

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Joint Application of Sprint Communications Company L.P. (U-5112) and T-Mobile USA, Inc., a Delaware Corporation, For Approval of Transfer of Control of Sprint Communications Company L.P. Pursuant to California Public Utilities Code Section 854(a).

Application 18-07-011

In the Matter of the Joint Application of Sprint Spectrum L.P. (U-3062-C), and Virgin Mobile USA, L.P. (U-4327-C) and T-Mobile USA, Inc., a Delaware Corporation for Review of Wireless Transfer Notification per Commission Decision 95-10-032

Application 18-07-012

**AMENDED JOINT APPLICATION FOR REVIEW OF WIRELESS TRANSFER
NOTIFICATION PER COMMISSION DECISION 95-10-032**

**PUBLIC VERSION
(CONFIDENTIAL EXHIBITS A, I, J, S AND U *NOT* ATTACHED)**

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I. INTRODUCTION

As required by the Administrative Law Judge’s Ruling Re-opening the Record to Take Additional Evidence and Directing Joint Applicants to Amend Application (A.) 18-09-012 dated August 27, 2019 (the “ALJ Ruling”), and in accordance with Commission Decision 95-10-032 and Article 2 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure (“Rules”), Sprint Spectrum L.P. (U-3062-C), and Virgin Mobile USA, L.P. (U-4327-C) (collectively referred to as the “Sprint Wireless CA Entities”) and T-Mobile USA, Inc. (“T-Mobile USA”) (collectively referred to as the “Joint Applicants”), respectfully submit this Amended Joint Application for Review of a Wireless Transfer Notification Per Commission Decision 95-10-032 (the “Amended Wireless Notification”).¹

¹ In Decision 95-10-032, the Commission exempted wireless transactions from pre-approval under Public Utilities Code Section 854 with limited exceptions including the transfer of ownership of a

In particular, as required by the ALJ Ruling,² the Joint Applicants submit this Amended Wireless Notification to address “changes in the terms and conditions of the proposed merger that are reflected in the officially noticed documents admitted by th[e] [R]uling [i.e., the Proposed Final Judgment filed by the U.S. Department of Justice in the U.S. District Court for the District of Columbia, the related Stipulation and Order, and the Asset Purchase Agreement among T-Mobile, Sprint Corporation and Dish Network Corporation] and any other material differences between the [Amended Wireless Notification] and the original application in this docket.”³

Consistent with that direction from the ALJ, the Amended Wireless Notification includes a discussion of the Proposed Final Judgment and the Stipulation & Order filed by the U.S. Department of Justice in the U.S. District Court for the District of Columbia on July 26, 2019

wireless provider. *See In re Investigation on the Commission's Own Motion Into Mobile Telephone Service and Wireless Communications*, D. 95-10-032, 1995 Cal. PUC LEXIS 888 *25 and *30. For such transfers, the Commission instead required 30-day advance notice to the Communications Division because it “wish[ed] to retain the ability to ensure that the participants in an ownership transfer have complied fully with our rules and regulations.” *Id.* at *31. Staff is then provided with 30 days to seek additional information or otherwise require a formal application. In order to promote transparency, encourage public participation, and expedite the process for the timely review of their notification, and consistent with D.95-10-032 and Commission Rules, the Joint Applicants filed the initial Application with the Commission instead of submitting notification via a letter to the Communications Division. In submitting the initial Application and this Amended Wireless Notification, the Joint Applicants reserve their rights under federal law, including 47 U.S.C. § 332 in particular and both the Communications Act and the Federal Communications Commission rules in general. *See also, e.g.*, Joint Application for Review of Wireless Notification Per Decision 95-10-032 (filed July 13, 2018) at n.1; Joint Applicants’ Post-Hearing Opening Brief on the Joint Application for Review of the Wireless Transfer Notification per Commission Decision 95-10-032 (filed April 26, 2019) at 14-16; Joint Applicants’ Post-Hearing Reply Brief on the Joint Application for Review of the Wireless Transfer Notification per Commission Decision 95-10-032 (filed May 10, 2019) at 7-12.

² As discussed more thoroughly below in Section XIV, the Joint Applicants object to the ALJ Ruling’s characterization of their position with respect to the record and its conclusion that an amended application - and further process - is necessary or appropriate in this proceeding. This proceeding has now been pending for more than 14 months, and Joint Applications respectfully request that the Commission conclude its review without further delay.

³ ALJ Ruling at 5.

(the “DOJ Commitments”), as well as the Asset Purchase Agreement among T-Mobile, Sprint Corporation and Dish Network Corporation (“DISH”) entered on that same date (the “Asset Purchase Agreement”).⁴ Consistent with the ALJ Ruling, the Amended Wireless Notification also addresses several other post-hearing developments that have been reflected in prior filings including commitments made by T-Mobile in (a) the “Memorandum of Understanding between the California Emerging Technology Fund and T-Mobile USA, Inc.” (the “CETF MOU”), (b) an ex parte filed with the Federal Communications Commission (“FCC”) in connection with that agency’s review of the Transaction (the “FCC Commitments”), and (c) various other commitments regarding issues generally addressed in the testimony - but which were subsequently formalized and reflected in subsequent filings - including but not limited to building a Customer Experience Center in Kingsburg, California after the close of the transaction, MVNO (and other) reporting to the Commission, various public safety /emergency disaster enhancements, job commitments, and continued participation in the Boost Mobile Pilot Program (the “Additional CA Commitments”).⁵ These commitments, as well as the Asset Purchase Agreement, are referred to collectively as the “Post-Hearing Commitments.”

The Joint Applicants note that the fundamental underlying transfer of the Sprint Wireless CA Entities to T-Mobile USA, and transformative benefits associated with the build-out of New T-Mobile’s 5G Network, described in the initial application remain unchanged. The Post-Hearing Commitments do not alter the substance of the transaction itself, but instead govern the

⁴ Each of these documents was officially noticed and admitted into the record of this proceeding in the ALJ Ruling. See ALJ Ruling at p.5 (Ordering Paragraphs 2 and 3).

⁵ See Joint Motion of Joint Applicants’ and the California Emerging Technology Fund to Modify Positions in Proceeding to Reflect Memorandum of Understanding Between the California Emerging Technology Fund and T-Mobile USA, Inc. (April 8, 2019) (granted May 8, 2019); see also Motion of Joint Applicants to Advise the Commission of New FCC Commitments (May 20, 2019) (pending); Joint Applicants Post-Hearing Opening Brief at p. 96 (April 26, 2019); Joint Applicants Post-Hearing Reply Brief at Appendix 1. (May 10, 2019).

parties' conduct *after* the transaction has been consummated. Indeed, these commitments only further enhance the public-interest benefits that otherwise result from the transfer of Sprint Wireless to T-Mobile and do not in any way impair the ability of the Joint Applicants to achieve the benefits to competition and California consumers that have been extensively detailed in the record.⁶ Consistent with the ALJ Ruling, this Amended Wireless Notification reflects changes to the initial application, testimony and briefing occasioned by the Post-Hearing Commitments, as described below.⁷ (See Section XVI, *infra.*) The Amended Wireless Notification does not otherwise modify or update the initial application.

The Amended Wireless Notification, like the initial submission made last July, describes in greater detail the transfer of the Sprint Wireless CA Entities to T-Mobile USA and the attendant benefits of the underlying transaction for California consumers and the wireless telecommunications market in general.⁸ As has always been the case, the transfer will be made pursuant to the Business Combination Agreement between T-Mobile US, Inc. ("T-Mobile"), T-Mobile USA's direct 100 percent parent, and Sprint Corporation ("Sprint") dated April 29, 2018 (the "Business Combination Agreement")⁹ by which Sprint, and all of Sprint's subsidiaries –

⁶ The DOJ Commitments also reflect conditions accepted by the DOJ to resolve the potential competition-related question raised by the DOJ in connection with its review of the Transaction.

⁷ For ease of reference, the Joint Applicants have also provided a redline showing the changes from the original application attached hereto as Exhibit M.

⁸ The Joint Applicants note the transfer of the Sprint Wireless CA Entities is part of a broader transaction which also involves the transfer of control of Sprint's certificated wireline company, Sprint Communications Company L.P. (U-5112-C), to T-Mobile USA. That transfer of control is the subject of a separate Application which was submitted concurrently with the initial Application for Review.

⁹ The parties to the Business Combination Agreement include T-Mobile and Sprint, as well as Huron Merger Sub LLC, Superior Merger Sub Corporation, Starburst I, Inc., and Galaxy Investment Holdings, Inc. The parties also include, for limited purposes set forth in the Business Combination Agreement, Deutsche Telekom AG, Deutsche Telekom Holding B.V., and SoftBank Group Corp. The roles of these other parties are described more fully below and in the Business Combination Agreement and the PIS and are not material to the instant Application.

including the Sprint Wireless CA Entities – will become wholly owned indirect subsidiaries of T-Mobile USA (the “Transaction”).¹⁰

As discussed in detail below and in the Public Interest Statement (“PIS”) submitted on June 18, 2018 by T-Mobile and Sprint to the Federal Communications Commission (“FCC”),¹¹ this proposed merger is necessary to, among other things, allow the Combined Company¹² to leverage a unique combination of complementary assets to unlock massive synergies in order to build a world-leading nationwide 5G network that will deliver unprecedented services to consumers, increasingly disrupt the wireless industry, and ensure U.S. leadership in the race to 5G. The merger provides over \$43 billion in synergies, a beneficial increase in scale, and a combination of complementary and essential assets (including spectrum and sites) to accelerate and deliver a superior 5G network that will be better and more expansive than anything the companies could deliver on their own. New T-Mobile will use these synergies to invest nearly \$40 billion to bring the Combined Company into the 5G era over the next three

A copy of the Business Combination Agreement can be found at:

https://www.sec.gov/Archives/edgar/data/101830/000110465918028087/a18-12444_1ex2d1.htm

The Joint Applicants are providing a link to the Business Combination Agreement as well as other publicly available information for ease of reference and to reduce the amount of paper required to attach such documents to the Application. To the extent the Commission prefers a hard copy of any of these linked documents, the Joint Applicants will provide them upon request.

¹⁰ The Business Combination Agreement was amended on July 26, 2019. In particular, the Amendment extends the Outside Date (as defined in the Business Combination Agreement) to November 1, 2019, or, if the Marketing Period (as defined in the Business Combination Agreement) has started and is in effect at such date, then January 2, 2020. A complete copy of the Amendment can be found at the following link:

<https://www.sec.gov/Archives/edgar/data/101830/000119312519203483/d761621dex22.htm>

¹¹ Description of Transaction, Public Interest Statement, and Related Demonstrations, WTB Docket No. 18-197 (filed Jun. 18, 2018), Executive Summary (“PIS”), available at:

[https://ecfsapi.fcc.gov/file/10618281006240/Public%20Interest%20Statement%20and%20Appendices%20A-J%20\(Public%20Redacted\)%20.pdf](https://ecfsapi.fcc.gov/file/10618281006240/Public%20Interest%20Statement%20and%20Appendices%20A-J%20(Public%20Redacted)%20.pdf).

