



April 18, 2019

The Honorable Makan Delrahim
Assistant Attorney General, Antitrust Division
Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

The Honorable Ajit Pai
Chairman
Federal Communications Commission
445 12th St SW
Washington, DC 20554

Re: Applications of T-Mobile US, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations, WT Docket No. 18-197

Dear Assistant Attorney General Delrahim and Chairman Pai:

The 24 signatories below represent a diverse group of companies, trade associations, labor organizations and public interest groups, united in opposing the above-captioned merger.

Nearly one year ago, T-Mobile announced plans to acquire Sprint. If allowed to proceed, this transaction would consolidate the nation's wireless market from four to just three carriers, lead to price increases for virtually all wireless customers, substantially raise wholesale rates for smaller wireless carriers, and cause significant job losses – all while failing to deliver the promised benefits of accelerated 5G deployment or expanded rural coverage. The parties have had more than 11 months to make a convincing argument that their deal is in the public interest and that it will not harm competition. To date, they have failed to make this case. The evidence is clear: This deal as currently proposed is bad for consumers, workers and competition and we urge you to reject it.

The case against this merger starts with the manifest harms it would cause wireless consumers across the country. Economic analysis in the public record demonstrates that this transaction would result in price increases of more than 15 percent in many cases. Moreover, the combined

company would control more than 50 percent of the pre-paid wireless market. This concentration means that pre-paid wireless consumers, who are primarily lower income Americans, would likely see even greater price increases.

The parties have staked their case on the notion that their combination is necessary to unlock the value of 5G deployment in the U.S. But the parties can deploy robust 5G networks without this merger, and both have already begun doing so. Sprint boasted about its 5G progress at the recent Mobile World Congress, citing plans to bring 5G to four cities in May 2019 and another five cities in the first half of 2019.¹ T-Mobile, for its part, claims it will deploy 5G in 30 major American cities this year.²

And, while the parties tout the merger's supposed benefits for rural Americans, the evidence demonstrates that the merger would do nothing to enhance service for these consumers. As a technical matter, the merged parties' spectrum would not be particularly well-suited for rural coverage. The parties would, instead, be faced with the same challenge that exists today, which is the need to make significant capital investments to reach sparsely populated areas. There is no reason to expect New T-Mobile to be motivated to make that investment post-merger, as competitive pressures lessen.

Even more troubling, instead of enhancing coverage, the merger threatens to undermine the services that rural Americans currently enjoy. Today Sprint stands out for its willingness to wholesale its network to rural wireless carriers – making roaming services possible for their customers – as well as educational entities that lease spectrum to Sprint. T-Mobile, on the other hand, has shown no such interest in partnering with rural providers or continuing the public-private partnerships with educational entities. The truth is that rural customers, and wireless customers everywhere, are more likely to see the benefits of 5G deployment and steady improvements in network service if competition is allowed to grow, not diminish. In short, the best way the Department and the Commission can protect competition is to deny the proposed merger because it will consolidate the critical wholesale access market, creating, in effect, a monopoly for the New T-Mobile.

This deal also threatens thousands of American jobs. Analysis by leading Wall Street firms and others demonstrates that this transaction will eliminate tens of thousands of jobs, primarily in the retail sector. And, this merger would give the remaining wireless carriers much greater market power to hold down wages across the sector, further harming American consumers.

The parties have proffered vague, loophole-filled, and unenforceable promises in an attempt to counter the overwhelming evidence of the harms to competition and consumers. These promises would not protect against the clear harms to consumers and competition that would result from this dramatic change in market structure. And any attempt to enforce a set of pricing conditions would force your agencies to be central planners and day-to-day umpires for the pricing decisions of the combined company.

¹ Linda Hardesty, *Sprint to Launch Commercial 5G in 4 U.S. Cities in May*, FierceWireless (Feb. 25, 2019), <https://www.fiercewireless.com/wireless/sprint-to-launch-commercial-5g-4-us-cities-may>.

² Roger Cheng, *T-Mobile delays full 600MHz 5G launch until second half of 2019*, CNet (Feb. 25, 2019), <https://www.cnet.com/news/t-mobile-delays-full-600-mhz-5g-launch-until-second-half/>

Given these harms, it is not surprising that over the past 11 months, opposition to this merger has grown rather than abated. Rural carriers, consumer groups, labor unions, and businesses from across industries – many of whom are represented in the signatures below – have voiced their deep concern. Dozens of Members of Congress, as well as tens of thousands of average Americans, have raised alarms about this merger. All of these diverse stakeholders have one clear message: The Department and Commission should reject this merger, because it means less competition, fewer choices, and higher prices for consumers.

Our nation's antitrust and telecommunications laws set a purposefully high bar for mergers that consolidate a market to this degree. The parties have not come close to carrying their burden. Both of you have spoken at length about the value competition brings to consumers through innovation, lower prices, new investment, and more. We agree. That is why we urge you to reject the proposed merger of T-Mobile and Sprint.

Respectfully submitted,

AFL-CIO
Blue Wireless
Common Cause
Communications Workers of America
Consumer Reports
Demand Progress Education Fund
DISH Network
Fight For The Future
The Greenlining Institute
Institute for Local Self-Reliance
INCOMPAS
Mobile Beacon
New America's Open Technology Institute
Next Century Cities
North American Catholic Educational Programming Foundation
NTCA-The Rural Broadband Association
Open Markets Institute
Pine Belt Cellular
Public Knowledge
Rural Wireless Association
Telsasoft
United Wireless Communications
Wireless Internet Service Providers Association
Writers Guild of America West