

EXPLANATION OF TRANSACTION AND PUBLIC INTEREST STATEMENT

By this application The Northern Arizona University Foundation, Inc. (“NAUF” or “Assignor”), licensee of Education Broadband Service (“EBS”) Stations (“Stations”) located in markets across the United States, seeks Federal Communications Commission (“Commission”) consent to the assignment of nine Station licenses to TDI Acquisition Sub, LLC, WBSY Licensing, LLC (“WBSY”), NSAC, LLC (“NSAC”)¹, Clearwire Spectrum Holdings, LLC (“Clearwire Holdings”), Clearwire Spectrum Holdings III, LLC, (“Clearwire III”), and Fixed Wireless Holdings, LLC (“Fixed Wireless”) (collectively “Clearwire” or “Assignees”) each a wholly-owned indirect subsidiary of T-Mobile US, Inc.

Description of the Parties

Applicants are wholly owned subsidiaries 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,² holds approximately a 46.8 percent interest in T-Mobile 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 46.8 percent interest in T-Mobile. DT has *de facto* control over T-Mobile – and thus Applicants – 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 Applicants.

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 108.7 million customers.³ The Commission has repeatedly found that Assignees and its controlling companies have the requisite character and qualifications to hold Commission

¹ NSAC is the lead-applicant, pursuant to ULS File number 000993.

² Germany is a signatory to the World Trade Organization Basic Agreement on Telecommunications.

³ See Press Release, T-Mobile Posts Record-High Customer Results, Adding 1.2 Million Postpaid Accounts and 5.5 Million Postpaid Customers in 2021, T-MOBILE (Jan. 6, 2022), <https://www.tmobile.com/news/business/t-mobile-preliminary-results-2021>; Christine Torralba, T-Mobile Shares Preliminary Results for 2021 Earnings, TMONEWS (Jan. 6, 2022), <https://www.tmonews.com/2022/01/tmobile-shares-preliminary-results-2021-earnings/>; Zack Equity Research, T-Mobile (TMUS) Witnesses Record Customer Additions in 2021, ENTREPRENEUR (Jan. 10, 2022), <https://www.entrepreneur.com/article/412304>.

authorizations.⁴ An FCC Form 602 providing current ownership information for T-Mobile is on file with the Commission.⁵

NAUF is a not-for-profit corporation located in Flagstaff, Arizona area. NAUF is currently leasing its excess spectrum capacity to Clearwire,⁶ pursuant to long-term *de facto* transfer leases, and has recently agreed to assign these nine EBS licenses to the Assignees.⁷ An FCC Form 602 providing current ownership information on NAUF is on file with the Commission.⁸

Transaction Description

NAUF and Assignees are currently parties to EBS Long Term *De Facto* Transfer Lease Agreements (“Lease Agreements”), for the use of NAUF’s EBS Stations, whereby Clearwire operates wireless facilities on NAUF’s behalf. The Parties have agreed to conclude their leasing arrangements, as NAUF seeks to assign its rights to its Station licenses to the Assignees, subject to the Commission’s approval. The assignment includes EBS license areas covering parts of 42 Cellular Market Areas (“CMAs”) in markets across the United States, including Albany, New York; Knoxville, Tennessee; San Antonio, Texas; Nashville, Tennessee; Orlando, Florida; Rochester, New York; Evansville, Indiana; Rutland, Vermont and Amarillo, Texas and portions of 107 counties in these areas.

⁴ 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”).

⁵ See FCC File No. 0009946976. 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”).

⁶ See Exhibit 2, listing the Lease ID Number for each Station license.

⁷ Effective April 27, 2020, EBS eligibility rules were eliminated thereby enabling commercial operators to directly acquire EBS licenses. See *Transforming the 2.5 GHz Band*, Report and Order, 34 FCC Rcd 5446 (2019), which was published in the Fed. Reg. at 84 FR 57343 on Oct. 25, 2019. (“2.5 GHz Transformation Order”)

⁸ See FCC File No.0008615587.

Public Interest Statement

Approval of the instant assignment is in the public interest because it will provide T-Mobile with continued access to broadband coverage and enhanced data capacity using 2.5 GHz EBS spectrum in markets across the country as T-Mobile continues upgrading and enhancing its 4G and 5G broadband networks. As such, grant of this assignment application will meet the Commission's goal of more efficient use of the spectrum and serve the public interest.