¹² For purposes of this Application, and consistent with the PIS, the combined company resulting from the Transaction will be referred to as the “New T-Mobile” or the “Combined Company”.

years.

Combining the two companies' assets will boost average throughput, make greater capacity available, and increase the reliability and depth of coverage everywhere - providing benefits to consumers that would not arise but for the merger.¹³ Aggregating the two companies' spectrum and site inventories will dramatically increase capacity, reduce costs, and provide the right portfolio of spectrum bands to enable a rapid transition path from LTE to 5G.¹⁴ This approach will improve the subscriber experience by creating more spectrum dedicated solely to 5G, while keeping significant spectrum to maintain and indeed improve LTE quality of service.¹⁵

Moreover, T-Mobile has significant experience in seamlessly integrating other wireless carriers in a manner similar to that planned here as reflected by the successful merger with MetroPCS approximately five years ago.¹⁶ Nothing less is expected here.

The benefits of the transfer, and the Transaction in general, include, but are in no way limited to the following:

- Build-out of a robust, nationwide, world-class 5G network and services, bringing the benefits of those services, sooner than otherwise possible. (*See* Section VII.A., *infra.*)
- Implementation of an efficient and timely consumer migration plan. (*See* Section VII.B., *infra.*)

¹³ *See* PIS at p. 41; Ray Decl. at ¶53.

¹⁴ *See* PIS at p. 41; Ray Decl. at ¶40.

¹⁵ *See* PIS at pp. 41-42; Ray Decl. at ¶33.

¹⁶ The integration of MetroPCS, Inc. ("MetroPCS") into T-Mobile per their 2013 merger was successful by any measure. MetroPCS customers were migrated to the T-Mobile network even more quickly than anticipated, merger synergies exceeded expectations, spectrum refarming was expedited, and MetroPCS customers enjoyed expanded coverage and better service. Indeed, MetroPCS's customer base has doubled since the merger and the number of employees has also increased substantially. *See* PIS at pp. 39-41, 82.

- Creation of a 5G network that will create substantial network and service capabilities including the introduction of a bona fide alternative for consumers to traditional in-home broadband providers. (*See Section VII.C., infra.*)
- Provision of significant synergies and capital expenditures beyond those planned by T-Mobile and Sprint as standalone companies. (*See Section VII.D., infra.*)
- Delivery of better services and high-speed broadband for rural areas. (*See Section VII.E., infra.*)
- Job growth. (*See Section VII.F., infra.*)
- Continuation of Lifeline services currently provided. (*See Section VII.G., infra.*)
- Continued focus on diversity procurement. (*See Section VII.H., infra.*)
- The assets and scale for New T-Mobile to “supercharge” the “Un-carrier” and take its maverick agenda to the next level, to further disrupt the wireless industry, and to otherwise ensure an even more competitive wireless market. (*See Section IX., infra.*)

The transfer of control that is essential to unlocking these benefits remains unchanged and is entirely consistent with this Commission’s continued interest in promoting the deployment of advanced wireless services and broadband to all Californians. Indeed, the Joint Applicants submit that the Transaction is critical to meeting that public interest goal.

In brief, the Joint Applicants submit this Amended Wireless Notification for Review as part of their ongoing efforts to be transparent about the transfer of the Sprint Wireless CA Entities and the expected benefits to California (and beyond) from the underlying transaction. To that end, the Joint Applicants have initiated this public docket and attempted to include as much information – to the extent it is available – as possible for the Commission’s review. Accordingly, the Joint Applicants now respectfully request that the Commission complete its review on an expedited basis so that the benefits of this Transaction can be realized without undue delay.

II. DESCRIPTION OF THE APPLICANTS

A. T-Mobile USA

T-Mobile USA is a Delaware corporation wholly owned by T-Mobile.¹⁷ T-Mobile is currently the third largest wireless carrier in the United States, serving approximately 72.6 million customers under the T-Mobile and MetroPCS brands.¹⁸ Through its owned and operated retail stores, third-party distributors, and its websites, T-Mobile provides wireless voice and data services to residential and business customers in the United States, Puerto Rico, and the U.S. Virgin Islands, as well as a wide selection of wireless devices and accessories.

T-Mobile is a publicly traded Delaware corporation headquartered in Bellevue, Washington. T-Mobile's 2017 revenues were approximately \$40.6 billion,¹⁹ its assets currently total approximately \$70.56 billion,²⁰ its market capitalization is approximately \$50.82 billion,²¹ and it holds approximately \$28.32 billion in debt.²² The company is controlled by Deutsche Telekom AG ("Deutsche Telekom"), which indirectly holds approximately 62 percent of T-Mobile's stock. Deutsche Telekom is based in Bonn, Germany, and provides fixed broadband and wireless services to customers in more than 50 countries around the world.²³

Neither T-Mobile nor T-Mobile USA directly offer services in California and are not certificated

¹⁷ For ease of reference, the remainder of the discussion will generally refer to T-Mobile, except for references to T-Mobile USA as a distinct entity.

¹⁸ T-Mobile US, Inc., Annual Report (Form 10-K), at 37 (Feb. 7, 2018), <http://investor.tmobile.com/Cache/392104903.pdf> ("T-Mobile 2017 10-K").

¹⁹ *Id.* at 24.

²⁰ *Id.*

²¹ *See* T-Mobile US, Inc., WALL STREET JOURNAL, <https://quotes.wsj.com/TMUS> (last visited June 16, 2018).

²² T-Mobile 2017 10-K at 24.

²³ *See* Deutsche Telekom, *Leading European Telco*, <https://www.telekom.com/en/company/details/leading-europeantelco-355194> (last visited June 16, 2018).

by this Commission. T-Mobile does, however, have two indirect subsidiaries that are registered wireless providers in the state, T-Mobile West, LLC (U-3056-C) and MetroPCS California, LLC (U-3079-C), that provide innovative wireless service options to millions of California consumers. The Transaction, however does not involve a transfer of control of either entity.²⁴

B. Sprint Wireless CA Entities

Sprint's wholly-owned subsidiaries that provide wireless services in California are described in the following subsections:

1. Sprint Spectrum L.P. (U-3062-C)

Sprint Spectrum L.P. provides a comprehensive range of prepaid and postpaid intrastate, interstate and international wireless telecommunications and information/data services in California pursuant to its wireless registration with the Commission and the authority and licenses granted by the FCC. These services are provided under the commonly recognized trade names of "Sprint" and "Boost Mobile" or "Boost." Sprint and Boost also provide wireless devices and accessories in connection with these services.

²⁴ Although the PIS references a *pro forma* transfer of control of the T-Mobile FCC licenses (as DT will have less than a 50 percent share in the post-transaction T-Mobile), *see* PIS at p. 8, there is no transfer of control of the T-Mobile California registered subsidiaries for California purposes. As discussed further below, T-Mobile West LLC and MetroPCS California, LLC are currently indirect wholly owned subsidiaries of T-Mobile USA, Inc. which is in turn a wholly-owned subsidiary of T-Mobile. This same corporate structure will be in place post-transaction. Although DT will have a smaller percentage of the T-Mobile stock after the transaction is consummated, it will still be the major shareholder and the majority of the board will still be designated by DT. In addition, John Legere and Mike Sievert, the current CEO and President/COO of T-Mobile respectively, will maintain their positions post-transaction. Moreover, the management of the T-Mobile California subsidiaries will remain unchanged. In brief, there will be no change in the "actual or working control" of either California registered entity and thus no transfer occurs for purposes of D.95-10-032. *See e.g., In re San Jose Water Company*, Decision No. 94-01-025, 1994 Cal. PUC LEXIS 43 * 6 ("In interpreting *PU Code § 854(a)*, the Commission has noted that the section does not speak of the power or potential to *control*, but of *control*, and we interpret this to *mean* actual or working *control*. *WUI, Inc. et al. v. Continental Tel. Corp., et al.* (1979) 1 CPUC2d 579.") (emphasis added).

2. Virgin Mobile USA, L.P. (U-4327-C)

Virgin Mobile provides a comprehensive range of prepaid intrastate, interstate and international wireless telecommunications and information/data services in California pursuant to its wireless registration with the Commission and the authority and licenses granted by the FCC. These services are provided under the commonly recognized trade name of “Virgin Mobile.” Virgin Mobile also provides prepaid wireless federal Lifeline and state LifeLine services pursuant to its designation as an eligible telecommunications carrier (“ETC”) in Commission Resolution (R.) 17284 (May 5, 2011), authority provided in Decision (D.) 14-01-036, and advice letters submitted in compliance with D.14-01-036 and numerous subsequent Commission decisions. These LifeLine services are provided under the commonly recognized trade name of “Assurance Wireless Brought to You by Virgin Mobile” (“Assurance Wireless”). Assurance Wireless is believed to be the facilities-based carrier with the largest number of wireless Lifeline customers in California. Virgin Mobile and Assurance Wireless also provide wireless devices and accessories in connection with these services.²⁵

The Joint Applicants note that through its wireless carrier subsidiaries, including but not limited to the Sprint Wireless CA Entities, Sprint is the fourth-largest wireless carrier in the United States, serving approximately 54.58 million customers across its retail and wholesale wireless service offerings at the end of 2017, and is an interexchange carrier and Tier 1 Internet backbone provider.²⁶ Sprint offers a range of wireless and wireline voice and data products and services, as well as devices and accessories, to residential and business customers in the United

²⁵ Confidential metrics for the Sprint Wireless CA Entities (as well as T-Mobile’s registered California operating companies) are being provided for the Commission’s reference as Confidential Exhibit A.

²⁶ Sprint Corporation, Annual Report (Form 10-K), at 40 (May 24, 2018), <http://d18rn0p25nwr6d.cloudfront.net/CIK-0000101830/f87fb089-cbf4-415a-accf-2122a5b0323f.pdf> (“Sprint 2017 10-K”).

States, Puerto Rico, and the U.S. Virgin Islands under the Sprint, Boost Mobile, Virgin Mobile, and Assurance Wireless brands. Sprint also provides wireline voice and data services to businesses with operations outside the United States.

Sprint is a publicly traded Delaware corporation with its headquarters located in Overland Park, Kansas. Sprint's 2017 revenues were approximately \$32.41 billion,²⁷ its assets currently total approximately \$85.46 billion,²⁸ its market capitalization is approximately \$22.02 billion,²⁹ and it holds approximately \$32 billion in net debt.³⁰ Sprint is controlled by SoftBank Group Corp. ("SoftBank"), which indirectly holds approximately 84 percent of Sprint's stock.³¹ SoftBank is based in Tokyo, Japan, and provides mobile and fixed-line services in Japan through SoftBank Corp., its telecommunications subsidiary.³²

²⁷ *Id.* at 30.

