

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

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

To the Chief, Wireless Telecommunications Bureau

**REPLY OF THE
COMMUNICATIONS WORKERS OF AMERICA**

The Communications Workers of America (“CWA”) hereby submits the following Reply to the Joint Opposition filed by Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. (collectively, the “Applicants”) in the above-referenced proposed Transaction.¹

CWA urges the Federal Communications Commission to protect U.S. jobs and service quality by conditioning the approval of the proposed Transaction on specific, enforceable commitments from the Applicants to maintain and grow the current number of non-management employees in the U.S.² Rather than substantively respond to CWA’s concerns, however, the Applicants encourage the Commission simply to disregard CWA’s proposed conditions based on their erroneous assertions that: (1) CWA’s concerns are unsupported by facts; (2) CWA’s concerns

¹ See Joint Opposition of Deutsche Telekom AG, T-Mobile USA, Inc., and MetroPCS Communications, Inc. to Comments, WT Docket No. 12-301 (Dec. 6, 2012) (“Joint Opposition”).

² See Comments of the Communications Workers of America, WT Docket No. 12-301, 2, 8 (Nov. 26, 2012) (“CWA Comments”).

are somehow illegitimate based on its views regarding previous unrelated mergers; and (3) the Commission lacks the legal basis even to consider the proposed Transaction's impact on jobs and service quality in its public interest analysis. CWA addresses each of these points in turn.

First, the Applicants' repeated assertions that CWA has not offered any support for its concerns regarding the proposed Transaction's impact on jobs and service quality are flatly untrue.³ In its initial Comments, CWA provided concrete reasons to explain why the proposed Transaction presents a specific threat to U.S. jobs absent specific, enforceable conditions protecting employment and service quality in the U.S.⁴ In particular, CWA explained that the Applicants' projected post-merger, non-network "synergies" of approximately \$1 billion NPV present the very real threat of job losses and service quality in light of the Applicants' plan to achieve greater "efficiencies" in back-office operations and customer support.⁵ The Applicants' own descriptions make clear that these "efficiencies" will stem, at least in part, from a reduction in jobs.⁶ Moreover, with respect to the Applicants' projected post-merger, network "synergies" of approximately \$5-6 billion NPV, it is hard to conceive how "the elimination of leases, backhaul, utilities, upgrades, maintenance and other

³ See Joint Opposition at 3 (... "CWA's claims about job reductions, outsourcing and potential impacts on service quality are pure speculation – unsupported by any facts..."); *id.* at 4 ("CWA does not and cannot point to any credible reasons why the merger synergies in the instant transaction would result in a different outcome."); *id.* at 5 ("CWA's speculative assertions about the Applicants' plans for outsourcing also have no basis in fact."); *id.* ("CWA's concerns have no basis in fact and thus its proposed conditions should be disregarded.").

⁴ See CWA Comments at 3-7.

⁵ See CWA Comments at 5.

⁶ See *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, 43 (Oct. 18, 2012) ("Description of Transaction") ("Newco will realize additional savings by combining back-office operations ... Similar efficiencies can be achieved in customer support.").

recurring site-related expenses” would not have any negative employment impact.⁷ This threat is particularly acute given both MetroPCS’s and T-Mobile’s demonstrated records of eliminating or outsourcing jobs outside the U.S. in order to cut costs.⁸ Additionally, as CWA discussed, the fact that MetroPCS currently has an employee-to-customer ratio less than half of T-Mobile’s current employee-to-customer ratio increases the probability that T-Mobile will reduce employment post-merger to cut costs, resulting in a reduction in customer service quality.⁹

CWA’s concerns are shared by multiple additional public interest organizations, including the NAACP, AFL-CIO, Service Employees International Union, Sierra Club, Alliance for Retired Americans, Center for Community Change, National Consumers League, Jobs with Justice, and USAction.¹⁰ Additionally, the mayors of Charleston, South Carolina; Tampa, Florida; and Richmond, Virginia – all cities in which T-Mobile currently is a major employer – have voiced similar concerns regarding the threat of job cuts and accelerated outsourcing of jobs outside the U.S. that could result if the proposed Transaction is approved absent enforceable commitments from the Applicants to maintain and grow their current number of employees in the U.S.¹¹

⁷ Description of Transaction at 40-41.

