

## DESCRIPTION OF TRANSACTION AND PUBLIC INTEREST STATEMENT

By this and one other Form 603 assignment application, the applicants respectfully request Federal Communications Commission consent to the assignment of 700 MHz Lower Band Service spectrum from Silver Star Telephone Company, Inc. (“Assignor”) to T-Mobile License LLC (“Assignee” and, together with Assignor, the “Parties”), as described herein.

### Description of the Transaction

As of October 25, 2017, Assignee and Assignor entered into a License Purchase Agreement (the “Purchase Agreement”). Assignor currently holds the two 700 MHz licenses described in Part 1 of Attachment A hereto (the “Licenses”). Pursuant to the Purchase Agreement, Assignor intends to sell, and Assignee intends to purchase, the entirety of the spectrum in either the entirety or the partitioned portion of (as applicable) the geographic area of the Licenses described in Part 2 of Attachment A hereto (the “Assigned Licenses”).

### Description of Assignee

Assignee is a wholly-owned subsidiary of T-Mobile USA, Inc. (“T-Mobile USA”) and, indirectly, T-Mobile US, Inc. (“T-Mobile”), a publicly traded company, and part of the family of companies that operate under the T-Mobile® brand names. Deutsche Telekom AG, a publicly-traded German company based in Bonn, Germany (“DT”), holds a 64.29 percent interest in T-Mobile through its wholly-owned subsidiary T-Mobile Global Zwischenholding GmbH (“T-Mobile Global”). This subsidiary owns all of the equity and voting interests of T-Mobile Global Holding GmbH (“T-Mobile Holding”), which owns all of the equity and voting interests of Deutsche Telekom Holding B.V. (“DT Holding B.V.”), which in turn holds the 64.29 percent interest in T-Mobile. The remaining 35.71 percent interest in T-Mobile is held by public shareholders.

Led by a management team with decades of collective experience in the telecommunications industry, T-Mobile is headquartered in Bellevue, Washington, offers nationwide wireless voice and data services to consumer and business customers and provides service to 70.7 million subscribers. The Commission has repeatedly found that Assignee and its controlling companies have the requisite character and qualifications to hold Commission authorizations.<sup>1</sup> An FCC Form 602 providing current ownership information for Assignee is on file with the Commission.<sup>2</sup>

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<sup>1</sup> See, e.g., *Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Transfer of Control of Licenses and Authorizations*, Memorandum Opinion and Order and Declaratory Ruling, 28 FCC Rcd 2322, 2330 ¶ 19 (WTB/IB 2013) (“*T-Mobile-MetroPCS Order*”); *Applications of T-Mobile USA, Inc. and SunCom Wireless Holdings, Inc.*, Memorandum Opinion and Order, 23 FCC Rcd 2515, 2519-20 ¶ 10 (2008).

<sup>2</sup> See FCC File No. 0007930575.

### **Transition Issues**

The transaction involves only the assignment of spectrum and does not include the transfer of any other assets, facilities or customers. Assignor is using the Licenses to provide fixed wireless service to end user customers and will no longer provide that service on the spectrum under the Assigned Licenses following closing under the Purchase Agreement (“Closing”). Assignor will provide at least 60 days’ advance notice to its present customers in the markets covered by the Assigned Licenses via a combination of SMS, email and U.S. mail that its services will no longer be available after Closing. Assignor will assist these customers in their transition to alternative providers of their choice. Because customers are all on month-to-month service agreements and lease their customer premises equipment from Assignor, Assignor will release customers from their service contracts at such time as they notify Assignor that they have switched carriers. If customers do not avail themselves of those opportunities prior to Closing, Assignor will release those customers from their contracts at the time of Closing.

The Parties intend to consummate the subject transaction promptly following the Commission’s consent to the assignments by “Final Order” (unless finality is waived by Assignee) and the satisfaction of certain contractual conditions have been satisfied.

### **Public Interest Statement**

Section 310(d) of the Communications Act of 1934, as amended (the “Act”) requires that the Commission determine whether the transaction presented herein is consistent with the public interest, convenience and necessity. To make that assessment, the Commission generally considers four factors: “(1) whether the transaction would result in the violation of the Act or any other applicable statutory provision; (2) whether the transaction would result in a violation of Commission rules; (3) whether the transaction would substantially frustrate or impair the Commission’s implementation or enforcement of the Act or interfere with the objectives of that and other statutes; and (4) whether the transaction promises to yield affirmative public interest benefits.”<sup>3</sup> As part of its public interest analysis, the Commission reviews whether the transaction will have anti-competitive effects and, if so, whether there are overriding public interest benefits that would support a grant.