²⁸ *Id.*

²⁹ See Sprint Corporation, WALL STREET JOURNAL, <https://quotes.wsj.com/S> (last visited June 16, 2018).

³⁰ Sprint 2017 10-K at 18. See also Sprint Corporation, *Sprint Delivers Best Financial Results In Company History With Highest Ever Net Income And Operating Income In Fiscal Year 2017* (May 2, 2018), <http://investors.sprint.com/news-and-events/press-releases/press-release-details/2018/Sprint-Delivers-Best-Financial-Results-In-Company-History-With-Highest-Ever-Net-Income-And-Operating-Income-In-Fiscal-Year-2017/default.aspx> (laying out debt maturity schedule).

³¹ Sprint 2017 10-K at 1.

³² See SoftBank Group, *Group Structure*, <https://www.softbank.jp/en/corp/irinfo/about/outline/> (last visited June 16, 2018).

III. CONTACT INFORMATION

All correspondence and communications with respect to this Amended Wireless

Notification should be addressed or directed as follows:

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IV. CERTIFICATES OF FORMATION, FINANCIAL STATEMENTS AND MANAGEMENT TEAM INFORMATION

Pursuant to Rule 2.2 of the Commission’s Rules, Certificates of Formation for both the Sprint Wireless CA Entities, as well as certificates of Good Standing issued by the California Secretary of State, for these entities are attached hereto as Exhibit B.

Sprint does not prepare reports and financial statements at the individual entity level. All operations of the Sprint Wireless CA Entities are presented in the consolidated financial statements of Sprint, which wholly owns the Sprint Wireless CA Entities. These financial statements are prepared in the ordinary course of business in accordance with generally accepted accounting principles.³³ Information about the current management team for the Sprint Wireless CA Entities is provided in Exhibit C.

Copies of T-Mobile USA's formation documents, as well as its certificate of Good Standing issued by the California Secretary of State, are attached hereto as Exhibit D.³⁴ Evidence of T-Mobile's financial qualifications is provided in the form of the company's most recent 10K Report.³⁵ Information about the current management team for T-Mobile is provided in Exhibit F.

V. DESCRIPTION OF THE TRANSACTION

For purposes of this Amended Wireless Notification, as was the case with the initial Application, the Transaction contemplates a straight-forward, parent-level transfer of control of the Sprint Wireless CA Entities.³⁶ Thus, as depicted in the attached charts showing the pre- and post-Transaction corporate structure,³⁷ the Sprint Wireless CA Entities, currently wholly-owned subsidiaries of Sprint, will become wholly-owned indirect subsidiaries of T-Mobile USA but will

³³ See Sprint 2017 10-K, *supra*.

³⁴ The Joint Applicants note that Certificates of Good Standing for T-Mobile West LLC and MetroPCS California, LLC, T-Mobile's two registered wireless operating entities in California, are attached as Exhibit E for the Commission's reference.

³⁵ See T-Mobile 2017 10-k, *supra*. No *pro forma* statements are currently available.

³⁶ The Business Combination Agreement between the parties sets forth the structure and steps of the proposed transaction.

³⁷ Pre- and post-transaction corporate structure charts are attached to the Amended Wireless Notification as Exhibit G.

otherwise continue to exist as separate certificated carriers with no change in operational structure.³⁸

As described in the PIS, T-Mobile has formed two indirect subsidiaries, Huron Merger Sub LLC (“Huron”) and Superior Merger Sub Corporation (“Superior”), in anticipation of the transaction. At closing, if certain conditions are met, the first step will be that SoftBank subsidiaries, Galaxy Investment Holdings, Inc. (“Galaxy”) and Starburst, Inc. (“Starburst”), which currently collectively own approximately 84 percent of Sprint, will merge with and into Huron, with Huron continuing as the surviving corporation. All of the issued and outstanding shares of Galaxy and Starburst stock will be converted such that SoftBank will receive an aggregate number of shares of T-Mobile Common Stock, par value \$0.00001 per share, equal to the product of 0.10256 (the “Exchange Ratio”) and the aggregate number of shares of common stock of Sprint, par value \$0.01 per share, held by Galaxy and Starburst, collectively.

Next, Superior will merge with and into Sprint, with Sprint continuing as the surviving entity. Each share of Sprint stock issued and outstanding (other than shares of Sprint Common Stock that were held by Galaxy and Starburst or are held by Sprint as treasury stock) will be converted into the right to receive a number of shares of T-Mobile Common Stock equal to the Exchange Ratio. SoftBank and its affiliates will receive the same amount of T-Mobile Common Stock per share of Sprint Common Stock as all other Sprint stockholders.³⁹ As a final step, Huron will distribute Sprint stock to T-Mobile, which T-Mobile will then contribute to its

³⁸ Per the DOJ Commitments and the Asset Purchase Agreement, the assets of the Sprint prepaid brands, including Boost Mobile, Virgin Mobile (not including the prepaid customers of Assurance Wireless Lifeline, Shenandoah Telecommunications and Swiftel Communications) and Sprint-branded prepaid, will be divested to DISH after the consummation of the Transaction consistent with the timeframes established in those commitments.

³⁹ If the first step above does not occur, Sprint shares held by Galaxy and Starburst will be converted into T-Mobile shares in this step.

subsidiary, T-Mobile USA, Inc. Following completion of these steps, Sprint will be a wholly owned subsidiary of T-Mobile USA, Inc., which is a direct subsidiary of T-Mobile. Deutsche Telekom and SoftBank are expected to hold approximately 42 percent and 27 percent of the fully diluted shares of T-Mobile Common Stock, respectively, with the remaining approximately 31 percent of the fully-diluted shares of T-Mobile Common Stock held by public stockholders. Pursuant to applicable agreements between Deutsche Telekom and SoftBank to be executed prior to closing, SoftBank will grant Deutsche Telekom the right to direct the voting of SoftBank's T-Mobile shares.

VI. MANAGEMENT CONTINUITY AND EXPERTISE

The Combined Company's senior leadership team will consist of proven leaders with extensive experience in the telecommunications industry and a successful track record of integration. For example, upon completion of the Transaction, John Legere, CEO of T-Mobile and the creator of T-Mobile's successful Un-carrier strategy, will serve as Chief Executive Officer of the Combined Company. Mike Sievert, T-Mobile's current President and Chief Operating Officer, will serve as President and Chief Operating Officer of the Combined Company.⁴⁰

The new Board of Directors of New T-Mobile will be comprised of 14 members. Pursuant to the Business Combination Agreement, Deutsche Telekom will designate 9 directors (at least 2 of whom will be independent). SoftBank will designate 4 directors (at least 2 of

⁴⁰ No further decisions on executive officers have been made at the time of this filing. Lists of T-Mobile's and Sprint's current officers are attached as Exhibit F and C, respectively. Additional biographical information for T-Mobile USA's management is available at: <http://investor.t-mobile.com/Management>

whom will be independent).⁴¹ The remaining director will be Mr. Legere. Existing T-Mobile Chairman and Deutsche Telekom CEO, Tim Hötting, has been designated to serve as Chairman of the Board. The Combined Company will have its headquarters in Bellevue, Washington, with a secondary headquarters in Overland Park, Kansas.

VII. THE COMBINED COMPANY WILL BRING A HOST OF BENEFITS TO CONSUMERS THROUGHOUT CALIFORNIA AND THE COUNTRY

The Combined Company will deliver a host of compelling benefits to consumers in California and across the country. These benefits simply would not be achievable on this time frame without this Transaction, which necessarily includes the subject transfers of the Sprint Wireless CA Entities. Some of the key benefits are described in the following sections.

A. A World-Class Nationwide 5G Network

The Transaction will enable the Combined Company to build a network with distinct advantages over both standalone networks planned by T-Mobile and Sprint and will provide a platform for an unrivaled nationwide 5G mobile service.⁴² As discussed below (*see* Section VIII), on a standalone basis, neither company has enough or the right combination of spectrum or cell site resources to deliver the enormous gains in capacity that New T-Mobile will provide in the near term. New T-Mobile's deployment of T-Mobile's and Sprint's combined spectrum portfolios, together with the addition of many more radios across the combined network than either party would install on its own, will create a massive increase in capacity that would not be possible but for the transaction. The merger will also enable the Combined Company to dedicate

⁴¹ Masayoshi Son, current SoftBank Chairman and CEO, and Marcelo Claure, current SoftBank Chief Operating Officer and Sprint Executive Chairman, will serve on the Board of the new company as SoftBank designees.

⁴² *See* PIS at p. 17; Declaration of Neville R. Ray, Executive Vice President and Chief Technology Officer, T-Mobile, US, Inc., Appx. B, at ¶4 ("Ray Decl."); Declaration of John C. Saw, Chief Technology Officer, Sprint Corporation, Appx. E, at ¶4 ("Saw Decl.").

more spectrum to 5G much sooner than either company could do individually, while also allowing New T-Mobile to more efficiently utilize existing spectrum assets for continued and improved LTE services. Some of the key benefits of the 5G network are discussed below.

1. New T-Mobile Will Deliver Higher Broadband Data Rates to More Customers than the Standalone Networks

According to the 2016 California Advanced Services Fund Annual Report, only 7.8 percent of California’s 12.9 million households receive mobile broadband service of at least 6 Mbps download.⁴³ According to the report, the majority of the state is “unserved” by mobile broadband at these speeds.⁴⁴ The report also finds that no California households reliably receive mobile broadband service at 25 Mbps download.⁴⁵ While T-Mobile believes that it currently exceeds these speed benchmarks, by any measure the speeds that will be provided by New T-Mobile’s 5G network will mean dramatic improvements in data rates for California’s consumers.⁴⁶ The tables below, which are taken from the PIS, demonstrate the substantially improved data rates that will occur by 2021 and 2024 due to the transaction.

⁴³ 2016 California Advanced Services Fund Annual Report, California Public Utilities Commission (April 2017) (“2016 California Advanced Services Fund Report”) at 42, ftp://ftp.cpuc.ca.gov/Telco/CASF/Reports%20and%20Audits/CASF%202016%20Annual%20Report_.pdf

⁴⁴ *Id.*

⁴⁵ *Id.* At 44.

⁴⁶ Average data rate is not equivalent to the actual user experience. The user experience will be affected by a number of variable factors, including received signal strength, location of the mobile device and base station, and whether the device is in motion, among others.

