

DESCRIPTION OF TRANSACTION AND PUBLIC INTEREST STATEMENT**I. DESCRIPTION OF TRANSACTION**

AT&T Mobility Spectrum LLC (“Mobility Spectrum”), an indirect wholly-owned subsidiary of AT&T Inc. (collectively with Mobility Spectrum, “AT&T”), together with Texas RSA 7B3, L.P. d/b/a Peoples Wireless Services (“Peoples”) (AT&T and Peoples are individually a “Party” and collectively the “Parties”), hereby seek Commission consent to the assignment of two Lower 700 MHz C Block call signs (the “Peoples Licenses”) to Mobility Spectrum. The Peoples Licenses are described in more detail in Exhibit 2.

As described in more detail below and in Exhibits 3 and 4, no spectrum aggregation or other competitive concerns are raised by this proposed assignment. The proposed transaction satisfies both the Commission’s general standard of review for wireless license assignments/transfers, as well as the Commission’s “enhanced factor” standard of review. Accordingly, and as described in more detail below, the Parties respectfully submit that Commission approval of the proposed transaction will serve the public interest, convenience and necessity and request that the Commission expeditiously grant this application.

II. COMMISSION APPROVAL OF THE PROPOSED TRANSACTION IS IN THE PUBLIC INTEREST.**A. Standard of Review.**

Under Section 310(d) of the Communications Act of 1934, as amended (the “Act”), a license may be transferred or assigned where the Commission finds “that the public interest, convenience and necessity will be served thereby.”¹ In making this determination, the Commission first assesses whether the proposed transaction complies with the specific provisions of the Act, other applicable statutes, and the Commission’s rules, including whether the applicants are qualified to hold licenses.² The Commission then applies a balancing process that weighs the potential public interest benefits of the proposed transaction against any potential harm.³

With respect to additional concentration of spectrum below 1 GHz, the Commission considers any increase in spectrum holdings below 1 GHz to be an “enhanced factor” in its case-by-case review if post-transaction the acquiring entity would hold approximately one-third or more of the suitable and available spectrum below 1 GHz.⁴ However, when the other factors

¹ 47 U.S.C. § 310(d); *see also Application of AT&T Mobility Spectrum LLC and Kaplan Telephone Company, Inc. for Consent to Assign Licenses*, Memorandum Opinion and Order, DA 15-958, ¶ 7 (2015) (“AT&T/Kaplan Order”); *Applications of AT&T Mobility Spectrum LLC and KanOkla Telephone Association For Consent to Assign Licenses*, Memorandum Opinion and Order, DA 15-963, ¶ 6 (2015) (“AT&T/KanOkla Order”); *Application of AT&T Mobility Puerto Rico Inc. and Worldcall Inc. For Consent to Assign Licenses*, Memorandum Opinion and Order, DA 15-971, ¶ 6 (2015) (“AT&T/Worldcall Order”).

² AT&T/Kaplan Order at ¶ 7; AT&T/KanOkla Order at ¶ 6; AT&T/Worldcall Order at ¶ 6.

³ AT&T/Kaplan Order at ¶ 7; AT&T/KanOkla Order at ¶ 6; AT&T/Worldcall Order at ¶ 6.

⁴ AT&T/Kaplan Order at ¶ 11; AT&T/KanOkla Order at ¶ 9; AT&T/Worldcall Order at ¶ 9.

normally considered in the Commission's transaction review indicate a low potential for competitive or other public interest harm, the acquisition of below-1-GHz spectrum resulting in holdings of approximately one-third or more would not preclude a conclusion that a proposed transaction, on balance, furthers the public interest.⁵ As demonstrated below, this transaction does not pose any harm and will benefit wireless consumers. In particular, by acquiring control of the spectrum described in Exhibit 2, AT&T will be able to augment its network capacity and improve the quality of services it offers in the affected area.

B. Qualifications of the Applicants.

In evaluating assignment applications under Section 310(d), the Commission focuses on whether the proposed assignee is qualified to hold Commission licenses.⁶ The qualifications of AT&T to hold and control Commission licenses are matters of public record.⁷ The Commission has properly found that the qualifications of AT&T to hold Commission licenses are well-settled and that there is no reason to re-evaluate them in each proposed license assignment.⁸ Therefore, there is no question that AT&T possesses the qualifications required to acquire the Peoples Licenses.

