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April 7, 2014

Via Electronic Filing

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-A325
Washington, D.C. 20554

Re: ***Notice of Ex Parte Presentation: Policies Regarding Mobile Spectrum Holdings, WT Docket No. 12-269; Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions, GN Docket No. 12-268***

Dear Ms. Dortch:

On April 3, 2014, Lawrence R. Krevor, Vice President, Legal and Government Affairs – Spectrum, Richard B. Engelman, Director, Legal and Government Affairs, Rafi Martina, Attorney, Legal and Government Affairs, and the undersigned of Sprint Corporation (“Sprint”), and Kostas Liopiros of the Sun Fire Group LLC, consultant to Sprint, met separately with Renee Gregory, Legal Advisor to Chairman Wheeler, Erin McGrath, Legal Advisor to Commissioner O’Reilly, and Brendan Carr, Legal Advisor to Commissioner Pai regarding the above-captioned proceedings. Mr. Engelman, Dr. Liopiros and the undersigned also met with David Goldman, Senior Legal Advisor to Commissioner Rosenworcel regarding these proceedings.

In the meetings, Sprint reiterated points consistent with its recent filing proposing a method to assign weights to spectrum bands included in the Commission’s spectrum screen and to reflect the critical competitive differences among commercial spectrum bands.¹ Sprint also addressed various distortions and mischaracterizations regarding its proposal that have been presented in recent filings and ex parte presentations to the Commission. The attached presentation summarizes the points that were made in each meeting.

¹ *Sprint’s Competition-Based Framework for A Weighted Wireless Broadband Spectrum Screen*, attached to Letter from Lawrence Krevor, Vice President, Sprint Corp., to Marlene H. Dortch, Secretary, FCC, WT Docket No. 12-269 (Feb. 11, 2014).

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Pursuant to Section 1.1206 of the Commission's rules, this letter is being electronically filed with your office. Please let me know if you have any questions regarding this filing.

Respectfully submitted,

/s/ Gardner H. Foster

Gardner H. Foster
Senior Counsel
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Attachment

cc: (via e-mail)
Renee Gregory
Erin McGrath
Brendan Carr
David Goldman

The Commission's Mobile Spectrum Holdings Policies: Aligning the Screen with Its Original Purpose

**WT Docket No. 12-269
April 3, 2014**



Sprint's Spectrum Screen Proposal

- **Virtual unanimity that the current screen is broken**
 - Fails to reflect the competitive differences among bands and thus permits spectrum aggregation that harms competition
- **To provide a useful and meaningful analytical tool, the Commission must refocus the screen on its original inquiry:**
 - Analyzing whether a particular acquisition undermines the ability of competing firms to enter the mobile broadband market or expand output swiftly and effectively in response to another firm's attempt to exercise market power

- **Weighted screen recognizes the differing competitive utility of commercial broadband spectrum bands**
- **Weighted screen focuses on key determinants of competitive utility of a particular band: *bandwidth* and *propagation***

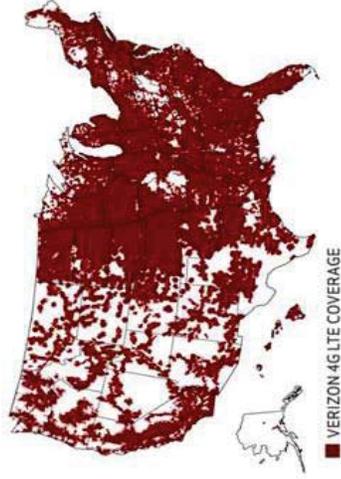
Averaged Weighted Spectrum Screen			
Band	Current Screen	Average Weight	Averaged Screen
Lower 700 MHz	48.0 MHz	1.28	61.4 MHz
Upper 700 MHz	22.0 MHz	1.10	24.2 MHz
800 MHz ESMR	14.0 MHz	1.00	14.0 MHz
800 MHz Cellular	50.0 MHz	1.00	50.0 MHz
AWS-1	90.0 MHz	0.35	31.5 MHz
PCS	130.0 MHz	0.31	40.3 MHz
WCS	20.0 MHz	0.23	4.6 MHz
BRS	55.5 MHz	0.20	11.1 MHz
Total	429.5 MHz		237.1 MHz
Total Low-band	134.0 MHz		149.6 MHz
One-third total	143.2 MHz		79.0 MHz