Entity	Average 5G Data Rates (Mbps)	Peak 5G Data Rates (Mbps)
T-Mobile	25	900
Sprint	55	300
New T-Mobile	149	1500

Average and Peak Data Rate Comparisons (Year 2021)

Entity	Average 5G Data Rates (Mbps)	Peak 5G Data Rates (Mbps)
T-Mobile	76	2700
Sprint	113	700
New T-Mobile	444	4100

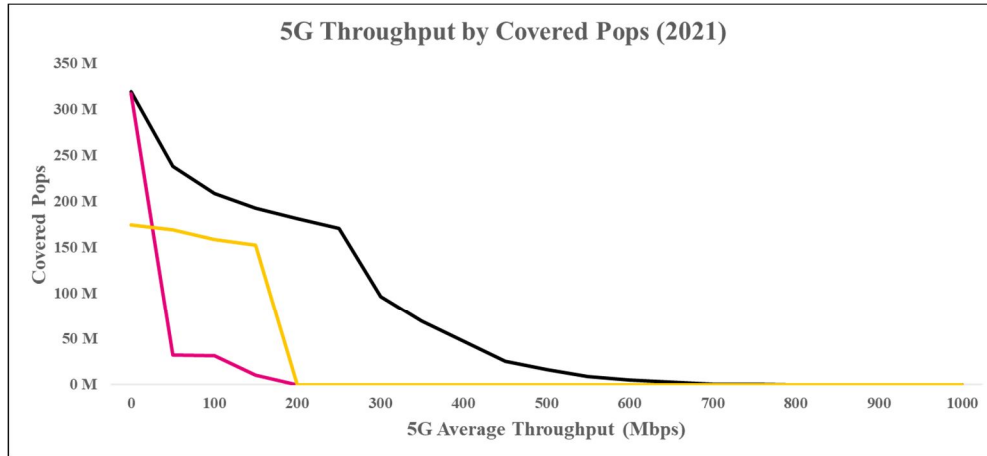
Average and Peak Data Rate Comparisons (Year 2024)

These marked improvements in data rates will have a direct positive impact on wireless consumers across the United States and in California. Customers traditionally have relied upon wired, rather than wireless, connections to deliver average data rates in excess of 25 Mbps—and these wired connections have been extremely costly. The merger will allow New T-Mobile to deliver data rates that compete against wired data speeds (and exceed current wireless speeds) and enable the delivery of myriad new and improved services.⁴⁷

2. Broad Geographic Distribution of Higher Data Rates

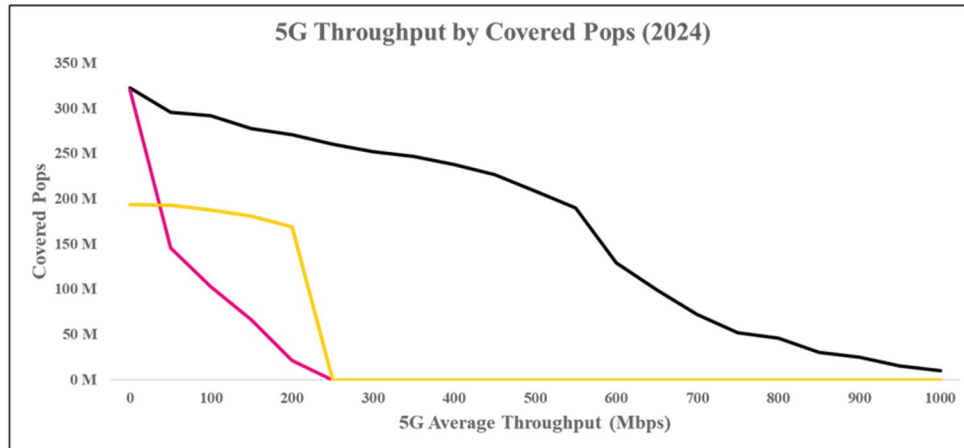
⁴⁷ See PIS at p. 45; Ray Decl. at ¶53.

Not only will New T-Mobile provide higher data rates than standalone T-Mobile and Sprint, it will provide higher data rates to more consumers. The charts below (also taken from the PIS) depict the *nationwide* geographic distribution of data rates expected by each standalone company as compared to New T-Mobile.



2021	T-Mobile	Sprint	New T-Mobile
Pops with > 100 Mbps	31.5 M	159.3 M	208.8 M
Pops with > 150 Mbps	10.8 M	153.1 M	193.4 M
Pops with > 300 Mbps			96.5 M
Pops with > 500 Mbps			16.2 M

5G Speed vs. Covered Population Distribution (2021)



2024	T-Mobile	Sprint	New T-Mobile
Pops with > 100 Mbps	102.8 M	187.8 M	292.3 M
Pops with > 150 Mbps	66.6 M	181.4 M	278.1 M
Pops with > 300 Mbps			252.4 M
Pops with > 500 Mbps			208.7 M

5G Speed vs. Covered Population Distribution (2024)

As detailed in the PIS, the anticipated 5G network of New T-Mobile will:

- cover over 6.5 times the covered POPs of standalone T-Mobile with data rates greater than 100 Mbps;
- cover nearly 18 times the covered POPs of standalone T-Mobile with data rates greater than 150 Mbps;
- provide data rates exceeding 300 Mbps to nearly 100 million POPs and 500 Mbps to over 16 million POPs, which the standalone T-Mobile 5G network would be unable to do at all;
- cover approximately 1.3 times the covered POPs of standalone Sprint with data rates greater than either 100 or 150 Mbps; and
- provide data rates greater than 300 or 500 Mbps to a substantial portion of the covered POPs, which standalone Sprint would not be able to do.⁴⁸

While these figures reflect covered population distributions for the entire United States, they demonstrate a trend that should be reflected at the state level as well.⁴⁹

⁴⁸ See PIS at pp. 27-28.

⁴⁹ Although state-specific information on the new 5G network is not generally available, the Joint Applicants have been able to obtain California-specific information regarding spectrum aggregation and spectrum depth. See Exhibit H and Confidential Exhibit I, respectively. In light of the DOJ

3. New T-Mobile Will Provide Greater Capacity than The Standalone Networks

While both T-Mobile and Sprint have standalone plans to deploy 5G networks, the Combined Company will make available significantly more capacity for 5G services. By 2024, the New T-Mobile network will approximately double the total capacity and triple the total 5G capacity of the T-Mobile and Sprint networks combined.⁵⁰ New T-Mobile's capacity and output will give it the ability to deploy broad-based 5G services rapidly without compromising the quality of services for existing subscribers.⁵¹ It will also allow New T-Mobile to provide ever more competitive offerings in the marketplace, such as unlimited data, at much higher data rates to the benefit of consumers.⁵² Additionally, the greater available capacity will enable New T-Mobile to compete directly against more traditional broadband providers and deliver additional consumer benefits, including supporting higher quality video streaming, faster data downloads, and new and innovative applications such as augmented and virtual reality.⁵³ Absent this transaction, neither company alone would have the cell sites, spectrum, and spectral efficiency gains needed to drive the increased capacity that is available to New T-Mobile.⁵⁴

4. New T-Mobile Will Deliver Stronger and More Consistent Signal Strengths than the Standalone Networks

New T-Mobile will leverage the variety of spectrum at its disposal to deploy greater quantities (more spectrum per cell site) more densely (to more cell sites throughout the

Commitments, the reference to the Sprint 800 MHz spectrum in Exhibit H (Spectrum Aggregation) should be qualified to indicate that post-transaction, DISH has the option to acquire Sprint's 800 MHz spectrum, subject to a possible penalty for electing not to do so. *See* Exhibit P, Section IV.B.

⁵⁰ Confidential information regarding the greater capacity and output of the Combined Company's 5G network is attached as Confidential Exhibit J.

⁵¹ *See* PIS at p. 43; Ray Decl. at ¶¶ 39, 52.

⁵² *See* PIS at pp. 43-44; Ray Decl. at ¶51.

⁵³ *See* PIS at p. 44; Ray Decl. at ¶15.

⁵⁴ *See* PIS at p. 44; Ray Decl. at ¶¶39-42.

network).⁵⁵ Therefore, New T-Mobile will be able to provide a much more consistent signal strength throughout the coverage area than either T-Mobile or Sprint could on a standalone basis.⁵⁶ Signal strength is one of the best approximations of the actual user experience - the stronger and more consistent the signal strength, the more likely the consumer will have a steady and robust connection.⁵⁷ For this reason, New T-Mobile's 5G network will provide steadier and more robust connections to California customers than either standalone network.

B. Consumer Migration

T-Mobile will rely upon best practices developed during previous technology migrations to allow for the smooth migration of existing T-Mobile and Sprint customers to the new network. In addition, T-Mobile will follow a similar game plan and hence leverage the experience it gained in successfully migrating millions of MetroPCS customers as part of the T-Mobile/MetroPCS transaction in 2013 to ensure that the migration of Sprint's California customers to the New T-Mobile network is equally successful. Similar to what T-Mobile did in the MetroPCS migration, New T-Mobile will use the existing T-Mobile USA network as its anchor, increase network density and coverage with selected Sprint retained sites, deploy Sprint's 2.5 GHz spectrum on T-Mobile sites, and utilize the full T-Mobile spectrum portfolio on virtually all retained Sprint sites, as needed.⁵⁸ This will enable New T-Mobile to migrate Sprint customers to the existing T-Mobile network within three years without degrading (but rather improving) the user experience for LTE, while simultaneously allowing a more rapid introduction of a robust 5G network.

⁵⁵ See PIS at p. 46; Ray Decl. at ¶23; Saw Decl. at ¶¶ 27-28, 30.

⁵⁶ See PIS at pp. 46-47, Ray Decl. at ¶38.

⁵⁷ See PIS at p. 47; Ray Decl. at ¶38.

⁵⁸ See PIS at p. 38; Ray Decl. at ¶¶63-65.

The transition of T-Mobile customers to the combined network will be simplified because the existing T-Mobile network will be the anchor network for the Combined Company, providing T-Mobile’s existing subscriber base immediate access to the New T-Mobile network and the overall benefits from increased speed, capacity, and footprint in the near term.⁵⁹ In a similar fashion, Sprint subscribers with compatible devices – approximately 50 percent of Sprint’s branded customer base nationwide – will be able rapidly to convert to the New T-Mobile network with an over-the-air software update shortly after the deal close and thus be able to take advantage of the greater network breadth and depth almost immediately.⁶⁰ Additionally, New T-Mobile will migrate Sprint CDMA voice users to VoLTE (either through a software upgrade or handset replacement promotions).⁶¹ Existing Sprint customers with phones that use overlapping Sprint/T-Mobile spectrum (*i.e.*, 1900 MHz band) will be seamlessly integrated onto T-Mobile’s network.⁶² Finally, billing and back office system transitions will occur over time to minimize disruption to distribution, customer care, and operations.

C. The 5G Network Will Create Unique Network and Service Capabilities

California’s consumers will reap enormous benefits from the inherent improvements in wireless service resulting from the transition to 5G, which “will not only be an evolution of mobile broadband networks, it is also envisioned to enable new unique network and service

⁵⁹ See PIS at p. 39; Ray Decl. at ¶70.