⁸ See CWA Comments at 6 (discussing in detail T-Mobile’s and MetroPCS’s record of eliminating or outsourcing jobs outside the U.S. in order to cut costs). The Applicants baldly assert, without any substantiation, that CWA’s statements regarding MetroPCS’s track record of offshoring and eliminating U.S. jobs are “inaccurate.” Joint Opposition at 5.

⁹ See CWA Comments at 6.

¹⁰ See Reply Comments of AFL-CIO, *et al.*, WT Docket No. 12-301 (Dec. 17, 2012) (“There is ample evidence in the record to raise concerns about post-merger job cuts ... 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 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.”).

¹¹ See Letter from Joseph P. Riley, Jr., Mayor, City of Charleston, South Carolina, to the Honorable Julius Genachowski, Chairman, Federal Communications Commission, WT Docket No. 12-301 (Dec. 5, 2012) (“I have learned that MetroPCS outsources all its call centers, some located

The Applicants' repeated assertions that CWA's claims are "untrue" and "speculative" begs an important question: If, as the Applicants assert, CWA's concerns are unfounded, why not agree to the jobs commitments proposed by CWA? Their opposition to making such commitments can only mean that the threat to jobs and service quality cited by CWA is very real. The Commission must ask critical and probing questions of the Applicants regarding their intentions with respect to jobs vis a vis "currently projected synergies,"¹² particularly as the Applicants emphasize "combining back-office operations," achieving "efficiencies" in customer support, and "the elimination of leases, backhaul, utilities, upgrades, maintenance and other recurring site-related expenses."¹³ Indeed, the Commission has asked such questions in past reviews of proposed transactions.¹⁴

Second, the Applicants suggest that because CWA, in the past, has recognized that certain mergers may prove beneficial to job growth and service quality, that somehow makes CWA's

overseas. T-Mobile recently closed seven U.S. call centers and displaced 3,300 employees, which contracting with offshore call centers to perform similar work. T-Mobile and MetroPCS have announced anticipated \$6-7 billion in merger-related savings, including customer support. These facts raise concerns about the employment future of T-Mobile works in my city. Our city cannot afford a merged T-Mobile/MetroPCS which closes its call center and retail stores here, and transfers the work to MetroPCS' call center vendor, or to one of T-Mobile's overseas operations."); Letter from Bob Buckhorn, Mayor, City of Tampa, Florida, to the Honorable Julius Genachowski, Chairman, Federal Communications Commission, WT Docket No. 12-301 (Dec. 10, 2012); Letter from Dwight C. Jones, Mayor, City of Richmond, Virginia, to the Honorable Julius Genachowski, Chairman, Federal Communications Commission, WT Docket No. 12-301 (Dec. 12, 2012).

¹² Joint Opposition at 5.

¹³ Joint Opposition at 41, 43.

¹⁴ See, e.g., *Applications of AT&T, Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations*, WT Docket No. 11-65, Information and Discovery Request for AT&T, Inc., ¶ 36 (May 27, 2011); *Applications of AT&T, Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations*, WT Docket No. 11-65, Information and Discovery Request for Deutsche Telekom AG, ¶ 33 (May 27, 2011); Letter from Rick Kaplan, Chief, Wireless Telecommunications Bureau, Federal Communications Commission, to Richard L. Rosen, Counsel for AT&T, Inc., WT Docket No. 11-65 (Oct. 13, 2011).

concerns with respect to this proposed Transaction illegitimate.¹⁵ This defies common sense – not every merger is the same. Of course, CWA understands that some mergers, depending on the specific factual circumstances, can result in various benefits. Obviously, every merger is different, and CWA’s concerns here relate specifically to this proposed merger. Moreover, with respect to the other merger identified by the Applicants in their Joint Opposition – the proposed AT&T/T-Mobile merger – AT&T and T-Mobile had proposed specific, enforceable commitments to retain or increase their current number of non-management employees in the U.S. post-merger.¹⁶ As discussed in CWA’s initial comments, the proposed Transaction at hand, in light of the Applicants’ projected post-merger “synergies” combined with their demonstrated records of eliminating or outsourcing jobs outside the U.S., presents a serious threat of job cuts and decreased service quality absent similar specific, enforceable commitments from the Applicants.

