

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

| | | |
|--|---|----------------------|
| In the Matter of |) | |
| |) | |
| Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and Metro PCS Communications Inc. |) | WT Docket No. 12-301 |
| |) | |
| For Consent to Assign or Transfer Control of Licenses and Authorizations |) | |
| |) | |
| |) | |
| |) | |

To the Chief, Wireless Telecommunications Bureau

**REPLY COMMENTS OF
AFL-CIO
NAACP
SERVICE EMPLOYEES INTERNATIONAL UNION
SIERRA CLUB
ALLIANCE FOR RETIRED AMERICANS
CENTER FOR COMMUNITY CHANGE
NATIONAL CONSUMERS LEAGUE
JOBS WITH JUSTICE
USACTION**

December 17, 2012

The NAACP, AFL-CIO, Service Employees International Union, Sierra Club, National Consumers League, Center for Community Change, Alliance for Retired Americans, USAction, Jobs with Justice (collectively, “Public Interest Organizations”) hereby submit the following Reply Comments regarding the applications filed by Deutsche Telekom AG, T-Mobile USA, Inc., and Metro PCS Communications, Inc. (collectively, the “Applicants”) in the above-referenced proposed Transaction.¹ Collectively, our organizations represent over 20 million U.S. households who are concerned about the employment impact of the proposed merger on communities in which our members’ and their families live and work and on the quality of the wireless service that they and their families receive. (See Appendix A for a description of our organizations.)

The proposed T-Mobile/MetroPCS merger provides an opportunity to strengthen the combined company and grow U.S. employment. Or, it could lead to significant job loss in light of both MetroPCS’ and T-Mobile’s record of sending work overseas and the Applicants’ business plan to implement \$6.7 billion in merger “synergies and efficiencies,” which typically means lay-offs and job cuts.

As the Commission evaluates the public interest benefits of the proposed transaction, it must ensure that the proposed merger does not result in job loss. Particularly at this time as our nation struggles to recover from the Great Recession with 23 million Americans looking for work and stubbornly high unemployment rates especially among African-Americans (14 percent)

¹ See *Deutsche Telekom AG, T-Mobile USA, Inc. and MetroPCS Communications, Inc. Seek FCC Consent to the Transfer of Control of PCS Licenses and AWS-1 Licenses and Leases, One 700 MHz License, and International 214 Authorizations Held by MetroPCS Communications, Inc. and by T-Mobile USA, Inc. to Deutsche Telekom AG*, Public Notice, WT Docket No. 12-301, DA 123-1730 (rel. Oct. 26, 2012).

and Hispanics (10 percent), the Commission must place high priority on job security and growth as it evaluates the T-Mobile/MetroPCS transaction.² The Public Interest Organizations are deeply concerned that the evidence in the record and the Applicants' practice of sending work offshore will result in significant post-merger job loss and harm to the quality of service provided to customers as a result of staffing cuts. The Public Interest Organizations look to the Commission to ensure that the Applicants make verifiable commitments to protect and grow U.S. jobs as a condition for merger approval.

The communities that we represent are particularly concerned about the impact of the proposed wireless merger on employment and service quality. People of color lead the way in mobile access to the Internet, with two-thirds of African Americans (64 percent) and Latinos (63 percent) as wireless Internet users and higher rates of cell phone ownership (87 percent of blacks and Hispanics own a cell phone compared to 80 percent of whites).³ Many African-Americans and Hispanics are among the "value conscious" consumers that the merged company plans to target. Moreover, women and people of color are also over-represented among the non-management wireless workforce: two-thirds of wireless customer service representatives are women; 23 percent are African American and 16 percent are Hispanic.⁴

² Heidi Shierholz, "Who are the 23 Million 'Underemployed' Workers?" Economic Policy Institute Economic Snapshot, available at <http://www.epi.org/publication/23-million-underemployed-workers> (viewed Dec. 2, 2012); <http://www.epi.org/publication/23-million-underemployed-workers/>; Bureau of Labor Statistics News Release, "Employment Situation in October 2012," Nov. 2, 2012 (rel).

³ Jon P. Gant, et al., *National Minority Broadband Adoption: Comparative Trends in Adoption, Acceptance and Use* (Washington DC: The Joint Center for Political and Economic Studies, 2010).

⁴ U.S. Census Bureau, Current Population Survey, 2009-10.