⁶⁰ See PIS at p. 39; Ray Decl. at ¶¶64-69, 72.

⁶¹ VoLTE is an acronym for Voice over LTE networks. VoLTE is a standards-based technology that is required to allow for the delivery of voice calls over the LTE network. Sprint began to deploy VoLTE on its network on a standalone basis in 2018. By moving Sprint customers to the T-Mobile network, VoLTE-capable devices of existing Sprint customers can immediately be updated through an over-the-air software upgrade. See PIS at n. 126, *see also* Saw Decl. at ¶7.

⁶² See PIS at p. 39; Ray Decl. at ¶72.

capabilities.”⁶³

The Combined Company’s 5G network will make possible fiber-like data speeds and enable real-time interactivity and more consistent performance and user experiences, as well as leaving plenty of capacity for unlimited data.⁶⁴ For example, the new network will support new forms of mobile media and entertainment, including streaming of state-of-the-art 4K video content, providing consumers with the freedom to watch content wherever and whenever they want without having to subscribe to multiple providers.⁶⁵ The new network will virtually eliminate the constraints consumers currently experience in congested environments, such as sporting events and concerts, allowing for the sharing and downloading of content nearly instantaneously from any location.⁶⁶ The 5G services provided by the new network will also fundamentally transform the way Californians live, work, travel, and play by being able to connect an enormous variety of IoT devices and sensors. New T-Mobile’s robust 5G network will enable it to support and offer the full range of IoT products and services. It will also allow the Combined Company to extend the Un-carrier approach to IoT, helping customers take advantage of the latest products and services at lower prices.⁶⁷

New T-Mobile’s 5G network will also close the speed differential between mobile and wired broadband and have the capacity to handle the diverse needs of in-home broadband customers in many parts of California. As described above, New T-Mobile’s 5G network will deliver high-speed wireless broadband with speeds in excess of 100 Mbps to nearly two-thirds of the U.S.

⁶³ See PIS at p. 55, Ray Decl. at ¶13.

⁶⁴ *Id.*

⁶⁵ See PIS at pp. 55-56; Ray Decl. at ¶13.

⁶⁶ See PIS at p. 56; Ray Decl. at ¶13.

⁶⁷ See PIS at p. 56; see Sievert Declaration of G. Michael (“Mike”) Sievert, President and Chief Operating Officer, T-Mobile, US, Inc. at ¶¶30-34 (“Sievert Decl.”).

population by 2021 and to almost 90 percent of the U.S. population by 2024.⁶⁸ The Combined Company intends to directly and aggressively compete against conventional in-home wired broadband products, providing Californians with an attractive high-speed broadband alternative to the wired incumbent - some for the first time.⁶⁹ The transaction will enable New T-Mobile to offer in some areas a robust broadband solution for residential use that will have equipment, service packages and products meeting or exceeding those of traditional subscription-based – and often costly – in-home wired broadband providers. Consumers who choose to cut the in-home wired broadband cord and utilize New T-Mobile’s 5G mobile wireless service to meet their in-home broadband needs will see the most savings. This would not be possible without the merger as neither T-Mobile nor Sprint on its own has the spectrum assets, scale, or other resources necessary to deploy networks with the capabilities required to support the quality of streaming HD and 4K video and other key applications in-home broadband customers will demand.

⁶⁸ See PIS at p. 59; Sievert Decl. at ¶36.

⁶⁹ See PIS at p. 58; Sievert Decl. at ¶¶36-37.

D. Significant Synergies and Anticipated Capital Expenditures Over Next Three Years

The combination of the two companies is expected to generate enormous cost-savings in the form of approximately \$43.6 billion total net present value cost synergies by 2024, allowing New T-Mobile to invest in new network technology, innovation, and operations to rapidly construct and deploy the first true, nationwide 5G network.⁷⁰ New T-Mobile will use these synergies to invest nearly \$40 billion to bring the Combined Company into the 5G era over the next three years, or approximately three times the amount that T-Mobile would have invested on its own without the merger.⁷¹ These merger synergies also will free up financial resources that can be invested into improving customer care, and expanding or enhancing business segments, such as in-home broadband, consumer and business IoT, business, and rural market segments.⁷²

The Joint Applicants note that the expected synergies and anticipated capital expenditures have been calculated based on national data. There is no California-specific data available.

E. Better Services and High-Speed Broadband for Rural Areas

According to the 2016 California Advanced Services Fund Report, while 95 percent of households in the state have access to broadband at download speeds of 6 Mbps, only 47 percent of the rural population have the same access.⁷³ After the merger, New T-Mobile will be positioned to accelerate and expand T-Mobile's plans to bring real high-speed broadband and more robust broadband competition to many rural Californians for the first time. Combining the two companies' spectrum and tower assets will enable New T-Mobile to deliver improved

⁷⁰ See PIS at p. 15; Sievert Decl. at ¶12, 15.

⁷¹ See PIS at p. 15; Sievert Decl. at ¶15.

⁷² See PIS at pp. 15-16; Sievert Decl. at ¶16.

⁷³ 2016 California Advanced Services Fund Report at 4.

broadband service to these areas. And, the increased scale of the Combined Company will enable New T-Mobile to invest more in rural America than either T-Mobile or Sprint could on a standalone basis. As a result, consumers in rural communities will have access to services that are more commensurate with those available to urban consumers, helping to bridge the digital divide.

Nationally, New T-Mobile will leverage its spectrum resources and merger synergies to deliver the following broadband benefits to consumers living in small towns and rural communities:

- **Coverage:** increasing outdoor wireless coverage to reach 59.4 million rural residents, or 95.8 percent of the estimated 62 million rural residents, and indoor wireless coverage to reach 31 million rural residents;
- **Quality:** improving signal quality and reliability and increasing network capacity to enable data intensive services and improve the overall consumer experience;
- **Speeds:** delivering mobile broadband service with download speeds of at least 10 Mbps or greater to 45.9 million rural residents over two million square miles, accounting for 74 percent of rural residents nationwide; and
- **In-Home Service:** providing fixed in-home broadband service of at least 25/3 Mbps to 52.2 million rural residents over 2.4 million square miles, approximately 84.2 percent of rural residents nationwide.⁷⁴

Further, New T-Mobile will make significant economic investment in the future of rural America as a result of the transaction, with plans to open 600 or more stores to serve small towns and rural areas across the U.S. The locations of those stores have not yet been determined. In addition, New T-Mobile will substantially increase its domestic customer care workforce to ensure it maintains T-Mobile USA's industry-leading standard of customer care, including opening up to 5 new technologically advanced Customer Experience Centers nationwide in small

⁷⁴ See PIS at pp. 65-66.

towns and rural communities.⁷⁵ In total, it is expected that New T-Mobile will create over 12,000 new jobs to serve these areas through new stores, Customer Experience Centers and network buildout as a direct result of the Transaction.⁷⁶

F. Job Growth

As noted above, in its initial three years, New T-Mobile will invest significantly more in network infrastructure than the standalone firms combined to build a world-leading nationwide 5G network. This investment will translate into thousands of additional American jobs, as New T-Mobile will need to hire employees to build the new network; extend the Un-carrier customer care model to a wider subscriber base; and support growing services like in-home broadband and IoT. The result is that New T-Mobile is expected to be jobs positive from Day One and beyond, with an initial increase relative to the combined companies standing alone of more than 3,600 direct internal jobs that increases to over 11,000 by 2024.⁷⁷ The job growth has not yet been broken down by region or by state.

G. Lifeline

As noted above, Virgin Mobile – under its trade name Assurance – has provided wireless Lifeline services in California as a result of the Commission’s decision in 2014 to expand the program to include wireless. Those customers, like all existing Sprint and T-Mobile customers, will be able to reap the benefits of the new 5G network discussed above. Following consummation of the Transaction, New T-Mobile will continue the Lifeline services currently provided by Virgin Mobile.

⁷⁵ As set forth in the Additional CA Commitments, New T-Mobile has committed to locate one of these Customer Experience Centers in Kingsburg, California, creating approximately 1,000 new jobs in the Central Valley.

⁷⁶ See PIS at p. 69.

⁷⁷ See PIS at pp. 80-81, Sievert Decl. at ¶19.

H. Diversity Procurement

Both Sprint and T-Mobile are – and have been – devoted to the concept of creating value through diversity. To that end, they have each successfully dedicated energy and resources to their respective diversity procurement programs. For example, Sprint has consistently been among the industry leaders in this regard. Its overall diversity procurement has exceeded the goals set forth in General Order 156 for many years as reflected by its most recent WMDVLGBTBE Report which shows a 36.5 percent procurement rate.⁷⁸ In addition, T-Mobile has made – and continues to make – significant strides with diverse procurement. In the last seven years, T-Mobile’s diverse spend in California with certified suppliers has increased almost ten-fold.⁷⁹ In the last year alone, its diversity procurement increased by almost \$119 million, or over 22 percent more than 2016. The Combined Company intends to use the best practices from both companies as part of their ongoing dedication to the goals embodied in General Order 156.

VIII. THE TRANSACTION ADDRESSES CHALLENGES FACED BY T-MOBILE USA AND SPRINT INDIVIDUALLY

The Transaction solves the most intractable problems standing in the way of T-Mobile USA and Sprint in building a superior, nationwide 5G network - the right mix of spectrum and cell site resources needed to deliver 5G capacity and services. On a standalone basis, T-Mobile would be capacity constrained and Sprint lacks coverage. The transaction, however, will solve

⁷⁸ A link to Sprint’s 2017 WMDVLGBTBE Annual Report and Plan can be found at: http://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/About_Us/BusinessCommunityOutreach/GO156ProcurementPlans/2017/CPUC%20Report%202018%20Sprint.pdf

⁷⁹ A link to T-Mobile’s 2017 WMDVLGBTBE Annual Report and Plan can be found at: http://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/About_Us/BusinessCommunityOutreach/GO156ProcurementPlans/2017/T-Mobile.MetroPCS.GO156.Report.Final.w.Attachments.030118.pdf

these issues as New T-Mobile combines each company's complementary spectrum and site assets to mitigate their individual shortcomings and leverage their strengths. The result will yield gains that are otherwise unattainable by each as a standalone network for the foreseeable future.

A. T-Mobile

For T-Mobile, it lacks the spectrum, sites and sufficient financial resources to build a robust nationwide 5G network on its own to reach comparable capacity and quality to what New T-Mobile can achieve.⁸⁰ In addition, T-Mobile's standalone capability to refarm spectrum to provide 5G service is limited because its spectrum is extensively used for LTE.⁸¹ Its ability to roll out a robust 5G network is further challenged by its lack of available mid-band spectrum and the fact that additional mid-band spectrum suitable for 5G is not expected to become available via spectrum auctions in the near term, and even then its acquisition is uncertain.⁸² For these reasons, and because LTE is significantly less spectrally efficient than 5G,⁸³ T-Mobile's ability to expand capacity to maximize the value of its spectrum assets and roll out robust 5G cannot come close to matching that of New T-Mobile.

