

Communications
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September 15, 2011

Ms. Marlene Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Dear Ms. Dortch:

**RE: Ex Parte Notice. In the Matter of AT&T Inc. and Deutsche Telekom AG
for Consent to Assign or Transfer Control of Licenses and Authorizations.
WT Docket No. 11-65.**

On September 14, 2011, George Kohl, Senior Director – Collective Bargaining and Technology, and Debbie Goldman, Telecommunications Policy Director, of the Communications Workers of America (CWA), met with Edward P. Lazarus, Chief of Staff to the Chairman, and Renata Hesse, Senior Counsel to the Chairman for Transactions to discuss the AT&T/T-Mobile merger.

Mr. Kohl and Ms. Goldman discussed the public interest benefits of the proposed merger, which include the expansion of high-speed wireless broadband to 98 percent of the U.S. population and related investments that will grow jobs. They expressed their view that current negotiations between the U.S. Department of Justice and AT&T will address anti-competitive concerns, and once those negotiations achieve that objective, the Commission should move forward to approve the merger as the best path forward for workers, consumers, and communities.

Mr. Kohl and Ms. Goldman pointed out that the FCC's merger analysis must start from the understanding that there is no long-term future for a stand-alone T-Mobile. T-Mobile's parent Deutsche Telekom announced in January 2011 that it would no longer fund T-Mobile's network.¹ T-Mobile lacks the spectrum to build a 4-G LTE network. Without access to capital and spectrum to deploy a next-generation network, T-Mobile's current trajectory in which it has been losing customers, with declining profits and revenue, will

¹ Briefing by Deutsche Telekom and T-Mobile to Analysts, January 20, 2011,
http://www.telekom.com/dtag/cms/contentblob/dt/en/979218/blobBinary/transcript_20012011.pdf

accelerate.² Absent the merger, a stand-alone Deutsche Telekom will respond by cutting labor and other operating expenses at T-Mobile so as to maximize its cash returns from an asset with declining value – a path that will harm consumers as well as T-Mobile workers. Already, T-Mobile has started down this path, cutting employment in its U.S.-based call centers.³

Mr. Kohl and Ms. Goldman also pointed out that this merger provides the Commission the opportunity to move forward on the National Broadband Plan objective to ensure that every American has access to high-speed broadband.⁴ AT&T has made the voluntary commitment to deploy its next-generation 4G LTE to 97 percent of the U.S. population as a result of the efficiencies, additional spectrum, and scale economies that will result from the merger. The Commission can ensure that a merged AT&T meets this commitment with conditions that include a deployment timetable, speed and quality benchmarks, data reporting, and penalties for non-compliance.⁵

Mr. Kohl and Ms. Goldman noted that an AT&T/T-Mobile merger is the best option for job creation and for the workers at the two companies. The other bidder for T-Mobile was Sprint. Sprint uses different wireless technology than T-Mobile, and is just turning the corner after its merger with Nextel, without the financial resources to integrate and upgrade T-Mobile's assets. Moreover, Sprint's employment practices would result in substantial job cuts. Sprint is the only wireless company that outsources network management, and it has been reported that a "great part" of this work has been sent abroad.⁶ Additionally, Sprint outsourced up to 70 percent of its customer contact workforce to places like the Philippines, India, and Mexico.⁷ As a result, Sprint cut headcount by 20,000 employees since 2007.⁸ Sprint has a long history of

² CWA Comments, In the Matter of AT&T Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations, WT Docket No. 11-65, May 31, 2011; CWA Reply Comments, In the Matter of AT&T Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations, WT Docket No. 11-65, June 20, 2011.

³ See, "Union questions T-Mobile," *Morning Sentinel*, Sept. 13, 2011 (http://www.onlinesentinel.com/news/unionquestionst-mobile_2011-09-12.html)

⁴ FCC, Connecting America: The National Broadband Plan, March 2010/

⁵ CWA Comments, 5-13.

⁶ Gulveen Aulakh, "Ericsson To Serve US Clients Using 'Competent' Workforce in India," *The Economic Times*, Nov. 25, 2010 (available at http://articles.economictimes.indiatimes.com/2010-11-25/news/27620440_1_ericsson-s-india-global-services-mobile-network)

⁷ *Id.*, See Alena Semuels, "Sprint Focused on Keeping Customers Happy So They Don't Leave," *Los Angeles Times*, Mar. 5, 2009 (available at <http://latimesblogs.latimes.com/technology/2009/03/sprint-and-cust.html>).

⁸ Anton Troianovski, "Wireless Industry Grows, But Not in Jobs," *Wall Street Journal*, July 18, 2011 (available at <http://online.wsj.com/search/term.html?KEYWORDS=ANTON+TROIANOVSKI&bylinesearch=true>)

trampling on workers' rights.⁹

In contrast, AT&T has committed to increase its capital investment by \$8 billion, generating as many as 96,000 jobs.¹⁰ It has promised to bring 5,000 offshored jobs back to the United States, and to ensure that no AT&T and T-Mobile call center employee loses a job as a result of the merger.¹¹ Moreover, AT&T as the only union wireless company, has a contractual obligation with CWA to ensure that any employee whose job is eliminated must be offered a job within the same geographic area.

In summary, Mr. Kohl and Ms. Goldman emphasized that should the U.S. Department of Justice and AT&T reach agreement on measures that will address merger-related anti-competitive concerns, the Commission should recognize the substantial merger-related benefits of broadband build-out and job-creating investments, and consistent with any merger-related consumer protections, move forward to approve the transaction.

Sincerely,



Debbie Goldman
Telecommunications Policy Director
Communications Workers of America

cc: Edward P. Lazarus
Renata Hesse

⁹ CWA Comments, 26-27.

¹⁰ Ethan Pollack, "The Jobs Impact of Telecom Investment," Policy Memorandum, Economic Policy Institute, May 31, 2011 (http://w3.epi-data.org/temp2011/EPI_PolicyMemorandum_185%20%282%29.pdf). In contrast, capital expenditure at T-Mobile declined by \$868 million or 24 percent from 2009 to 2010, and would continue to decline going forward because its parent Deutsche Telekom has made the decision not to continue funding the T-Mobile network. See Section IA, *supra*.

¹¹ "A&T to Bring 5,000 Call Center Jobs Back to U.S. Following T-Mobile Closing: Commits Merger Will Not Result in Job Loss for Existing Wireless Call Center Employees of T-Mobile and AT&T," Aug. 31, 2011.