

Communications  
Workers of America  
AFL-CIO, CLC

501 Third Street, N.W.  
Washington, D.C. 20001-2797  
202/434-1100

---



October 7, 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.**

The Communications Workers of America (CWA) submits the attached report, *Blocking the AT&T/T-Mobile Merger will harm Consumers, Communities, and the Economy*, into the record in this proceeding.

CWA urges the Department of Justice and the Federal Communications Commission to resolve their issues with AT&T so that the merger can occur which will provide benefits to consumers, workers, and communities.

The report demonstrates that overall, consumers, workers and communities will be better off if the merger of AT&T and T-Mobile goes through, given that Deutsche Telekom, the parent company of T-Mobile USA, has repeatedly stated it will not make the capital investment for T-Mobile to deploy a next-generation 4G LTE wireless network.

This lack of investment, among other factors, contributed to T-Mobile's declining revenues, eroding profit margins and increasing customer defections. As a result of the delay in the merger caused by the Department of Justice suit in federal court, T-Mobile will experience further decline in its financial condition, as Deutsche Telekom is likely to respond with cuts in labor and operating expenses in order to maximize the cash return on an asset that has declining value. The question before federal regulators therefore is how best the assets of T-Mobile can be deployed for the good of consumers, workers and communities. The answer is clear: AT&T has the financial, technological, and managerial strength to integrate T-Mobile's wireless assets to expand high-

speed broadband and improve wireless service.

AT&T has stated that the merger would allow the company to expand its 4G LTE high-speed broadband network to cover 97% of the U.S. population within six years. This is an important benefit that should be made a condition for the merger's approval. The FCC should require AT&T to meet deployment timetables, speed and quality benchmarks, with penalties for non-compliance.

Key findings in the report include:

- **The ability of the U.S. to meet the exponential increases in the demand for wireless services is constrained by the lack of available spectrum.** Demand for wireless Internet access has exploded. Wireless “broadband” has become increasingly important and offers the unique benefit of allowing people to access data and connect to the Internet while on the move. The limited availability of wireless spectrum represents a constraint on the on-going ability to meet the explosion of demand for higher speed 4G wireless Internet services.
- **AT&T and T-Mobile each have significant capacity problems.** T-Mobile has no clear path or spectrum to offer 4G LTE and its parent company, Deutsche Telekom, has stated that it will not fund T-Mobile's network upgrade and expansion. AT&T's leadership in smartphones is leading to the exhaustion of the spectrum used by its current technologies and is limited in its ability to expand its planned deployment of 4G LTE due to spectrum constraints on its networks.
- **The AT&T/T-Mobile merger will expand capacity and improve service for both companies beyond what they could achieve separately.** Significant synergies will result from a combined AT&T and T-Mobile network which enable more available capacity than the sum of the two companies separate networks standing alone. AT&T and T-Mobile will be able to generate such “synergies” because they use similar, complementary technologies. In this case, it is technologically better to have one big network serving 130 million customers than two separate networks: one serving 34 million and the other serving 96 million.
- **The merger creates benefits for consumers and communities.** It will accelerate and expand deployment of high-speed wireless Internet to an additional 55 million people that would not have received coverage without this combination. It will narrow the digital divide by expanding wireless access to the Internet in rural areas and among African and Hispanic Americans. The merger also will improve significantly the quality of service for AT&T and T-Mobile consumers. There will be fewer

dropped calls, better in-building and in-home coverage, and faster data services.

- **The merger is the best technological alternative available to AT&T and T-Mobile.** AT&T's other options could not remotely approach the merger in terms of increasing capacity, utilizing spectrum more efficiently, improving service and expanding 4G LTE deployment. AT&T cannot use its AWS and 700MHz spectrum to relieve congestion for its 2G and 3G customers because their handsets won't work on that spectrum. Furthermore, those spectrum bands are slotted for AT&T's 4G LTE deployment. Nor can AT&T obtain enough capacity through internal efficiencies or building additional towers to address its needs. For example, it would take AT&T eight years to obtain and activate the number of cell sites it will obtain from T-Mobile. AT&T also could not depend on a possible federal auction to reallocate spectrum in the near future because it is a multi-year process that needs Congressional approval, a FCC rule making, the actual auction and then a period for relocation of incumbent licensees and integration of the existing network and equipment with the spectrum—if the bid is successful.
- **The merger also is the best alternative available to T-Mobile.** Deutsche Telekom had made the decision to sell its T-Mobile subsidiary. The only real bidders were AT&T and Sprint. A sale to Sprint would have been technologically challenging at best and disastrous at worst. Sprint and T-Mobile use different wireless technologies, posing major integration challenges. Sprint uses CDMA for 2G , EVDO for 3G, and Wi-Max for 4G. In contrast, T-Mobile and AT&T use GSM for 2G and HSPA for 3G; the HSPA technology forms a platform for the transition to 4G LTE. , which is the same technological platform for 4G LTE. Unlike Sprint, AT&T uses the same technologic

Overall, consumers, workers and communities will be better off with the merger. AT&T has already promised to maintain T-Mobile's existing rate plans; use its spectrum to create a more efficient network with better service quality; keep all T-Mobile call center workers employed; bring back 5,000 jobs from overseas; expend additional capital to expand its 4G-LTE network to 55 million more people and, in the process, create as many as 96,000 jobs; and agree to divestitures in specific markets to maintain more competition IF the deal is approved by the DoJ and the FCC.

It is vitally important to understand that these significant and tangible benefits of the merger would be lost if the DoJ suit is successful. Indeed, the merger affords the United States a special opportunity: it will enable AT&T to build a more efficient next-generation high-speed wireless network more quickly in more places and improve service quality more expeditiously than

either AT&T or T-Mobile could do separately. These benefits are unique to this merger because of the complementary character of the technologies utilized by AT&T and T-Mobile.

Sincerely,

A handwritten signature in black ink that reads "Debbie Goldman". The signature is written in a cursive style with a large, prominent initial "D".

Debbie Goldman  
Telecommunications Policy Director  
Communications Workers of America