Therefore, although T-Mobile has announced its intention to install a 5G network utilizing its newly acquired 600 MHz spectrum that will reach the overwhelming majority of Californians, it lacks the bandwidth to deliver upon the full data rate and capacity gains possible for 5G.⁸⁴ T-Mobile's lack of access to significant, unused mid-band spectrum and large amounts

⁸⁰ See PIS at p. 19; Ray Decl. at ¶32.

⁸¹ See PIS at p.19; Ray Decl. at ¶18.

⁸² *Id.* at ¶18.

⁸³ See PIS at p. 19; Ray Decl. at ¶24.

⁸⁴ See PIS at p. 22; Ray Decl. at ¶18.

of high-band millimeter wave spectrum across California would continue to limit its ability to support the most demanding, high capacity 5G applications.⁸⁵

Moreover, although T-Mobile's Un-carrier strategy has worked, it alone is not enough to overcome the scale and spectrum advantages of Verizon and AT&T. While T-Mobile has gained some market share, those gains have amounted to only a few percentage points after five years of continuous aggressive implementation of its Un-carrier strategy. And, much of that gain is attributable to its successful acquisition and integration of MetroPCS, rather than taking share through organic gains in the marketplace.⁸⁶ In addition, T-Mobile must instead allocate the largely fixed costs of its network over less than half of the subscriber base of AT&T or Verizon, so T-Mobile's costs-per-subscriber are substantially higher.⁸⁷

B. Sprint

Similarly, Sprint faces a number of constraints that do not allow it to roll out a 5G offering with robust and ubiquitous coverage across California. As is true for T-Mobile, Sprint cannot maximize the value of its spectrum as it also lacks the spectrum, sites and sufficient financial resources to build a robust nationwide 5G network on its own to enable capacity, coverage, and quality comparable to New T-Mobile's network.⁸⁸ Sprint is further constrained from deploying a geographically ubiquitous 5G network because of its lack of sufficient low-

⁸⁵ *Id.*

⁸⁶ See PIS at p. 98; see PIS, Declaration of John Legere, Chief Executive Officer, T-Mobile US, Inc., Appx. A, at ¶7. In 2013, T-Mobile accounted for 10.9 percent (*pro forma* T-Mobile and MetroPCS) of mobile wireless sales. Despite its Un-carrier efforts, by 2016 that number had grown only to 15.4 percent, including the 9.3 million acquired MetroPCS customers (MetroPCS had a 3.84 percent market share in 2016, therefore, without MetroPCS, T-Mobile would only have held an 11.56 percent market share in 2016).

⁸⁷ See PIS at p. 99; Sievert Decl. at ¶9.

⁸⁸ See PIS at pp.19-20; Saw Decl. at ¶18, 23; PIS, Declaration of Brandon "Dow" Draper, Chief Commercial Officer, Sprint Corporation, Appx. F, at ¶10 ("Draper Decl.").

band spectrum and because the propagation characteristics of its 2.5 GHz spectrum restrict its ability to cover wide geographic areas, including many rural areas, or provide strong-in building coverage.⁸⁹ Sprint on a standalone basis would only cover much more limited geographic areas with 5G services using its 2.5 GHz spectrum.⁹⁰ This would largely limit the coverage of Sprint's 5G network to densely-populated parts of California and leave many rural Californians without Sprint 5G service. Finally, Sprint's ability to fully dedicate its 2.5 GHz spectrum to 5G is limited by its need to use a significant portion of that spectrum for LTE under its standalone plans.⁹¹

Moreover, Sprint has lost market share despite its aggressive competitive actions and price moves. While Sprint held a 15.5 percent share of mobile wireless service sales in 2013, its share had dropped to 13.4 percent by 2016.⁹² These decreases have a very real practical impact on Sprint's competitive strength. Sprint's loss of subscribers has steadily dwindled the base of customers across which it could distribute costs, exacerbating its scale disadvantages compared to larger competitors. In addition, Sprint's historically poor perceived network performance and other challenges have led to high levels of customer churn and will continue to make it difficult for Sprint to attract and retain customers as a standalone company.⁹³

Sprint also faces serious, mutually reinforcing challenges that limit its ability to improve its competitive prospects. To attract and retain customers, it must invest heavily in its network and other capabilities. Yet, to support those investments it must throttle back on the

⁸⁹ See PIS at p. 20; Saw Decl. at ¶23.

⁹⁰ See PIS at p. 20; Saw Decl. at ¶18, 23.

⁹¹ See PIS at p. 20; Saw Decl. at ¶22-24.

⁹² *Twentieth Mobile Wireless Competition Report*, 32 FCC Rcd at 8988, Table II.C.1.

⁹³ See PIS at p. 96, Draper Decl. at ¶14.

aggressiveness of its promotions, which failed to achieve a fundamental shift in Sprint's ability to attract and retain customers.

IX. THE COMBINED COMPANY WILL INTENSIFY COMPETITION

As discussed in greater detail in the PIS, the merger of T-Mobile and Sprint will promote competition and enhance consumer welfare, particularly with respect to the deployment of 5G and the attendant benefits of the combined network.⁹⁴ Among other things, the Combined Company will:

- Be a strengthened maverick with the network, scale, and incentives to take on the market leaders, Verizon and AT&T.
- Have significant incentives to compete aggressively for customers. The Combined Company's 5G network will have more capacity than any network in history - more than three times the available capacity of the standalone T-Mobile and Sprint 5G networks combined in 2024. Once it has that capacity, New T-Mobile will be compelled to fill it by vigorously competing for consumers to maximize the value of that network investment. Further, this additional capacity will decrease the marginal cost of each gigabyte of data.⁹⁵
- Provide a *bona fide* alternative to traditional in-home broadband providers.

Moreover, advances in technology and new innovations are causing previously separate and distinct businesses to converge. This convergence is changing the wireless marketplace and attracting well-capitalized and aggressive new entrants that are now able to compete at a high level. The wireless space is increasingly populated by competitors beyond the traditionally recognized four nationwide wireless providers, making it implausible that the merger will reduce competition. For example,

⁹⁴ See PIS at Section IV.

⁹⁵ See PIS, at pp. 101-102, PIS, David S. Evans, Market Platform Dynamics, "Economic Analysis of the Impact of the Proposed Merger of T-Mobile and Sprint on the Deployment of 5G Cellular Technologies, the 5G App Ecosystem, and Consumers, Enterprises, and the Economy," Appx. G, at ¶¶212-13.

- Comcast and Charter, the nation’s two largest cable companies with over 50 million broadband subscribers combined, are both now offering wireless services and have formed a partnership to compete in wireless—recently, Comcast announced that Xfinity Mobile added 196,000 new subscribers in the first quarter of 2018, bringing its total wireless subscribership to 577,000 customers.
- DISH, the nation’s fourth largest pay TV provider with over 12 million pay-TV subscribers and has recently committed to the FCC to build a 5G broadband network, with milestones coming due for such deployment in 2022, 2023 and 2025.⁹⁶
- Other competitors, such as TracFone and Google, also bring resources, scale, brand recognition, technological capabilities, and customer bases to the competitive landscape.

The recognition that the wireless industry has a deep field of new players further reinforces the conclusion that the wireless space will continue to be competitive and vibrant following the merger.

X. T-MOBILE USA MEETS ALL QUALIFICATIONS AS A NON-CERTIFICATED TRANSFEREE

T-Mobile USA clearly meets the standards that would otherwise be required for a new applicant seeking to obtain a CPCN and it is qualified to be the parent company of the Sprint Wireless CA Entities. It is the parent company of T-Mobile West LLC and MetroPCS California, LLC, both leading wireless carriers providing service to millions of California customers for years. Its management team has many years of experience and its financial resources are substantial.⁹⁷ Moreover, and also as noted above, T-Mobile USA has significant experience and a proven track record with acquiring, integrating and synergizing other companies that it will bring to bear in this transaction as well.

⁹⁶ Per the DOJ Commitments and Asset Purchase Agreement, DISH will provide prepaid wireless services after the divestiture of the Sprint prepaid brands. DISH is also required to provide a postpaid service pursuant to the terms of the DOJ’s [Proposed] Final Judgement. *See also* Exhibit T, Letter filed with the FCC by DISH Network Corporation, dated July 26, 2019 (“DISH Ex Parte”).

⁹⁷ *See e.g.*, Exhibit F; *see also* n. 32, *supra*.

XI. COMMISSION JURISDICTION MAINTAINED

The Commission will retain the same regulatory authority over the Sprint Wireless CA Entities that it currently possesses. Thus, the Commission’s ability to monitor and regulate the Sprint Wireless CA Entities, as well its respective regulatory obligations (*e.g.*, reporting, user fees, surcharges, *etc.*) will remain unchanged.

XII. CEQA COMPLIANCE

The California Environmental Quality Act (“CEQA”) applies only to “projects,” which are defined as any “activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.”⁹⁸ In contrast, CEQA does not apply where the “activity will not result in a direct or reasonably foreseeable indirect physical change in the environment.”⁹⁹ The CEQA Guidelines provide for an exemption “[w]here it can be seen with certainty that there is no possibility that the proposed activity in question may have a significant effect on the environment.”¹⁰⁰

The Commission has concluded on numerous occasions that a proposed transaction which simply involves the transfer of equity interests does not require CEQA review because in such circumstances there is no possibility that granting the application would have an adverse effect on the environment.¹⁰¹ Likewise in the present application, the proposed Transaction is not a request to construct or transfer any physical facilities, but rather involves only a change of

⁹⁸ See *Cal. Pub. Res. Code* § 21065.

⁹⁹ CEQA Guidelines, § 15060(c)(2).

¹⁰⁰ *Id.* at § 15061(b)(3).

¹⁰¹ See, *e.g.*, D.93-11-002 at *4 (Commission concluded that the proposed transaction did not require CEQA review, finding that “the proposed transfer will have no adverse effect or impact on the environment because the transaction involves only the transfer of outstanding shares of stock”); see also D.06-09-017, at 6 (Conclusions of Law No. 3) (the proposed transaction did not require CEQA review based on the Commission’s conclusion that “[s]ince Applicants will be constructing no facilities, it can be seen with certainty that there will be no significant effect on the environment”).

control of the Sprint Wireless CA Entities through the transfer of equity interests at the parent company level only. Thus, there is no possibility that the proposed Transaction will have an adverse impact on the environment. Accordingly, pursuant to Rule 2.4 of the Commission's Rules, Joint Applicants request that the Commission make a determination that the proposed Transaction is not a project within the meaning of CEQA, California Public Resources Code, Section 21000, *et seq.*

XIII. ADDITIONAL INFORMATION

A. Customer Transfer Notification

Because the Sprint Wireless CA Entities will continue to offer services to its customers after consummation of the Transaction, and there will be no customer transfers, no notice of transfer is required.