C. The Proposed Transaction Has Numerous Public Interest Benefits.

As explained herein, Commission approval of the proposed transaction will promote the public interest. The proposed transaction will enable AT&T to increase its system capacity to enhance existing services, better accommodate AT&T's overall growth, and facilitate the provision of additional products and services in the affected areas. This will enable AT&T to better meet the needs of new and existing subscribers by offering improved, more robust, and more advanced services. The additional spectrum to be acquired in this transaction will be used to deploy and/or expand AT&T's 4G LTE network, and will increase network capacity to the benefit of all AT&T subscribers.⁹

The acquisition of this spectrum will enable AT&T to greatly enhance the quality of 4G LTE service it offers to its subscribers. Specifically, this transaction will give AT&T 24 contiguous megahertz of paired 700 MHz spectrum, enough to support a 10 x 10 MHz LTE deployment. AT&T typically launches LTE in a 5 x 5 MHz configuration where only a single 12

⁵ *AT&T/Kaplan Order* at ¶ 12; *AT&T/KanOkla Order* at ¶ 9; *AT&T/Worldcall Order* at ¶ 9.

⁶ *AT&T/Kaplan Order* at ¶ 9; *AT&T/KanOkla Order* at ¶ 8; *AT&T/Worldcall Order* at ¶ 8.

⁷ *AT&T/Kaplan Order* at ¶ 9; *AT&T/KanOkla Order* at ¶ 8; *AT&T/Worldcall Order* at ¶ 8.

⁸ *See, e.g., AT&T/Kaplan Order* at ¶ 9; *AT&T/KanOkla Order* at ¶ 8; *AT&T/Worldcall Order* at ¶ 8.

⁹ The Commission has previously concluded that, in the absence of competitive harm, the acquisition of additional 700 MHz spectrum by AT&T serves the public interest by enabling AT&T to achieve greater efficiencies, enhance existing services, accommodate growth, and facilitate the provision of additional products and services to the public. *See AT&T/D&E Order* at ¶ 8. *See also Application of AT&T Mobility Spectrum LLC and BTA Ventures II, Inc. For Consent To Assign Lower 700 MHz B Block Authorization Call Sign WQJQ779*, Order, DA 12-234, ¶ 8 (2012).

MHz block of paired Lower 700 MHz B or C Block spectrum is available to it.¹⁰ Where both the B and C Blocks are available, AT&T will launch LTE in a 10 x 10 MHz configuration.¹¹

The benefits of a 10 x 10 MHz LTE configuration – as opposed to a 5 x 5 MHz configuration – are numerous and significant. In previous Orders, the Commission has recognized the “relative spectral inefficiency of a 5 x 5 MHz configuration for LTE.”¹² Conversely, a 10 x 10 MHz LTE configuration brings greater trunking and signaling efficiencies, resulting in higher system capacity, greater spectral efficiency, and better user throughput than is possible over two separate 5 x 5 MHz blocks.¹³ A 10 x 10 MHz LTE configuration would also have approximately 10 percent more capacity than two 5 x 5 MHz blocks.¹⁴

In similar transactions, the Commission has endorsed the benefits of an expansion from a 5 x 5 MHz LTE configuration to a 10 x 10 MHz configuration, and it should do so again here. Specifically, the Commission has found that similar acquisitions of 700 MHz spectrum would enable AT&T “to deploy a more robust LTE network in a relatively short period of time” and that AT&T “would be able to expand, in the near future, its LTE service offerings on contiguous spectrum, which has the potential to enable AT&T to achieve greater spectral efficiency and consistently greater throughput.”¹⁵ Thus, the acquisition of this spectrum will result in a better experience for AT&T’s customers.¹⁶

D. The Proposed Transaction Creates No Competitive Harm.

The proposed transaction will have no adverse competitive effects. It will neither cause an overall aggregation that would pose an anticompetitive risk nor reduce actual competition in any meaningful way for a variety of reasons.¹⁷

¹⁰ *AT&T/Kaplan Order* at ¶ 29; *AT&T/KanOkla Order* at ¶ 21; *AT&T/Worldcall Order* at ¶ 20.

¹¹ *AT&T/Kaplan Order* at ¶ 29; *AT&T/KanOkla Order* at ¶ 21; *AT&T/Worldcall Order* at ¶ 20.

¹² *Application of AT&T Inc., E.N.M.R. Telephone Cooperative, Plateau Telecommunications, Inc., New Mexico RSA 4 East Limited Partnership, and Texas RSA 3 Limited Partnership for Consent to Assign Licenses and Authorizations*, Memorandum Opinion and Order, FCC 15-53, at n. 160 (2015) (“*AT&T/Plateau Order*”).

¹³ *AT&T/Kaplan Order* at n. 72; *AT&T/KanOkla Order* at n. 73; *AT&T/Worldcall Order* at n. 72.