Finally, the Applicants incorrectly contend that the Commission has no legal basis to consider the proposed Transaction’s impact on U.S. jobs and service quality because the Applicants have not cited job creation as a merger benefit.¹⁷ As part of their discussion of how the proposed Transaction “will generate substantial public interest benefits,” however, the Applicants specifically stated: “[The post-merger company’s] proposed transaction-specific savings will free up significant financial resources that could be invested back in its network operations. **This will allow the**

¹⁵ See Joint Opposition at 3 (“As CWA has previously recognized, merger synergies can have job producing effects.”); *id.* at 4 (“...[CWA] has previously recognized that merger synergies can result in network quality improvements.”).

¹⁶ See CWA Comments at 7-8 (discussing the specific commitments proposed by AT&T/T-Mobile).

¹⁷ See Joint Opposition at 7 (“CWA also incorrectly claims that the impact of a merger on U.S. employment is part of the FCC’s standard public interest analysis. While the FCC has investigated potential job losses in connection with transactions where job creation is cited as a merger benefit, the Applicants have not made that claim here.”).

company to grow, potentially increasing employment opportunities.¹⁸ Moreover, in their Joint Opposition, the Applicants again assert that the proposed Transaction will benefit the public interest by resulting in job increases rather than job cuts.¹⁹ The Applicants cannot claim that the possibility of employment increases is a public interest benefit but object to consideration of the probability of employment losses as a public interest cost. Based on the Applicants' own filings and Commission precedent,²⁰ the Commission can – and should – include in its public interest analysis the proposed Transaction's impact on U.S. employment and service quality. CWA reiterates its request that, to protect the public interest, the Commission condition any approval of the Transaction on the following enforceable Conditions:

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.

Such conditions are particularly warranted in light of the Applicants' record of cutting jobs and outsourcing positions outside the U.S. in the interest of cost-cutting.

CONCLUSION

The Applicants' Joint Opposition fails substantively to respond to CWA's concerns that the proposed Transaction threatens to result in significant job losses and lower service quality. Contrary to the Applicants' assertions, CWA has provided concrete support for its concerns. Consistent with precedent established in previous merger reviews, the Commission can – and should – consider, as

¹⁸ Description of Transaction at 44.

¹⁹ See Joint Opposition at 4 (“In this transaction, CWA cannot point to any plausible reasons why the synergies coupled with plans to continue the T-Mobile USA and MetroPCS business models and brands would result in job reductions – rather than job increases – over time. Indeed one of the benefits of this transaction is the expansion of the MetroPCS brand and model into new areas.”).

²⁰ See CWA Comments at 2-3 (discussing Commission precedent of considering the impact of proposed mergers on jobs and service quality as part of its public interest analysis).

part of its public interest analysis, the impact of the proposed Transaction on U.S. jobs and service quality. To protect the public interest, the Commission should condition any approval on enforceable commitments from the Applicants to maintain and grow their current number of employees in the U.S.

Respectfully submitted,



George Kohl
Debbie Goldman
Communications Workers of America
501 Third Street, NW
Washington, D.C. 20001
(202) 434-1194

Monica S. Desai
Kevin J. Martin
Patton Boggs LLP
2550 M Street, NW
Washington, D.C. 20037
(202) 457-7535

*Counsel to the Communications Workers of
America*

Dated: December 17, 2012

CERTIFICATE OF SERVICE

I, Yosef Getachew, hereby certify that on this 17th day of December 2012, I caused true and correct copies of the foregoing Comments to be served by electronic mail to the following:

Nancy J. Victory
Wiley Rein LLP
1776 K Street, NW
Washington, DC 20006
nvictory@wileyrein.com
*Counsel to Deutsche Telekom AG,
and T-Mobile USA, Inc.*

Carl Northrop
Telecommunications Law
Professionals PLLC
875 15th Street, NW, Suite 750
Washington, DC 2005
cnorthrop@telecomlawpros.com
Counsel to MetroPCS

David Hu
Broadband Division
Wireless Telecommunications Bureau
Federal Communications Commission
david.hu@fcc.gov

Kathy Harris
Mobility Division
Wireless Telecommunications Bureau
Federal Communications Commission
kathy.harris@fcc.gov

Kate Matraves
Spectrum and Competition Policy Division
Wireless Telecommunications Bureau
Federal Communications Commission
catherine.matraves@fcc.gov

David Krech
Policy Division
International Bureau
Federal Communications Commission
david.krech@fcc.gov

Jim Bird
Office of General Counsel
Federal Communications Commission
TransactionTeam@fcc.gov

Best Copy and Printing, Inc.
fcc@bcpiweb.com

_____/s/_____
Yosef Getachew