Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	**)**	
Applications of AT&T Inc. and Deutsche	**)**	
Telekom AG For Consent to Transfer Control	**)**	**WT Docket No. 11-65**
Of Licenses and Authorizations	**)**	
	)	

PETITION TO DENY
of
CREDO MOBILE, INC.

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May 31, 2011

Credo Mobile, Inc. (CREDO) respectfully submits this petition to deny AT&T's proposed acquisition of T-Mobile USA.

CREDO is a unique mobile carrier. CREDO offers its members a selection of mobile phones and plans with nationwide, all-digital mobile coverage provided on the Sprint PCS network, while donating 1% of its charges to progressive nonprofit organizations, and has donated over $67 million to date. CREDO also provides its customers with tools to make political activism easy: every CREDO phone bill includes political updates and offers customers easy ways to speak out with free calls and advocacy letters. CREDO relies on a competitive mobile marketplace to present consumers with its unique mobile offering. AT&T's proposed acquisition of T-Mobile will have a deleterious effect on nationwide mobile competition. There will be no innovation in handsets and plans, no price competition and no options for consumers seeking service from innovative business models like CREDO's. In sum, it will be AT&T, AT&T and more AT&T.

I. The merger would result in an effective national duopoly for mobile services

The number of major carriers in the national mobile market has shrunk from six in 2001 to four today, and would shrink to three if this acquisition is approved. The mobile market is already highly concentrated; the FCC itself has taken a neutral position on whether this market is effectively competitive.[1] AT&T's proposed acquisition of T-Mobile would result in a duopoly in wireless service; AT&T and Verizon Wireless would have nearly 80% of the U.S. wireless mobile subscribers. In a post-acquisition environment there would be no market discipline for AT&T and Verizon Wireless, resulting in less competition for all aspects of mobile services – plan options, pricing, innovative business models, and handset software and equipment. Consumers could find themselves essentially trapped with a carrier who would have the market power to block features on its handsets and force consumers to use AT&T-approved content sites for vital functions like search.

II. The merger would result in an effective national monopoly for AT&T for GSM-based mobile devices

AT&T and T-Mobile are the only national carriers that use GSM. Verizon Wireless and Sprint use CDMA. The merger would leave AT&T as the only national GSM carrier. As we learned during the days of the AT&T landline monopoly, the absence of real competition leads to substandard service for consumers and artificially high prices.

[1] Federal Communciations Commission, Fourteenth Report, Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Service (May 20, 2010).

III. Less competition will result in higher prices and fewer plan choices for consumers

Market share can directly influence competitive incentives for consumers. A company with a large market share may not feel pressure to reduce prices even if a small competitor does. T-Mobile's removal from the marketplace eliminates nearly all of what little pricing competition currently exists for AT&T and Verizon Wireless.

A recent Consumer Reports price analysis found that T-Mobile customers pay between $15 and $50 less per month for their plans than they would with comparable plans from AT&T.[2] Since AT&T has stated publicly that it doesn't intend to retain T-Mobile's pricing structure indefinitely, it's clear that there will be fewer options at higher prices for consumers in a post-acquisition climate.

IV. The merger would result in fewer handset models and more carrier control over features

HTC, Motorola, Samsung and other handset makers can currently sell GSM handsets to both AT&T and T-Mobile, and no single carrier can dictate models or features. Post-acquisition AT&T could unilaterally control which GSM handset models are allowed into the U.S., what features those handsets are allowed to have, and what additional software must be loaded on the handsets. Market consolidation will adversely affect the handset market across all technologies (GSM and CDMA) as a new duopoly emerges with AT&T and Verizon Wireless controlling the lion's share of the mobile marketplace. This type of market power threatens innovation. Ground-breaking software like Android might never have taken off, but for T-Mobile's support and partnership with Google. In a post-acquisition landscape, who will be left to push AT&T to try new, innovative technology?

V. Less competition will lead to reduced customer service quality

The competitive marketplace spurs carriers to consider customer service quality in all their consumer interactions. If customer service is poor, a consumer will go to another carrier. In a market dominated by AT&T, consumers can expect, at best, customer satisfaction levels that already have been rated worst among cell phone providers by J.D. Power and Associates[3]. Faced with even less competition than it has today, AT&T will have no incentive to improve quality, and little incentive to not let customer service quality suffer even more.

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[2] "CR analysis: T-Mobile *is* cheaper than AT&T", http://news.consumerreports.org/electronics/2011/04/cr-analysis-t-mobile-is-cheaper-than-att.html, Jeff Blyskal, April 8, 2011.

[3] J.D. Power and Associates, 2011 Wireless Customer Care Performance Study

CONCLUSION

The pro-competitive, pro-consumer answer for the FCC is to turn down this acquisition and stop two large competitors from merging into one giant. There are no remedies that can ameliorate the anticompetitive harm the acquisition represents. For the forgoing reasons, the Commission should deny the transfer of the licenses and authorizations.