis of projected customer migration and churn and the preliminary budget for customer migration costs as of January 15, 2014. The migration plans, projections and preliminary budgets will continue to be updated and further refined as the merger integration planning continues, AT&T obtains additional information about Leap customers, and the migration process moves forward after closing.

Customer Communications on Migration Process

AT&T's merger integration team has developed a high-level framework for the communications with Leap customers about the migration process. Exhibit 15.29 identifies generally the timeline, messaging themes, target customers and communications methods AT&T anticipates using. **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL

INFORMATION] AT&T will continue to refine the conceptual framework shown on Exhibit 15.29 as the merger integration planning progresses.

Lifeline Customers

AT&T previously described its preliminary plans for the migration of Leap Lifeline customers.¹³ As described in the Second Supplemental Response, Lifeline customers will be permitted to terminate their CDMA service at any time¹⁴ and may move to alternative Lifeline service providers. As discussed above, Exhibit 15.7 describes a selection of prepaid Lifeline offerings available in certain areas where Leap offers Lifeline service. There is at least one alternative provider of Lifeline service for each CMA where Leap offers Lifeline service and **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]. In the vast majority of these CMAs, there are two or more alternative Lifeline providers.

¹³ AT&T Second Supplemental Response at 8-9.

¹⁴ Because these Leap Lifeline customers have prepaid services, there will not be any early termination fee associated with such termination. *Id.* at 9 & n.13.