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<sup>3</sup> *SBC Communications Inc. and BellSouth Corp.*, Memorandum Opinion and Order, 15 FCC Rcd 25,459, 25,464 ¶ 13 (WTB/IB 2000) (citation omitted). See also, e.g., *Applications of SoftBank Corp., Starburst II, Inc., Sprint Nextel Corp., and Clearwire Corp. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd 9642, 9650 ¶ 23 (2013); *Applications of Cellco Partnership d/b/a Verizon Wireless and SpectrumCo LLC and Cox TMI, LLC for Consent to Assign AWS-1 Licenses*, Memorandum Opinion and Order and Declaratory Ruling, 27 FCC Rcd 10,698, 10,710 ¶ 28 (2012); *Application of AT&T Inc. and Qualcomm Inc. for Consent to Assign Licenses and Authorizations*, Order, 26 FCC Rcd 17,589, 17,598-99 ¶ 23 (2011).

The Commission has determined that transfer and assignment applications that demonstrate on their face that a transaction will yield affirmative public interest benefits and will neither violate the Act or Commission rules nor frustrate or undermine policies and enforcement of the Act do not require extensive review and expenditures of considerable resources by the Commission.<sup>4</sup> The instant applications meet this standard.

The proposed transaction will yield substantial public interest benefits because the spectrum assignments will allow T-Mobile to deploy LTE service more broadly and robustly than is currently possible using its existing spectrum holdings in the markets. Consumer demand for mobile broadband is growing at an unprecedented rate.<sup>5</sup> For example, Cisco reports that U.S. mobile data traffic grew 44 percent in 2016,<sup>6</sup> and Cisco projects that U.S. mobile data traffic will grow 5-fold from 2016 to 2021.<sup>7</sup> T-Mobile will use the additional low-band spectrum to meet this growing demand. The additional spectrum also will enable added capacity and improved data throughput speeds, helping improve network reliability and coverage in the markets. Consumers in urban areas will benefit because the low-band spectrum will allow T-Mobile to improve significantly its customers' in-building coverage. Consumers in suburban and rural areas will benefit from the increased reach of low-band spectrum, which will allow T-Mobile to enhance its network performance and coverage cost-effectively. These benefits will allow T-Mobile to become a stronger competitor in the wireless marketplace.

Further, the proposed assignments of licenses will not result in any violation of the Act or any other applicable statutory provision, and the proposed license assignments fully comply with all Commission rules and regulations and require no waivers. Grant of the proposed transaction will not frustrate or impair the Commission's implementation or enforcement or the objectives of the Act or other statutes.

Finally, License WQJU700 was awarded in FCC Auction No. 73 with a bidding credit, and

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<sup>4</sup> See, e.g., *Applications of SoftBank Corp., Starburst II, Inc., Sprint Nextel Corp., and Clearwire Corp. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd at 9682 ¶ 102 (“[U]nder the Commission’s sliding scale approach, where potential public interest harms appear unlikely . . . we will accept a lesser showing of public interest benefits.”).

<sup>5</sup> See, e.g., *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, Including Commercial Mobile Services*, Seventeenth Report, 29 FCC Rcd 15311, 15356 ¶ 91 (WTB 2014) (“Rising consumer demand for mobile broadband is increasing service providers’ need for spectrum at an unprecedented rate.”)

<sup>6</sup> Cisco Systems, Inc., *VNI Mobile Forecast Highlights, Global – 2016 Year in Review*, [http://www.cisco.com/assets/sol/sp/vni/forecast\\_highlights\\_mobile/index.html#~Country](http://www.cisco.com/assets/sol/sp/vni/forecast_highlights_mobile/index.html#~Country), (last visited Oct. 28, 2017).

<sup>7</sup> Cisco Systems, Inc., *VNI Mobile Forecast Highlights, Global – 2016-2021*, [http://www.cisco.com/assets/sol/sp/vni/forecast\\_highlights\\_mobile/index.html#~Country](http://www.cisco.com/assets/sol/sp/vni/forecast_highlights_mobile/index.html#~Country), (last visited Oct. 28, 2017).

