

EXPLANATION OF TRANSACTION AND PUBLIC INTEREST STATEMENT

By this FCC Form 608 lease application, Shenandoah Cable Television, LLC (“Lessor”) and SprintCom LLC, LLC (“Lessee”) (Lessor and Lessee, collectively, the “Parties”) seek Federal Communications Commission (“Commission”) consent to the short-term spectrum manager lease notification to Lessee of the of Lessor’s Broadband Radio Service (“BRS”) channel BRS2 (collectively “BRS2 Channel”) associated with call sign WQPV227 (the “FCC License”).

Description of the Parties

Applicant is a wholly owned subsidiary of T-Mobile USA, Inc. and, indirectly, T-Mobile US, Inc., (collectively “T-Mobile”) a U.S.-organized, publicly traded company and part of the family of companies that operate under the T-Mobile® brand names. Deutsche Telekom AG (“DT”), a publicly traded German company,¹ directly holds approximately 5.30 percent of T-Mobile US. DT also indirectly holds approximately a 42.95 percent interest in T-Mobile US through its wholly owned subsidiary T-Mobile Global Zwischenholding GmbH. This subsidiary owns all of the equity and voting interests of T-Mobile Global Holding GmbH, which owns all of the equity and voting interests of Deutsche Telekom Holding B.V., which in turn holds the approximately 42.95 percent interest in T-Mobile US. DT has *de facto* control over T-Mobile – and thus Applicant – as a result of proxy agreements that authorize DT to vote a majority of the stock of T-Mobile. As a result, DT is deemed to indirectly hold 100 percent of the ownership interests in Applicant.

Led by a management team with decades of collective experience in the telecommunications industry, T-Mobile, headquartered in Bellevue, Washington, offers nationwide wireless voice and data services to consumer and business customers and provides service to 110 million customers.² The Commission has repeatedly found that Assignee and its controlling companies have the requisite character and qualifications to hold Commission authorizations.³ An FCC Form 602 providing current ownership information for T-Mobile is on

¹ Germany is a signatory to the World Trade Organization Basic Agreement on Telecommunications.

² See Press Release, T-Mobile Delivers Industry-Leading Postpaid Service Revenue and Cash Flow Growth in Q2 2022 and Raises Guidance Across the Board, T-Mobile (July 27, 2022), <https://www.t-mobile.com/news/press/t-mobile-delivers-q2-2022earnings>.

³ See *Applications of T-Mobile US, Inc. and Sprint Corporation for Consent to Transfer Control of License and Authorizations*, WT Docket No. 18-197, Memorandum Opinion and Order, Declaratory Ruling, and Order of Proposed Modification, FCC 19-103 (rel. Nov. 5, 2019) (“Merger Approval Order”).

file with the Commission.⁴

Transaction Description

Lessor and Lessee were parties to a long-term *de facto* transfer lease whereby the Lessee leased the BRS2 Channel from Station WQPV227⁵ however that lease has since expired. The Parties now seek to replace the former lease with a new short-term spectrum manager lease whereby Lessor will lease the BRS2 Channel to Lessee, subject to the Commission's approval. The lease involves the BRS2 channel with a Geographic Service Area ("GSA") covering portions of three Cellular Market Areas ("CMAs"): VA 6-Highland (CMA686), VA 10-Frederick (CMA690) and WV 4-Grant (CMA704) encompassing portions of two counties and one city on Virginia and two counties in West Virginia. Consistent with the requirements of the Commission's Rules, Lessor will have *de jure* control of the license and *de facto* control over the leased spectrum.

Public Interest Statement

This lease does not raise any spectrum aggregation or competitive concerns that have not already been considered by the Commission. Approval of the short-term spectrum manager leasing arrangement is in the public interest because it will provide Lessee with access to additional geographical coverage, a more contiguous footprint and enhanced data capacity using 2.5 GHz EBS spectrum in the Harrisonburg, Virginia area as T-Mobile continues upgrading and enhancing its 5G broadband network. As such, grant of this lease application will meet the Commission's goal of more efficient use of the spectrum and serve the public interest.

⁴ See FCC File No. 0010228853. Based on prior guidance from the Wireless Telecommunications Bureau, the Form 602 filing for T-Mobile US satisfies the ownership reporting requirements of Sections 1.919 and 1.2112(a) of the Commission's rules for its wholly-owned subsidiaries. See 47 C.F.R. §§ 1.919, 1.2112(a); see also *Wireless Telecommunications Bureau Answers Frequently Asked Questions Concerning Reporting of Ownership Information on FCC Form 602*, Public Notice, 14 FCC Rcd 8261, 8264-65 (WTB 1999) ("Form 602 FAQ's").

⁵ See FCC Lease ID L000047052. See FCC File number 0009973658, filed on March 28, 2022, granted on October 13, 2022. During the pendency of this long-term *de facto* lease application, the underlying license was subject to license renewal by August 22, 2022. On August 18, 2022, Shentel timely filed for renewal of the license (FCC File Number 0010173520), which the FCC granted on October 11, 2022.

