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May 2, 2014

Via Electronic Filing

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-A325
Washington, D.C. 20554

Re: ***Notice of Ex Parte Presentation:*** *Policies Regarding Mobile Spectrum Holdings*, WT Docket No. 12-269

Dear Ms. Dortch:

On May 1, 2014, Lawrence R. Krevor, Vice President, Legal and Government Affairs – Spectrum, Richard B. Engelman, Director, Legal and Government Affairs, and the undersigned of Sprint Corporation ("Sprint"), and Kostas Liopiros of the Sun Fire Group LLC, consultant to Sprint, met with Jim Schlichting, Joel Taubenblatt, and Michael Janson, all of the Wireless Telecommunications Bureau, regarding the above-captioned proceeding.

During the meeting, Sprint discussed the critical importance of refining the Commission's spectrum screen to reflect the varying competitive utility of different bands for mobile broadband. Sprint reiterated points consistent with its recent filings, emphasizing that the overwhelming weight of the record demonstrates the necessity of distinguishing among bands contained in the screen. In that vein, Sprint described a potential refinement to its proposal in the form of a three-tier "low/mid/high" band weighting approach. Building on the fundamental principles of Sprint's original proposal[1] (and reflecting previous Commission determinations about the mix of spectrum bands carriers need to cost-effectively compete), this simplified weighting approach supports a more logical competition-based screen than the Commission staff proposal.

As the attached slides (copies of which were circulated at the meeting) reflect, the Commission staff proposal's continued indifference to the critical competitive differences among spectrum bands (most notably in its treatment of 2.5 GHz spectrum) produces a screen with

[1] *Sprint's Competition-Based Framework for A Weighted Wireless Broadband Spectrum Screen*, attached to Letter from Lawrence Krevor, Vice President, Sprint Corp., to Marlene H. Dortch, Secretary, FCC, Docket No. 12-269 (Feb. 11, 2014).

results vastly at odds with the record evidence – and previous Commission determinations – concerning which operators, through their spectrum holdings, have the potential to exercise market power. For instance, the Commission staff recommendation creates a screen that would provide AT&T on average with nearly three times the spectrum screen headroom it enjoys today. Analogously, the proposal would almost double Verizon's average headroom. By contrast, Sprint's headroom would, on average, be eliminated, thereby subjecting even "routine" or *de minimis* future Sprint spectrum transactions to detailed competitive analysis. Accordingly, Sprint expressed concern that Commission adoption of the staff proposal, despite the voluminous record in this proceeding, would signal that the Commission has concluded that the only carrier with dominant national market power is Sprint. This, of course, is preposterous and directly at odds with the weight of the record.

A three-tiered weighted screen would correct the staff recommendation's failure to recognize the relative utility of – and varying impact on competition from using –different spectrum bands in wireless broadband networks. It would also correct the serious inconsistency in the staff's spectrum holdings "package"; namely, that low-band spectrum is so competitively important that it warrants a 600 MHz reserve for carriers with limited low-band spectrum, yet should nonetheless be treated as commensurate in competitive impact with all other bands in a revised spectrum screen. Recognizing that Verizon and AT&T have national market power, the Commission staff proposes creating auction reserves to prevent them from "sweeping" the auction. By treating all spectrum as equal for spectrum screen purposes, however, the staff's parallel recommendation undermines the consistency and sustainability of a 600 MHz auction reserve, the overall spectrum holdings package, and the Commission's broader spectrum holdings policies.

Pursuant to Section 1.1206 of the Commission's rules, this letter is being electronically filed with your office. Please let me know if you have any questions regarding this filing.

Respectfully submitted,

/s/ Rafi Martina
Rafi Martina
Attorney
Legal and Government Affairs
Sprint Corporation

Attachment

cc: (via e-mail)
Jim Schlichting
Joel Taubenblatt
Michael Janson

The Commission's Mobile Spectrum Holdings Policies:
Creating A Revised Screen that Works

WT Docket No. 12-269
May 1, 2014

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Evaluating Holdings Under Staff Proposal