License WQQW516 was partitioned from license WQJU696 that was awarded in FCC Auction No. 73 with a bidding credit and Assignor itself was entitled to a bidding credit for the partitioned portion. However, because License WQJU700 and license WQJU696 were granted more than five years ago, there is no longer any unjust enrichment as a result of the assignment of the Assigned Licenses to Assignee. Neither License is subject to installment financing or other restrictions on ownership based on designated entity status. Thus, Commission approval of the assignments will not result in any unjust enrichment issues.<sup>8</sup>

### **Spectrum Aggregation/Competition Analysis**

As discussed below, this assignment -- which will not reduce the number of competitors, service offerings or customer choices in any market -- does not raise any spectrum aggregation or competitive concerns.

Spectrum Aggregation and Competitive Analysis. Because T-Mobile, post-consummation, will hold only between 102 and 132 MHz of attributable spectrum (and only between 42 and 64 MHz of attributable spectrum below 1 GHz) in the 8 counties subject to the instant assignments, T-Mobile's spectrum aggregation will be well below current levels requiring further competitive review (including the one-third low-band spectrum holdings threshold) (*see Exhibit 2*).<sup>9</sup>

These assignments do not raise any competitive or other public interest concerns. As discussed above, Assignor will assist its customers using the spectrum under the Assigned Licenses in transitioning to other carriers serving those markets. Moreover, there are numerous other carriers serving the markets in which Assignee is acquiring spectrum (*see Exhibit 3*), which will ensure that a high degree of competition continues to exist.

### **Foreign Ownership of Assignee**

As noted above, Assignee is a wholly-owned subsidiary of T-Mobile USA. T-Mobile USA in turn is a wholly owned direct subsidiary of T-Mobile, a U.S.-organized entity. DT, a publicly-traded German corporation, holds a 64.29 percent interest in T-Mobile and, indirectly, in T-Mobile USA through the intermediate companies described above.

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<sup>8</sup> See 47 C.F.R. § 1.2111.

<sup>9</sup> See *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services*, Twentieth Report, FCC 17-126, ¶ 39 (rel. Sept. 27, 2017) (“*20<sup>th</sup> Wireless Competition Report*”); *Policies Regarding Mobile Spectrum Holdings*, Report & Order, 29 FCC Rcd 6133 ¶ 81 (2014) (“*Mobile Spectrum Holdings Order*”). Consistent with the *20<sup>th</sup> Wireless Competition Report* and the *Mobile Spectrum Holdings Order*, the Parties understand that the initial spectrum screen is 240 MHz for all spectrum (*i.e.*, approximately one-third of 715.5 MHz total included spectrum) and 68 MHz for below-1-GHz spectrum (*i.e.*, one-third of 204 MHz total available and suitable spectrum below 1 GHz).

On December 30, 2013, the Commission granted, subject to certain conditions, T-Mobile's Petition for Declaratory Ruling under Section 310(b)(4) of the Act on behalf of its subsidiaries and affiliates holding common carrier radio licenses that it would not serve the public interest to prohibit more than 25 percent foreign ownership in T-Mobile.<sup>10</sup> That ruling also specifically permitted: (i) the specific foreign entities with a non-controlling interest in T-Mobile (*i.e.*, Kreditanstalt für Wiederaufbau and the Federal Republic of Germany ("FRG")), to increase their equity and/or voting interests, at some future time up to and including a non-controlling indirect 49.99 percent equity and/or voting interest; and (ii) the specific foreign entities with a controlling interest in T-Mobile (*i.e.*, DT Holding B.V., T-Mobile Holding, T-Mobile Global and DT) to increase their interests, at some future time, up to and including 100 percent of T-Mobile's equity and/or voting interests.<sup>11</sup> T-Mobile's petition was filed in connection with an internal corporate reorganization that resulted in the insertion of a new direct parent company, DT Holding B.V., a limited liability company organized in the Netherlands, into T-Mobile's ownership chain. That declaratory ruling includes all authority available under the rules, including the standard terms and conditions set forth in Section 1.994 of the rules, and thus extends to Assignee (among other licensee subsidiaries of T-Mobile USA) and the type of wireless service licenses that are the subject of the instant assignment to Assignee. The foreign ownership in the licensees as approved has not materially changed since December 30, 2013 and will not be affected by the instant transaction.