Spectrum Aggregation/Competition Analysis

As discussed in more detail below, the lease results in an incremental increase in T-Mobile's spectrum aggregation by 6 MHz in the four counties and one city affected by the Lease.⁶ In the leased area T-Mobile's pre-transaction spectrum holdings are between 317 MHz and 364 MHz. Post-transaction T-Mobile's spectrum holdings will be between 323 MHz and 370 MHz in the leased area. The instant transaction does result in additional geographic coverage in the leased area and will allow T-Mobile to have a more contiguous footprint and enhanced data capacity across its entire footprint. In no county does T-Mobile's spectrum holdings exceed the Commission's spectrum threshold.⁷

Access to an additional 6 MHz of 2.5 GHz spectrum in the leased area will promote the important objective of T-Mobile's expeditious deployment of its 5G network. As part of the Sprint Merger, T-Mobile has committed to build out a nationwide 5G network serving 97 percent of the U.S. population in three years and 99 percent in six years.⁸ In rural areas, T-Mobile US must have 5G coverage for 85 percent of the population in three years and then 90 percent in six years.⁹ The Commission stressed the general benefits of 5G deployment: "Building leading 5G networks is of critical importance for our nation. . . . [T]he deployment of 5G networks 'holds the potential to bring enormous benefits to American consumers by delivering faster speeds and lower latency and by supporting the development of advanced applications like the Internet of Things, smart cities, and telehealth.'"¹⁰ The Commission also recognized that "'America's appetite for wireless broadband service is surging' and '[e]nabling next generation wireless networks and closing the digital divide will require efficient utilization of the low-, mid-, and high-bands.'"¹¹

⁶ Rockingham County, Page County, Hardy County, Pendleton County and Harrisonburg City.

⁷ With the completion of the C-Band 3.7 GHz Auction and the 3.45 GHz Auction, 380 MHz of additional mid-band spectrum has now also been added to the Commission's wireless spectrum screen. With a total amount of 1124 MHz subject to the screen, 385 MHz is the screen threshold for local market analysis. T-Mobile's spectrum holdings are catalogued in Exhibit A. Exhibit A includes 2.5 GHz spectrum which is pending to T-Mobile as part of its review of long-form applications for Auction 108.

⁸ See Merger Approval Order, ¶ 26.

⁹ *Id.* ¶ 27.

¹⁰ *Id.* ¶ 3, citing *Updating the Commission's Rule for Over-the-Air Reception Devices*, Notice of Proposed Rulemaking, 34 FCC Rcd 2695, ¶ 1 (2019).

¹¹ *Id.* ¶ 97, citing *Expanding Flexible Use of the 3.7 to 4.2 GHz Band; Expanding Flexible Use in Mid-Band Spectrum Between 3.7 and 24 GHz; Petition for Rulemaking to Amend and Modernize Parts 25 and 101 of the Commission's Rules to Authorize and Facilitate the Deployment of Licensed Point-to-Multipoint Fixed Wireless Broadband Service in the 3.7-4.2 GHz*

In approving the Sprint Merger, the Commission specifically found that:

“[c]ompared to the capabilities of the standalone companies as reflected in their internal plans, the transaction will significantly increase the quality and geographic reach of their wireless networks for the foreseeable future. . . . In an economy increasingly dependent upon access to broadband services for innovation in a wide variety of sectors and services, these network deployment synergies will yield significant public interest benefits. . . . The network benefits of the transaction are particularly important for the nation’s underserved rural areas. . . . By bringing new connectivity and competition to underserved rural areas, the transaction will help to ensure that 5G will close the digital divide.”¹²

All of the foregoing analysis is particularly relevant here, as T-Mobile seeks to gain 6 MHz of 2.5 GHz spectrum or coverage to enhance its 2.5 GHz operations in the EBS portion of the 2.5 GHz band, including multiple counties that are defined as rural.¹³ These three counties will be part of the buildout that T-Mobile has committed to. In each of the Lease Agreement counties, access to this additional 2.5 GHz spectrum will fill help fill in spectrum usability holes at 2.5 GHz, enable a more contiguous 2.5 GHz footprint, and provide additional data capacity for customers.

The only spectrum under this lease is above 1 GHz, so the screen for below-1-GHz spectrum is not implicated.¹⁴ Given the small amount of 2.5 GHz EBS spectrum leased under the Lease Agreement—in portions of predominantly rural counties, T-Mobile believes that the instant transaction does not trigger the need for additional competitive review.

This leasing arrangement does not raise any competitive or other public interest concerns. There are numerous other carriers serving the markets in which Lessee is leasing spectrum (*see*

Band; Fixed Wireless Communications Coalition, Inc., Request for Modified Coordination Procedures in Band Shared Between the Fixed Service and the Fixed Satellite Service, GN Docket No. 18-122, GN Docket No. 17-183 (Terminated), RM 11791, RM-11778, Order and Notice of Proposed Rulemaking, 33 FCC Rcd 6915, 6917, ¶¶ 3-4 (2018) (“3.7-4.2 Order and NPRM”).