- **Staff proposal fails to correct screen's underlying defects**
  - **Failure to distinguish competitive impact of acquiring different spectrum bands was the primary reason for the Commission initiating Spectrum Holdings Docket**
- **Undermines screen's remaining effectiveness in identifying acquisitions that may jeopardize wireless competition**
  - **Nationwide, Sprint's headroom effectively eliminated; Verizon's headroom almost doubled, AT&T's headroom almost tripled**
  - **In top 100 Markets the two dominant carriers – by low-band holdings, market share, profitability, and virtually every other metric – have enormous headroom – indeed, enough for the largest firm to acquire the fourth largest and nearly enough for the second largest to do the same**
  - **By contrast, the third largest operator consistently exceeds the screen in the Top 100 Markets**
- **"Enhanced scrutiny" of low-band transfers does not promote competitive access to a mix of spectrum inputs: having successfully aggregated most sub-1 GHz spectrum, Verizon and AT&T can assemble any additional mid- and high-band spectrum without "enhanced review"**
  - **By contrast, the staff recommendation would subject even small *higher*-frequency acquisitions by Sprint to in-depth competitive scrutiny prompting longer review (and delayed access to spectrum inputs, undermining competitiveness)**

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Fixing the Staff Proposal

- **As the Commission has repeatedly emphasized – and as the record overwhelmingly corroborates – operators need a mix of low-, mid-, and high-band spectrum to cost-effectively service customers**
  - **A transactional screen that distinguishes between low-, mid-, and high-band spectrum better reflects the competitive effects of concentration of (and across) ranges of spectrum bands, while not disrupting the parallel proposals related to the Incentive Auction**
  - **This approach comports with the rationale of giving 'enhanced review' to spectrum below 1 GHz by integrating that closer scrutiny within a broader framework that recognizes carriers seek a mix of low-, mid-, and high-band spectrum inputs precisely because of their differing competitive implications in broadband networks**
- **Fully consistent with the Commission's repeated determination that "not all spectrum frequencies are created equal"**

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Fixing the Staff Proposal

- **Corrects the internal inconsistency of the Staff's spectrum holdings package: empirical and public policy rationale for 600 MHz auction low-band "reserve" (competitive importance of low-band spectrum to sustainable wireless broadband competition) is contradicted by treating all spectrum as equal for applying the screen**
- **Revised approach represents a simplified logical outgrowth of Sprint's band-by-band weighting proposal**
- **Consistent with extensive record supporting weighting to correct the screen's foundational flaws**
- **No disproportionate or skewed impact: all four nationwide carriers retain a reasonable amount of headroom in the vast majority of markets**
- **Better reflects industry dynamics – with the amount of headroom at least directionally in-line with the relative dominance of each carrier**

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Estimated Holdings Under Existing Spectrum Screen

Existing Screen Revised 1/31/2014	Sprint	AT&T	T-Mobile	Verizon
Threshold (MHz)	151	151	151	151
Exceeds Screen - Counties	0	178 (5.5%)	0	2 (0.1%)
Exceeds Screen - Population	0	16.9M (5.4%)	0	42K (0%)
Avg MHz	110.6	122.3	70.6	102.3
Avg MHz (Top 100 CMA)	112.9	126	77.3	104.9
Headroom (Top 100 CMA)	38.1 MHz	25.0 MHz	73.7 MHz	46.1 MHz

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Estimated Holdings Under Staff Proposal

Staff Proposal (Updated with 1Q14 data)	Sprint	AT&T	T-Mobile	Verizon
Threshold (MHz)	194.0	194.0	194.0	194.0
Exceeds Screen - Counties	797 (24.7%)	0 (0%)	0 (0%)	0 (0%)
Exceeds Screen - Population	205.8 M (65.6%)	0 (0%)	0 (0%)	0 (0%)
Avg MHz	187.8	122.2	70.7	102.6
Avg MHz (Top 100 CMA)	202.9	125.4	77.5	104.9
Headroom (Top 100 CMA)	-8.9 MHz	68.6 MHz	116.5 MHz	89.1 MHz

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Estimated Holdings Under Possible Three-Bucket Approach

< 1 GHz weighted at 1.5 1-2.2 GHz weighted at 1.0 > 2.2 GHz weighted at 0.5 (Updated with 1Q14 data)	Sprint	AT&T	T-Mobile	Verizon
Threshold (MHz)	187.0	187.0	187.0	187.0
Exceeds Screen – Counties	0 (0%)	37 (1.1%)	0 (0%)	2 (0.1%)
Exceeds Screen – Population	0 (0%)	5.5 M (1.8%)	0 (0%)	0.04 M (0.01%)
Avg MHz	126.3	138.7	73.7	125.6
Avg MHz (Top 100 CMA)	134.4	144.1	81.4	128.2
Headroom (Top 100 CMA)	52.6 MHz	42.9 MHz	105.6 MHz	58.8 MHz

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