There is ample evidence in the record to raise concerns about post-merger job cuts by a merged T-Mobile/MetroPCS. As the Communications Workers of America (“CWA”) pointed out, the Applicants expect to implement \$6.7 billion in “network and non-network synergies,” a euphemism that often means job loss or reduction in employment standards. The Applicants project non-network synergies of approximately \$1 billion NPV, including “efficiencies” in customer support. These “synergies” and “efficiencies” typically translate into significant job cuts that will lower the number of employees per customer and lead to a lower quality of service which is harmful to the public interest. The fact that MetroPCS’ employee-to-customer ratio is half that of T-Mobile, coupled with the Applicants’ projections of \$1 billion in non-network “efficiencies,” certainly raises concern that the post-merger combined company will adopt MetroPCS’ lower customer-to-employee staffing ratio. This will mean lay-offs and headcount reductions, which undoubtedly will impact the quality of service customers receive.⁵

The threat of job loss is particularly troubling given both MetroPCS’ and T-Mobile’s track record of reducing jobs and outsourcing the work to overseas locations. CWA notes that MetroPCS outsources its entire customer care, billing, payment processing, and logistics operations, and some of the outsourced customer contact centers are located in the Philippines, Central America, and the Caribbean. After the failed merger with AT&T, T-Mobile closed seven call centers and displaced 3,300 employees, sending the work to foreign countries.⁶

⁵ Comments of the Communications Workers of America, *In the Matter of Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Assign or Transfer Control of Licenses and Authorizations*, WT Docket No. 12-301, Nov. 26, 2012, pp. 1-6 (“CWA Comments”); *See also Applications of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. for Consent to Assign or Transfer Control of Licenses and Authorizations*, WT Docket No. 12-301, Description of Transaction, Public Interest Showing, and Related Demonstrations, 39-44 (filed Oct. 18, 2012) (“Description of Transaction”) pp. 39-44.

⁶ *Id.*, p. 6.

In light of the Applicants' plan to pursue a "low cost" business strategy, and both companies' past experience sending customer service work overseas, this merger poses a real threat to the employment security of the Applicants' employees, the economic health of the communities in which they live and work, and the consumers who rely on quality service provided by trained and experienced employees. As CWA points out, there is significant precedent at the Commission to require enforceable commitments to protect and grow jobs as a condition of merger approval. For example, in the recent failed AT&T/T-Mobile merger, AT&T committed that all non-management employees would retain or be offered an alternate job in the merged company, there would be no job loss for call center employees, and the company would bring 5,000 wireless call center jobs back to this country. In the AT&T/BellSouth merger, the Commission found that AT&T's commitment to bring 3,000 jobs back from overseas would serve the public interest.⁷

Therefore, the Public Interest Organizations support CWA's position that the Commission should require enforceable conditions as a condition of merger approval:

1. No U.S. employees will lose their jobs as a result of the proposed Transaction;
2. Network maintenance will continue to be provided by U.S. employees; and
3. Work previously sent offshore by T-Mobile and MetroPCS will be returned to the U.S.⁸

⁷ *Id.*, p. 7-8.

⁸ *Id.*, p. 8

Respectfully Submitted,



William Samuel
AFL-CIO



Mary Kay Henry
Service Employees International Union



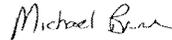
Benjamin Todd Jealous
NAACP



Sarita Gupta
Jobs with Justice



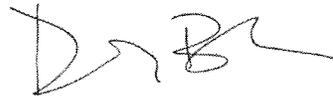
Barbara Easterling
Alliance for Retired Americans



Michael Brune
Sierra Club



Sally Greenberg
National Consumers League



Deepak Bhargava
Center for Community Change



Jeff Blum
USAction

December 17, 2012

Appendix A. Descriptions of Public Interest Organizations

The **AFL-CIO** is America's largest labor federation speaking for millions of working families.

The **NAACP**, founded in 1909, is the nation's oldest and largest civil rights organization. Its members throughout the United States and the world are the premier advocates for civil rights in their communities, conducting voter mobilization and monitoring equal opportunity in the public and private sectors.

The **Service Employees International Union** is an organization of 2.1 million members dedicated to improving the lives of workers and their families, and creating a more just and humane society.

National Consumers League mission since 1899 has been to advocate for social and economic justice for consumers and workers in the United States and abroad.

Alliance for Retired Americans is a nationwide organization with four million members working together to make their voices heard in the laws, policies, politics and institutions that shape our lives.

Jobs with Justice is a national network of local coalitions that bring together labor unions, faith groups, community organizations, and student activists to fight for working people.

The **Sierra Club**, founded in 1892, is America's largest and most influential grassroots environmental organization, with 1.4 million Members and supporters.

The **Center for Community Change** since 1968 has strengthened the leadership, voice and power of low-income communities and communities of color nationwide to confront the vital issues of today and build the social movements of tomorrow.

USAction builds power by uniting people locally and nationally, on the ground and online, to win a more just and progressive America.