¹² *Id.* ¶¶ 5-7.

¹³ Three counties in this transaction are defined as rural (Page, Hardy and Pendleton). *See* List of Rural Counties And Designated Eligible Census Tracts in Metropolitan Counties, Federal Office of Rural Health Policy, at <https://data.hrsa.gov/Content/Documents/tools/rural-health/forhpeligibleareas.pdf#search=rural%20partially%20rural%20counties> (last visited on October 27, 2022).

¹⁴ T-Mobile’s attributable holdings of below-1 GHz spectrum both pre- and post-transaction is between 54 MHz and 64 MHz in the area affected.

Exhibit B hereto), which will ensure that a high degree of competition continues to exist. Further, in none of the four counties and one city will any carrier be removed from the market.

Certifications¹⁵

Lessee certifies, pursuant to Section 27.1202 of the Commission's Rules, that in the event the spectrum were to be used to provide a multichannel video programming service, Lessee is not directly or indirectly affiliated with, nor does it have any leasing arrangements with a cable television company.

Lessee certifies that it will comply with the technical requirements and interference protection requirements contained in Sections 27.50, 27.55 and 27.1221 of the Commission's Rules.

Lessee Foreign Ownership Disclosure

As noted above, Assignee is a wholly-owned indirect subsidiary of T-Mobile USA. T-Mobile USA in turn is a wholly owned direct subsidiary of T-Mobile US, a U.S.-organized entity. DT, a publicly-traded German corporation, directly holds approximately 5.30 percent of T-Mobile US. DT also indirectly holds approximately a 42.95 percent interest in T-Mobile US through its wholly owned subsidiary T-Mobile Global Zwischenholding GmbH. This subsidiary owns all of the equity and voting interests of T-Mobile Global Holding GmbH, which owns all of the equity and voting interests of Deutsche Telekom Holding B.V., which in turn holds the approximately 42.95 percent interest in T-Mobile US., DT has de facto control of T-Mobile US – and thus Assignee – as a result of a proxy agreement which authorizes DT to vote a majority of the stock of T-Mobile US.

By order released November 5, 2019, the Commission granted, subject to certain conditions, T-Mobile US's Petition for Declaratory Ruling under Section 310(b)(4) of the Communications Act on behalf of its current and future licensee and lessee subsidiaries that it would not serve the public interest to prohibit indirect foreign ownership by DT and its subsidiaries of T-Mobile US and its subsidiaries of up to 100 percent and authority for up to 49.99 percent ownership by certain other foreign minority interest holders.¹⁶ T-Mobile US's petition was filed in connection with the Sprint Merger. That ruling specifically permitted the direct and/or indirect foreign equity and voting interests which the Commission found would be held in T-Mobile US upon closing of the Sprint Merger and also specifically permitted: (i) the foreign entities with a

¹⁵ Effective April 27, 2020, Section 27.1203 of the Rules and various associated requirements were removed. *See Transforming the 2.5 GHz Band*, Report and Order, 34 FCC Rcd 5446 ¶¶ 117, 124 and App. A (2019), which was published in the Fed. Reg. at 84 FR 57343 on Oct. 25, 2019.

¹⁶ *See* IBFS File No. ISP-PDR-20180618-00002 (filed June 18, 2018); granted by Merger Approval Order, ¶¶ 361-63.

controlling interest in T-Mobile US (*i.e.*, DT Holding B.V., T-Mobile Holding, T-Mobile Global and DT) to increase the aggregate level of their controlling ownership interests in the reorganized T-Mobile US, at some future time, up to any amount, including 100 percent of T-Mobile US's equity and voting interests; and (ii) the foreign entities with a non-controlling interest in T-Mobile US (*i.e.*, SoftBank Group, SoftBank and Mr. Masayoshi Son, a Japanese citizen and the founder and CEO of SoftBank who holds 21 percent of its equity and voting interests) to increase their aggregate interest in T-Mobile US, at some future time, up to and including a non-controlling indirect 49.99 percent equity and voting interest.¹⁷ That declaratory ruling, in accordance with Section 1.5001(c)(1) of the rules, specifically listed as covered by such ruling Lessee (among other licensee subsidiaries of T-Mobile USA) and the type of wireless service license that is the subject of the instant transaction. The foreign ownership in the licensees as approved has not materially changed since November 5, 2019 and will not be affected by the instant transaction.

Conclusion

T-Mobile respectfully submits that the proposed transaction will advance the public interest by enhancing T-Mobile's ability to continue and expand its array of commercial wireless mobile services in the Harrisonburg, Virginia area. Therefore, for the reasons set forth above, T-Mobile respectfully submits that Commission approval of the requested spectrum lease will serve the public interest.

¹⁷

Id.