### **Compliance with DOJ/FBI/DOD Agreement by Assignee**

Assignee also requests that the Commission condition its grant of the assignments of the Assigned Licenses on compliance with the provisions of the Agreement entered into on January 12, 2001, as amended, between DT, VoiceStream Wireless Corporation and VoiceStream Wireless Holding Corporation, on the one hand, and the Department of Justice and the Federal Bureau of Investigation on the other (the "Agreement").<sup>12</sup> The Agreement prescribed that the following specific language be included in the conditional grant of interests in FCC licenses in the specific context of the Agreement:

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<sup>10</sup> See File No. ISP-PDR-20130924-00006 (filed Sept. 24, 2013 and supplemented Oct. 24, 2013); *International Authorizations Granted*, Public Notice, Report No. TEL-01650, DA 14-24 (rel. Jan. 9, 2014).

<sup>11</sup> *Id.*

<sup>12</sup> See *Applications of VoiceStream Wireless Corp., Powertel, Inc. and Deutsche Telekom, AG*, Memorandum Opinion and Order, 16 FCC Rcd 9779, Appendix B (2001) (Agreement between DT, VoiceStream Wireless Corporation, VoiceStream Wireless Holding Corporation, the Department of Justice and the Federal Bureau of Investigation dated Jan. 12, 2001). The Agreement was amended in 2008 to add the Department of Homeland Security as a party and also amended in 2013 in connection with license transfers associated with the T-Mobile/MetroPCS transaction. See *Applications of T-Mobile USA, Inc. and SunCom Wireless Holding, Inc.*, Memorandum Opinion and Order, 23 FCC Rcd 2515, Appendix B (2008); *T-Mobile/MetroPCS Order*, 28 FCC Rcd at Appendix B, Amendment No. 2.

It is further ordered, that the authorizations and the licenses related thereto are subject to compliance with the provisions of the Agreement attached hereto between Deutsche Telekom AG, VoiceStream Wireless Corporation, VoiceStream Wireless Holding Corporation on the one hand, and the Department of Justice (the "DOJ") and the Federal Bureau of Investigation (the "FBI") on the other, dated January 12, 2001, which Agreement is designed to address national security, law enforcement, and public safety issues of the FBI and the DOJ regarding the authority granted herein. Nothing in the Agreement is intended to limit any obligation imposed by Federal law or regulation including, but not limited to, 47 U.S.C. § 222(a) and (c)(1) and the FCC's implementing regulations.<sup>13</sup>

Assignee hereby requests that the Commission impose a similar condition on the grant of the assignments of the Assigned Licenses.

### **Conclusion**

Assignee respectfully submits that it is qualified to hold the Assigned Licenses and that Commission approval of the requested assignments will serve the public interest, convenience and necessity. Accordingly, the Parties respectfully request that the Commission grant the instant applications expeditiously and without conditions.

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<sup>13</sup> *Applications of VoiceStream Wireless Corp., Powertel, Inc. and Deutsche Telekom, AG*, 16 FCC Rcd at Appendix B, Exhibit A (Condition to FCC Licenses).

**ATTCHMENT A**

**Part 1**

Licenses

FCC Call Sign	Licensed Area	Channel Block	Frequencies (MHz)	Exp. Date
WQQW516	BEA148-Idaho Falls, ID-WY ULS Submarket 19 Includes ID counties of Bonneville (partial) and Teton and Teton County, WY	A	698-704 MHz & 728-734 MHz	6/13/2019
WQJU700	CMA720-Wyoming 3-Lincoln ULS Submarket 0	B	704-710 MHz & 734-740 MHz	6/13/2019

**Part 2**

Assigned Licenses

FCC Call Sign	Geographic Area	Frequencies (MHz)
WQQW516	ID counties of Bonneville (partial) and Teton and Teton County, WY (full area of WQQW516)	698-704 MHz & 728-734 MHz (full spectrum of WQQW516)
WQJU700	WY counties of Carbon, Fremont, Sublette, Sweetwater, Teton and Uinta (partitioned from WQJU700)	704-710 MHz & 734-740 MHz (full spectrum of WQJU700)