¹⁴ *AT&T/Kaplan Order* at n. 104; *AT&T/Worldcall Order* at n. 71.

¹⁵ *AT&T/Kaplan Order* at ¶ 31; *AT&T/KanOkla Order* at ¶ 22; *AT&T/Worldcall Order* at ¶ 21.

¹⁶ *AT&T/Kaplan Order* at ¶ 31; *AT&T/KanOkla Order* at ¶ 22; *AT&T/Worldcall Order* at ¶ 21.

¹⁷ In evaluating the competitive effects of proposed transactions, the Commission considers the relevant product market and geographic market. With respect to the domestic wireless markets, the Commission has defined the relevant product market as a mobile telephony/broadband services product market that comprises mobile voice and data services, including mobile voice and data services provided over advanced wireless broadband networks. *See, e.g., AT&T/Kaplan Order* ¶ 15. The Commission has defined the relevant geographic market to be the local markets directly affected by the transaction in most cases. *Id.* When a proposed transaction would increase the concentration of spectrum holdings in any local market, the Commission evaluates the acquiring firm’s post-transaction holdings of spectrum that is “suitable” and “available” in the near term for the provision of mobile telephony/broadband services. *Id.* ¶ 17. This includes the following spectrum: cellular, broadband PCS, SMR, 700 MHz band, AWS-1, Broadband Radio Service, Wireless Communications Service, AWS-4, the H Block, and the majority of Educational Broadband Service spectrum. *Id.* ¶ 17.

First, this transaction does not even implicate the majority of metrics used by the Commission to evaluate competitive harm. This transaction is a spectrum-only transaction that does not involve the transfer of facilities or customers. As a result, the Herfindahl-Hirschman Index (“HHI”) is unaffected by this transaction and the Commission’s HHI screen is not applicable.¹⁸ Similarly, many of the other competitive variables considered by the Commission in its market-specific transaction review are not changed by this transaction.¹⁹

Second, the proposed transaction will not cause an aggregation of spectrum that would pose an anticompetitive risk. Post-closing, AT&T through affiliated companies under its common control and in which it holds an “attributable interest” for spectrum aggregation purposes, will not exceed the Commission’s initial “screen” as a result of this transaction.²⁰

Third, the proposed transaction will in fact preserve and enhance competition in the affected areas. The proposed transaction will enhance competition by enabling AT&T to be a more effective competitor, while preserving meaningful competition in the affected areas. Specifically, the transaction will not result in public interest harm in mobile telephony/mobile broadband markets because of the affected markets’ “characteristics that would allow rival service providers to provide an effective competitive constraint.”²¹ As shown in Exhibit 4, there will continue to be numerous licensed providers (including AT&T) in the affected counties that will provide effective competitive constraints. There also remains undeployed low-band spectrum in the Lower 700 MHz A Block, which provides an additional competitive constraint and which the Commission has found to be a significant factor in approving transactions under its “enhanced factor” review.²² As such, the proposed transaction “is unlikely to materially lessen the ability of rival service providers to respond to any anticompetitive behavior on the part of the combined entity in this local market.”²³

¹⁸ See *AT&T/KanOkla Order* at ¶¶ 15-16.

¹⁹ These include, but are not limited to, the total number of providers offering mobile broadband service in the market and the market shares of AT&T and its competitors. See, e.g., *AT&T/Kaplan Order* at ¶ 22.

²⁰ *Mobile Spectrum Holdings Order* ¶ 251 (adopting a revised screen of 194 megahertz).

²¹ See, e.g., *Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order and Declaratory Ruling, 28 FCC Rcd 02322, ¶ 48 (2013).

²² See *AT&T/Plateau Order* at ¶ 36.

²³ *Id.*

III. SUBSCRIBER TRANSITION

Peoples presently provides fixed broadband service to its subscribers utilizing the licenses. However, no subscriber transition issues will be implicated by this transaction since, post-closing, Peoples will continue to provide service to its existing subscribers via substitute wireless technology. Specifically, Peoples is presently transitioning its fixed wireless customers to a new wireless platform that will continue, and actually enhance, existing wireless service offered by Peoples.

IV. CONCLUSION.

As demonstrated above, AT&T is well-qualified to acquire, control and make beneficial public use of the spectrum proposed to be assigned in this transaction. In addition, as set forth above, the proposed transaction will not adversely affect competition. Indeed, grant of this application will promote competition and will otherwise serve the public interest, convenience and necessity. For these reasons, prompt Commission approval of this transaction is warranted.