B. Verifications and Certifications

As set forth in Exhibits K and L, T-Mobile USA and the Sprint Wireless CA Entities have provided their respective certification/verifications. *See* D.13-05-035.¹⁰²

XIV. REQUEST FOR EXPEDITED REVIEW AND RULE 2.1(C) SCHEDULE

Joint Applicants respectfully request that the Commission complete its review of this Amended Wireless Notification without further delay. As has been the case from the outset of this proceeding, the indirect transfer of control of the Sprint Wireless CA Entities to T-Mobile USA, as well as the underlying Transaction, will bring a myriad of benefits to the wireless market here in California and throughout the country. It will not have any negative impact on the operations, rates, terms or conditions of service. Moreover, the Sprint Wireless CA Entities will continue to operate under their respective current WIRs and without the need to obtain any

¹⁰² Verifications for this Amended Wireless Notification are attached as Exhibit V, pursuant to Rule 1.11.

further authority or certifications from the Commission. As discussed below, the Post-Hearing Commitments only enhance the benefits attendant to the merger. Accordingly, Joint Applicants believe that the information presented in the course of the hearings is sufficient to permit the Commission to complete its review of the proposed transfers of control. Moreover, while Joint Applicants submit this filing to comply with the ALJ Ruling, they respectfully maintain that there is no basis to further delay the conclusion of this proceeding by reopening the record and requiring the submission of this Amended Wireless Notification. As Joint Applicants have explained, the Commission may – and regularly does – consider post-hearing commitments like the FCC and DOJ Commitments without reopening the evidentiary record and conducting additional proceedings.¹⁰³ Commission precedent certainly does not require or justify further delay, as the Commission has resolved its review of other recent wireless transactions before the FCC and DOJ have reached a conclusion. For example, in both the 2013 merger of T-Mobile and MetroPCS and the 2014 merger of AT&T and Leap Wireless, this Commission did not require further submissions from the parties after they filed their initial notifications. Neither the FCC nor the DOJ had completed its review of the transactions when the initial notifications were filed, and, in the case of AT&T and Leap, the FCC ultimately imposed spectrum divestiture

¹⁰³ See, e.g., *In the Matter of the Joint Application of Verizon Commc 'ns, Inc. (Verizon) & MCI, Inc. (MCI) to Transfer Control of MCI's Calif. Util. Subsidiaries to Verizon, Which Will Occur Indirectly as a Result of Verizon's Acquisition of MCI*, 2005 Cal. PUC LEXIS 517, at *4-11 (Nov. 18, 2005); *In the Matter of the Joint Application of SBC Commc 'ns, Inc. ("SBC") & AT&T Corp. Inc. ("AT&T") for Authorization to Transfer Control of AT&T's Commc 'ns of Calif. (U-5002), TCG L.A., Inc. (U-5462), TCG San Diego (U-5389), & TCG S.F. (U-5454) to SBC, Which Will Occur Indirectly as a Result of AT&T's Merger with a Wholly-Owned Subsidiary of SBC, Tau Merger Sub Corp.*, 2005 Cal. PUC LEXIS 516, at *9-18 (Nov. 18, 2005); see also Reply of Joint Applicants to Intervenors' Responses to the Motion by Joint Applicants To Advise Commission of DOJ Proposed Final Judgment at 3-4 (Aug. 22, 2019) (noting the Charter/Time Warner Cable/Bright House Networks proceeding).

conditions on its approval of the merger.¹⁰⁴

In addition, and contrary to the ALJ Ruling, Joint Applicants have never asserted that “this proceeding will have a radically incomplete record” without the submission of additional materials.¹⁰⁵ To the contrary, Joint Applicants opposed the Intervenors’ various requests to reopen the record and explained that “the record before the Commission already contains sufficient information to conclude this proceeding.”¹⁰⁶ The additional commitments made to the FCC and the DOJ do not alter the substance of the merger itself, but instead govern the parties’ conduct *after* the transaction has been consummated. These additional commitments only further enhance the public-interest benefits that otherwise result from the transfer of the Sprint Wireless CA Entities to T-Mobile and do not in any way impair the ability of the Joint Applicants to achieve the benefits to competition and California consumers that have been extensively detailed in the record.

This matter has been pending before the Commission since last July and the record developed has been extraordinarily extensive including four days of evidentiary hearings, voluminous testimony, thorough post-hearing briefing, post-hearing discovery and even the submission of post-hearing evidence by the Intervenors. Under the Amended Scoping Memo, a proposed decision was scheduled to be released no later than June 30, 2019. That date has come and gone and the reopening of the record raises serious concerns about when the Commission’s review will be complete. The record already before this Commission overwhelmingly demonstrates that the transaction at issue will be good for consumers, good for competition, and

¹⁰⁴ See *In the Matter of the Applications of Cricket License Co., LLC, et al.*, 29 F.C.C. Rcd. 2735, 2802 ¶¶ 161-163 (2014).

¹⁰⁵ ALJ Ruling at p.5.

¹⁰⁶ Reply of Joint Applicants to Intervenors’ Responses to the Motion by Joint Applicants to Advise Commission of DOJ Proposed Final Judgment at p.2 (Aug. 22, 2019).

good for California. Moreover, the jurisdictional limitations on the Commission’s authority over the wireless transaction also weigh heavily against the need to reopen the already extensive record by requiring Joint Applicants to submit an Amended Wireless Notification or conducting further proceedings at this late stage.¹⁰⁷

The Joint Applicants submit this Amended Wireless Notification without waiving any of these objections. Joint Applicants reiterate that no further process is required to conclude this proceeding and urge the prompt issuance of a proposed decision concluding the Commission’s review.¹⁰⁸ To that end, Joint Applicants respectfully request that the ALJ schedule the additional Prehearing Conference referenced in the ALJ Ruling for no later than 7 days from the filing of this Amended Wireless Notification and establish a highly expedited schedule for issuance of a proposed decision to conclude the Commission’s review.

XV. PROCEDURAL REQUIREMENTS

A. Rule 2.1(c) Categorization and Determination of the Need for Hearings

Joint Applicants propose that this proceeding be categorized as ratesetting. Although this Amended Wireless Notification will not – and cannot – affect the rates of the Sprint Wireless CA Entities’ current customers, the definitions of “adjudicatory” or “quasi-legislative” as set forth in Rules 1.3(a) and (e) clearly do not apply to this Joint Application. Rule 7.1(e)(2) specifies that

¹⁰⁷ See 47 U.S.C. §§ 253(a) and 332(c)(3)(A). *See also*, n.1 *supra*.

¹⁰⁸ The Joint Applicants further note that despite recognizing that the record is complete with respect to the Wireline Approval Application, the ALJ Ruling summarily denied Joint Applicants’ May 6, 2019 motion for immediate approval of that Application without explanation—indeed, without even engaging “the legal theories advanced by Joint Applicants” ALJ Ruling at p.2. The record, however, unequivocally shows that the Wireline Approval Application readily satisfies the Commission’s well-established standard for approving wireline transfers under California Public Utilities Code § 854(a), and the Intervenors have not presented any evidence or argument to the contrary. There is no reason to defer approval of the Wireline Approval Application, and the failure to approve that Application pending any continued review of the wireless transaction is improper.

when a proceeding does not fall within any of the categories set forth in Rule 1.3 (a), (d) or (e), it should be conducted under the rules for ratesetting proceedings. In addition, Rule 1.3(f) defines ratesetting proceedings to include “[o]ther proceedings” that do not fit into any category.

The Joint Applicants further submit that they expect that hearings will be unnecessary in this proceeding and that the information included in this Amended Wireless Notification should enable the Commission to complete its review of the proposed transfer of control per D. 95-10-032.¹⁰⁹

B. Rule 2.1(c) Determination of Issues to Be Considered

The sole issue raised by this Amended Wireless Notification is whether the Commission requires any further information in order to complete its review of the notification of transfer of control of the Sprint Wireless CA Entities to T-Mobile USA in the context of the Transaction.

C. Compliance with Procedural Requirements

This section cross-references compliance with the Rules applicable to this Application:

Rule	Requirement	Section	Exhibit(s)
2.1(a)	Legal Name and Address	I, III	na
2.1(b)	Persons to Receive Notice	III	na
2.1(c)	Categorization/Hearing/Proposed Schedule	XIV	na
2.2	Formation Agreements and Qualifications to Transact Business	IV	B, D, and E
2.3	Financial Statements	II	Links at n. 11 and 19
2.4	CEQA Compliance	XII	na
2.5	Fees for Recovery of EIR Costs	na	na
2.1 and D.13-05-035, ¶ 18	Sprint and the Sprint Wireless CA Entities’ Verification and Certification	XIII.B	K

¹⁰⁹ Application of Comcast Business Comm’cns, Inc. for Approval of the Change of Control of Comcast Business Comm’cns, Inc., D.02-11-025 at p. 36 (Nov. 7, 2002) (in approving the acquisition of AT&T Broadband by Comcast, the Commission further explained its denial of request by protesting parties that hearings were necessary stating, “the structure of this decision, which addresses each provision of the guiding and controlling statutes, demonstrates that there is no need for hearings . . .”).

Rule	Requirement	Section	Exhibit(s)
2.1 and D.13-05-035, ¶14	T-Mobile USA Verification and Certification	XIII.B	L

	Character of Business	I, II	na
	Reasons for Transaction	V, VII	Link at n. 3 and 4
	Terms of Transaction	V	Link at n. 3 and 4
	Transaction Documents	V	Link at n. 3 and 4
	Financial Statements	II	Links at n. 11 and 19
ALJ Ruling	Post-Hearing Commitments	XVI	M - V

In addition, the Joint Applicants have submitted the following information to facilitate the review of the Amended Wireless Notification:

XVI. POST-HEARING COMMITMENTS

As noted above and in prior pleadings submitted in this docket, the Joint Applicants have made a number of commitments with respect to the Transaction since the close of the evidentiary hearings in February 2019.¹¹⁰ Those commitments do not alter the fundamental transaction which will result in the transfer of control of Sprint, including the Sprint Wireless CA Entities, to T-Mobile USA nor do they impede in any way the many benefits that the transaction will bring to Californians. Instead, the commitments amplify and confirm the benefits of the Transaction, including the creation of the robust, nationwide and world-class New T-Mobile 5G Network that has been the focus of much of this proceeding. To comply with the ALJ Ruling, the Joint

¹¹⁰ See Joint Motion of Joint Applicants' and the California Emerging Technology Fund to Modify Positions in Proceeding to Reflect Memorandum of Understanding Between the California Emerging Technology Fund and T-Mobile USA, Inc. (May 3, 2019); Joint Applicants Post-Hearing Reply Brief (May 10, 2019); Motion of Joint Applicants to Advise the Commission of New FCC Commitments (May 20, 2019); Motion of Joint Applicants to Advise the Commission of DOJ Proposed Final Judgement (July 26, 2019).