Opponents' Distortions

- 'Net-net, all bands are equal, with advantages and disadvantages; there's no competitive advantage to low-band spectrum'
- **Commission and DOJ have consistently recognized distinct advantages of low-band spectrum**
- **Low-band spectrum has markedly different technical characteristics that can't be replicated economically – if at all – by higher frequency spectrum**
- 'Any differences between bands are reflected in price'
- **Over even modest time-horizon, disproportionate OPEX costs of higher-frequency deployments significantly dwarf costs to acquire low-band spectrum**
- **Based on spectrum prices in recent transactions, Sprint calculated total OpEx, CapEx and spectrum costs to deploy an additional 20 MHz LTE channel across its existing suburban footprint: Doing so with 2.5 GHz spectrum would, over ten years, cost approximately double what it would cost to do so with Lower 700 MHz spectrum. An operator looking to expand its rural coverage to match a competitor would, in general, spend 13 times more to do so at 2.5 GHz than it would cost at Lower 700 MHz**
- **With enough time and resources, all purchasers can theoretically substitute very different categories of products, but that sidesteps the screen's purpose. For example, the enormous time and capital needed to even approach replicating low-band deployment with higher-frequency spectrum has competitive consequences. Thus, an operator's attempt to amass excessive low-band spectrum may indicate market failure warranting a more thorough competitive analysis**

Opponents' Distortions

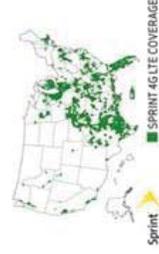
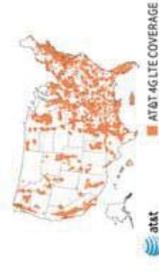
- 'Network deployment is capacity-driven; coverage largely irrelevant'
- **While operators will increasingly compete on capacity/speed, ability to compete on coverage remains a threshold requirement for effective competition: to be able to compete based on speed, operator must be able to offer wide coverage**
- **Coverage continues to represent the foremost form of non-price rivalry among firms:**
 - **AT&T believed coverage to be so important to customers that it sued Verizon for understating AT&T's coverage in ads**
 - **In-building penetration of low-band is key even in urban areas: AT&T touted 850 MHz overlay in NYC with "Seth the Blogger Guy" promo:**



Seeing is BELIEVING

The choice is obvious. Only Verizon's 4G network is 100% LTE. And with 4G LTE coverage for over 97% of Americans, Verizon is America's largest 4G LTE network.

With Verizon's super-fast connection, experience the web like never before. Download pics, flicks and more in a blink. Apps and games are always at your fingertips. Seamlessly stream videos and video chat. It's what you want, when you want it.



Seth: Any why does the 850 frequency get into buildings better?

Karl: It actually is a lower frequency band, and the lower you go in frequency, the further it travels and the better it covers inside buildings. So, the 850 frequency band is actually a lower frequency band than our original 1900 frequency band, so therefore it covers a lot better into buildings.



Opponents' Distortions

- Sprint's weighting proposal is too simple – other factors affect the 'value' of spectrum bands'
 - **Competitive utility is not synonymous with value/price – price is not a reliable indicator of the competitive impact of a given band. The screen focuses on how acquisition of a particular band affects downstream competition; it doesn't analyze a band's market value**
 - **Propagation and bandwidth represent the most significant determinants of competitive utility for spectrum bands used for mobile broadband**
 - **The screen represents only a diagnostic tool for the Commission**
 - **Sprint's proposal offers an durable, administrable and robust methodology: to the extent the Commission later finds that determinants of competitive utility have changed, it can adjust the weights**
- 'Sprint's weighting proposal is too complex – the Commission should retain the current screen'
 - **Formulas to establish original weights are fact-based and require some engineering analysis by Commission; once the Commission adopts meaningful weights, however, a weighted screen is no harder to apply than current screen**
 - **That opponents simultaneously criticize a weighted screen as 'too complex' and 'too simple' signals that its analytical framework strikes an appropriate balance**