Spectrum Aggregation/Competition Analysis

As indicated above, the assignment covers portions of 42 local markets across the country and there is no need for any competitive review. **All the instant assignments add no additional attributable spectrum to T-Mobile, as T-Mobile is already leasing the Station licenses from NAUF.** Thus, there is no change whatsoever in T-Mobile's spectrum holdings as a result of this transaction. The Commission has already thoroughly considered T-Mobile's spectrum aggregation holdings in the Sprint Merger proceeding, even in those areas where T-Mobile exceeds the Commission's spectrum screen.⁹

Continued access to 2.5 GHz spectrum in these markets 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.¹⁰ In rural areas, T-Mobile must have 5G coverage for 85 percent of the population in three years and then 90 percent in six years.¹¹ 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.'"¹² The Commission also recognized that "'America's appetite for wireless broadband service is surging' and '[e]nabling next generation wireless

⁹ 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 3.

¹⁰ See Merger Approval Order, ¶ 26.

¹¹ *Id.* ¶ 27.

¹² *Id.* ¶ 3, citing *Updating the Commission's Rule for Over-the-Air Reception Devices*, Notice of Proposed Rulemaking, 34 FCC Rcd 2695, ¶ 1 (2019).

networks and closing the digital divide will require efficient utilization of the low-, mid-, and high-bands.”¹³

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.”¹⁴

Although the Sprint Merger resulted in T-Mobile being attributed spectrum in excess of the screen in a number of CMAs, the Commission noted that “the combination of spectrum and other resources brought together as a result of the proposed transaction would give T-Mobile the capability to deploy a highly robust nationwide 5G network” and added that “the benefits depend to a significant extent on the extensive deployment of 2.5 GHz spectrum” and that the “transaction will therefore significantly increase the overall utilization of the 2.5 GHz spectrum.”¹⁵ The Commission has stated that “[m]id-band spectrum [*i.e.*, 1 GHz to 6 GHz¹⁶] is well-suited for next generation wireless broadband services due to the combination of favorable propagation characteristics (compared to high bands) and the opportunity for additional channel re-use (as compared to low bands).”¹⁷ It has also recognized “the complementarity of low-band and mid-band spectrum particularly for data services. By adding 2.5 GHz mid-band spectrum to

¹³ *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 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”).

¹⁴ *Id.* ¶¶ 5-7.

¹⁵ *Id.* ¶¶ 97-98.

¹⁶ *Id.* ¶ 28.

¹⁷ *Id.* ¶ 237, citing 3.7-4.2 Order and NPRM, 33 FCC Rcd at 6917-18, ¶ 5.

a cell site, that spectrum can be used to serve the demand close to the cell site, leaving more capacity on the low-band 600 MHz spectrum free for use by those further from the cell site.”¹⁸

All of the foregoing analysis is particularly relevant here, as T-Mobile seeks continued access to NAUF’s 2.5 GHz spectrum 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.¹⁹ These 69 counties will be part of the rural buildout that T-Mobile has committed to. In each of the nine Station’s counties, continued access to this 2.5 GHz spectrum will 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 covered by this application is above 1 GHz, so the screen for below-1-GHz spectrum is not implicated.²⁰ In addition, there are numerous other carriers serving the markets in which T-Mobile is acquiring (and no longer leasing) the spectrum (*see Exhibit 4* hereto), which ensures that a high degree of competition will continue to exist. Further, in none of the 42 markets involved in these applications will any nationwide carrier be removed from the market. For all of these reasons, T-Mobile believes that the instant transaction does not trigger the need for additional competitive review.

T-Mobile US Foreign Ownership Disclosure

As noted above, Lessee 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, holds approximately a 46.8 a percent interest in T-Mobile US and, indirectly in T-Mobile USA through the intermediate companies described above. 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

¹⁸ *Id.* ¶ 238. The Commission also described the benefits of the combination of low-band and mid-band spectrum to deliver improved, broader services in rural areas, *Id.*, and recognized “that New T-Mobile’s network will have sufficient excess capacity to offer a new in-home broadband service to millions of homes, including underserved homes in rural areas . . . ,” *Id.* ¶ 282.

¹⁹ 40 counties in this Assignment are defined as wholly rural and 29 counties as partially rural. *See* List of Rural Counties And Designated Eligible Census Tracts in Metropolitan, Office of Rural Health Policy, <https://www.hrsa.gov/sites/default/files/hrsa/ruralhealth/resources/forhpeligibleareas.pdf> (last visited on February 28, 2022). This information is summarized on Exhibit 5.

²⁰ T-Mobile’s attributable holdings of below-1 GHz spectrum both pre- and post-transaction remain unchanged and is between 54 MHz and 76 MHz.

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.²¹ 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 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.²² 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 to expand its array of commercial wireless mobile services across the country. Therefore, for the reasons set forth above, T-Mobile respectfully submits that Commission approval of the requested assignment will serve the public interest.

²¹ See IBFS File No. ISP-PDR-20180618-00002 (filed June 18, 2018); granted by Merger Approval Order, ¶¶ 361-63.

²² *Id.*