Applicants identify below the key aspects of these commitments which did not otherwise exist at the time of the initial application or the hearing (or which were generally referenced during hearings and were subsequently formalized and reflected in subsequent filings in the docket).¹¹¹

A. DOJ Commitments

At their core, the DOJ Commitments, as further evidenced by the Asset Purchase Agreement,¹¹² provide that DISH will – in a timely manner - acquire the assets of Sprint’s prepaid wireless businesses (excluding the Assurance Wireless LifeLine business), obtain additional rights that will strengthen DISH’s ability to compete in the retail mobile wireless services market and offer consumers retail mobile wireless services (including postpaid wireless services). Under the DOJ Commitments, within three years of closing, DISH has the option to acquire Sprint’s 800 MHz spectrum, subject to a possible penalty for electing not to do so; if the spectrum is not purchased, it is auctioned to third parties, subject to a reserve. The DOJ Commitments also give DISH the right to acquire other network assets and require DISH to build and deploy a nationwide 5G broadband network. The combination of these commitments gives DISH the unique ability to have the full benefit of New T-Mobile’s 5G robust network (through its MVNO agreement) combined with the assets it needs to construct its own network and become the fourth nationwide facilities-based carrier. Among other things, the DOJ Commitments include the following key features:

¹¹¹ In addition, and the Joint Applicants have identified the impact of the Post-Hearing Commitments on previously submitted testimony and post-hearing briefing. See Exhibits N and O, respectively.

¹¹² A copy of the Proposed Final Judgment, the Stipulation and Order and the Asset Purchase Agreement, all of which have been officially noticed by the ALJ Ruling, are attached as Exhibits P, Q and R respectively.

- DISH will acquire the assets primarily used by Sprint’s Boost, Virgin Mobile and Sprint-branded prepaid businesses and millions of Boost, Virgin Mobile, and Sprint-branded prepaid customers.¹¹³
- Upon closing of the divestiture transaction, DISH and New T-Mobile will enter into a 7-year Mobile Virtual Network Operator (“MVNO”) agreement that allows DISH to sell retail wireless services under any DISH owned brands using New T-Mobile’s network and also transition seamlessly to its own network.¹¹⁴ The terms of that MVNO agreement must be “commercially reasonable and must be acceptable to the United States”¹¹⁵ and, under the FCC Commitments (discussed below), the pricing of the MVNO agreement must materially improve upon the commercial terms reflected in T-Mobile and Sprint’s three largest MVNO agreements.¹¹⁶ Additionally, New T-Mobile must provide DISH the ability to provision any new or existing customer with compatible handsets with access to the New T-Mobile network within an expedited timeline prior to the close of the divestiture transaction.¹¹⁷ This MVNO agreement provides DISH with more attractive economics than traditional MVNO arrangements, including pricing, packaging and marketing flexibility, a mechanism for costs to drop over time, and the ability to transition to its own network facilities over time, thus further facilitating and accelerating DISH’s competitive entry.
- To facilitate DISH’s emergence as a new, competing provider, T-Mobile and Sprint have agreed to provide DISH extensive support to ensure a smooth and orderly transition.¹¹⁸
- DISH has the right (consistent with employee rights and employment laws) to offer Sprint’s Prepaid Asset Personnel jobs and thus will benefit from those employees’ substantial expertise and experience with the prepaid business. Importantly, New T-Mobile is obligated to facilitate that hiring process and the transition of employees.¹¹⁹

¹¹³ See Exhibit P (Proposed Final Judgment) at §§ II.L, IV. The divestitures exclude the Assurance brand Lifeline business and New T-Mobile will continue to provide LifeLine service under that brand.

¹¹⁴ *Id.* at §§ IV.A, VI.

¹¹⁵ *Id.* at §§ VI.A.

¹¹⁶ A copy of the FCC Commitments, which were previously filed with the Commission with the Motion of Joint Applicants to Advise the Commission of New FCC Commitments (filed May 20, 2019) is attached as Confidential Exhibit S; *id.* at Attachment 2, § III.A.1.c.

¹¹⁷ Exhibit P (Proposed Final Judgment) at §§ IV.A (“The Divesting Defendants shall take all actions required to enable Acquiring Defendant to have, within ninety (90) days after notice of the entry of this Final Judgment by the Court, the ability to provision any new or existing customer of the Prepaid Assets holding a compatible handset device onto the T-Mobile network pursuant to the terms of any Full MVNO Agreement.”)

¹¹⁸ *Id.* at §§ IV.A and VI.B.

¹¹⁹ *Id.* at § IV.A.2.

- DISH is obligated to use the divested assets to “offer retail mobile wireless services, including offering nationwide postpaid retail mobile wireless service” within one year of the sale of the prepaid assets.¹²⁰
- Within three years of closing (or within five business days after the approval by the FCC of the transfer of the applicable 800 MHz spectrum licenses, if later), DISH also has the option to acquire Sprint’s 800 MHz spectrum, subject to a possible penalty for electing not to do so; if the spectrum is not purchased, it is auctioned to third parties, subject to a reserve.¹²¹
- New T-Mobile will make available to DISH at least 20,000 decommissioned T-Mobile USA and Sprint cell sites, and at least 400 retail stores nationwide.¹²² DISH will have the option to assume cell sites and retail locations that are decommissioned by New T-Mobile for five years following the closing of the divestiture transaction, subject to any assignment restrictions.
- New T-Mobile must honor all existing T-Mobile and Sprint MVNO agreements and agree to certain extensions of such agreements.¹²³

Thus, the Transaction not only involves the deployment of spectrum and 5G wireless technology by New T-Mobile, but under the DOJ’s Proposed Final Judgment, DISH will become a new facilities-based market entrant.

B. FCC Commitments¹²⁴

The FCC Commitments underscore the California-specific commitments that Joint Applicants have already provided to this Commission in the present proceeding. By committing New T-Mobile to certain specific and concrete national benchmarks, which will be backed up by a robust FCC enforcement mechanism, the new commitments provide even further assurance that (1) New T-Mobile will build a world-leading 5G network; (2) more rural residents will

¹²⁰ *Id.* at § IV.F.

¹²¹ *Id.* at § IV.B.

¹²² *Id.* at § IV.C-D.

¹²³ *Id.* at § VII.

¹²⁴ A copy of the FCC Commitments, which were previously filed with the Commission with the Motion of Joint Applicants to Advise the Commission of New FCC Commitments (May 20, 2019) is attached as Confidential Exhibit S.

receive 5G broadband service, at dramatically better performance; and (3) in-home broadband competition will be enhanced. These FCC Commitments have no adverse impact on any other commitments made by the Joint Applicants in this docket.

Further, Joint Applicants committed as part of the FCC Commitments to divest and sell the Boost Mobile business through a market-based process to a serious and credible buyer that can compete aggressively in prepaid services on a long-term basis. Per the DOJ Commitments that buyer has been identified as DISH and additional requirements have been imposed that will strengthen DISH's ability to compete in the retail mobile wireless services market – both via its MVNO agreement with New T-Mobile and via its own 5G network.

C. CETF MOU Commitments

As described in detail previously, the CETF MOU Commitments cover a wide range of commitments that further enhance the benefits of the Transaction and its impact on California.¹²⁵ In particular, those commitments address pricing, LifeLine, network/rural buildout, public safety, emergency preparedness, network resiliency, public safety, the digital divide (including digital literacy) and enforceability. Neither the FCC nor the DOJ commitments adversely impact the CETF MOU Commitments or the site-specific build out plans contained therein. The Joint Applicants further note that its commitment to LifeLine is unaffected as Assurance Wireless is explicitly excluded from the DOJ Commitments.

¹²⁵ A copy of the CETF MOU, which was previously filed with the Commission with the Joint Motion Of Joint Applicants' and the California Emerging Technology Fund to Modify Positions in Proceeding to Reflect Memorandum of Understanding Between the California Emerging Technology Fund and T-Mobile USA, Inc. (April 8, 2019), and described in Joint Applicants' Post-Hearing Opening and Reply Briefs, is attached hereto as Confidential Exhibit U. See also ALJ Ruling Granting Joint Applicants and CETF Motion (May 8, 2019).

D. Additional California Commitments

As noted in the Joint Applicants’ Post-Hearing Opening and Reply Briefs, T-Mobile has formalized a number of additional commitments since the hearings regarding a variety of topics covered in the Joint Applicants testimony.¹²⁶ These new memorialized commitments include, but are not limited to, Sprint Spectrum’s continued participation in the Boost Pilot Program (via Metro or another New T-Mobile brand), building a new Customer Experience Center in Kingsburg, California which will create over 1,000 new jobs in the Central Valley, and various public safety/emergency preparedness enhancements.¹²⁷ All of these commitments are reflected in Appendix 1 to the Join Applicants’ reply brief and, like those contained in the CETF MOU, are not adversely impacted by either the FCC or the DOJ commitments in any way.¹²⁸

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¹²⁶ See e.g., Hearing Tr. at 288:14:17 (Sievert Cross) (building Customer Experience Centers), 353:1-354:13 (Sievert Cross) (CA retail jobs); 281:6-25 (Sievert Cross) (Lifeline); 519:16-28 (Ray Cross) (emergency disaster relief); see also Hearing Ex. Jt Appl. 2-C at 45:3-5 (MVNOs).

¹²⁷ See Joint Applicants’ Post-Hearing Opening Brief at p. 96 (April 26, 2019); Joint Applicants Post-Hearing Reply Brief at Appendix 1 (May 10, 2019); *see also* Joint Motion of Joint Applicants’ and the California Emerging Technology Fund to Modify Positions in Proceeding to Reflect Memorandum of Understanding Between the California Emerging Technology Fund and T-Mobile USA, Inc. (April 8, 2019) (granted May 8, 2019); Motion of Joint Applicants to Advise the Commission of New FCC Commitments (May 20, 2019) (pending).

¹²⁸ For example, T-Mobile has explicitly reiterated its support for the Boost Pilot Program and “its willingness to work with the Commission staff to determine how to best support the pilot, including but not limited to having one of New T-Mobile’s brands (e.g., MetroPCS) assume Boost’s responsibilities under the pilot.” See Motion of Joint Applicants to Advise the Commission of DOJ Proposed Final Judgment at p.3, n. 9 (July 26, 2019).

XVII. CONCLUSION

For the reasons stated above, Joint Applicants respectfully request that no further process is required in this docket and that the Commission complete its review of the Amended Wireless Notification on an expedited basis.

Respectfully submitted this 19th day of September, 2019.

/s/

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