



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

FILED

07/01/19
04:59 PM

In the Matter of the Joint Application of
Sprint Communications Company L.P. (U-
5112) and T-Mobile USA, Inc., a Delaware
Corporation, For Approval of Transfer of
Control of Sprint Communications Company
L.P. Pursuant to California Public Utilities
Code Section 854(a).

Application No. 18-07-011

And Related Matter.

Application No. 18-07-012

**NOTICE OF EX PARTE COMMUNICATION OF
COMMUNICATIONS WORKERS OF AMERICA DISTRICT 9**

July 1, 2019

Rachael E. Koss
Adams Broadwell Joseph & Cardozo
601 Gateway Boulevard, Suite 1000
South San Francisco, CA 94080
(650) 589-1660 Voice
(650) 589-5062 Fax
rkoss@adamsbroadwell.com

Attorneys for Communications Workers of America
District 9

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Joint Application of Sprint Communications Company L.P. (U-5112) and T-Mobile USA, Inc., a Delaware Corporation, For Approval of Transfer of Control of Sprint Communications Company L.P. Pursuant to California Public Utilities Code Section 854(a).

Application No. 18-07-011

And Related Matter.

Application No. 18-07-012

**NOTICE OF EX PARTE COMMUNICATION OF
COMMUNICATIONS WORKERS OF AMERICA DISTRICT 9**

Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, Communications Workers of America District 9 hereby gives notice of an ex parte meeting in the above-captioned proceeding, which was initiated by CWA. The meeting took place on June 27, 2019 at 2:30 p.m. with Commissioner Guzman Aceves and the Commissioner's advisors, Jonathan Koltz and Michael Minkus. CWA representatives included: Thomas Runnion (Vice President, CWA District 9), Liz Sorenson (Political Director, CWA District 9), Debbie Goldman (Research Director, CWA), Allen Grunes (counsel) and Rachael Koss (counsel). The meeting took place at the California Public Utilities Commission offices in San Francisco and lasted approximately 30 minutes. Ms. Goldman and Mr. Grunes attended by phone. No written materials were provided.

Mr. Runnion explained that CWA represents almost 50,000 employees in California and its focus with the merger is the impacts on workers and consumers. CWA is the voice for wireless workers who otherwise would have no one looking out for them in this proceeding. T-

Mobile and Sprint workers are not represented by a union, and both companies have histories of anti-union policies. Mr. Runnion explained that CWA is concerned that the merger would lead to the loss of thousands of jobs in California and would mean higher prices and less choice for consumers, especially those in low-income communities, communities of color and rural areas.

Ms. Goldman described CWA's concerns about the merger's harm to consumers. Ms. Goldman explained that CWA agrees with CA Attorney General Becerra and other state attorneys general that "[a]lthough T-Mobile and Sprint may be promising faster, better, and cheaper service with this merger, the evidence weights against it. This merger would hurt the most vulnerable Californians and result in a compressed market with few choices and higher prices." Ms. Goldman stressed that T-Mobile and Sprint are each other's closest competitors, competing for value-conscious consumers. Ms. Goldman noted that the AG complaint specifically refers to this head-to-head competition in urban areas throughout CA and notes that in Los Angeles the New T-Mobile would have more than 50% of the prepaid market. Record evidence shows eliminating this head-to-head competition would lead to higher prices. According to the AG complaint, the cost to consumers nationally would be at least \$4.5 billion annually in higher prices. Ms. Goldman also pointed out that the proposed Boost divestiture would not remedy the merger's anti-competitive problems because the divested Boost would not be independent – it would run on the New T-Mobile network. Pricing, service and quality would still depend on T-Mobile's network. Moreover, the Boost divestiture would only cover the pre-paid market and Sprint has 33 million post-paid customers and 13 million wholesale customers.

Ms. Goldman also described CWA's concerns about the merger's impact on jobs. While the applicants announced a commitment of no net job losses in CA, there is no record evidence that this would be the case. Rather, the record shows that duplicative retail stores (often across

the street from one another or on the same block) would close as a result of the merger, leading to the loss of 3,300 jobs in CA, primarily in urban areas. The vast majority of T-Mobile and Sprint stores and workers selling T-Mobile and Sprint service plans and equipment are authorized dealers and the job commitment would not apply to them. Many of these workers are from the lower-income communities served by T-Mobile, Sprint and their prepaid brands. Ms. Goldman also pointed out that the proposed new call center in the Central Valley would not offset the job loss.

Ms. Goldman also explained that T-Mobile has exaggerated the rural reach of the merged company. Record evidence shows that the New T-Mobile would deliver only marginally better service in rural areas than standalone T-Mobile. The record shows that, for example, in Humboldt County, even five years after the merger, a significant percentage of the residents would have the same wireless capacity as with standalone T-Mobile. Further, even in those rural areas with access to the higher-capacity low-band spectrum, there would not be enough capacity for simultaneous streaming of premium videos to more than a handful of people. Moreover, the MOU between CETF and the applicants results in a 10% *reduction* in the number of cell sites deployed compared to the original T-Mobile engineering model and pushed the build back one year. Record evidence shows that this would significantly and adversely affect rural CA, impacting more than half of the geography of the State. Ms. Goldman also pointed out that the Public Advocates Office's expert, Dr. Lee Selwyn, after taking a detailed look at the T-Mobile plans in Kings County, found that it would cost more than twice the funds that T-Mobile told the Commission it would invest in Kings County to actually deploy the network and that, given the low population density in Kings County, there is no possible business case to pay for it.

Ms. Goldman also explained that the FCC conditions have significant problems. Ms. Goldman used the pricing commitment as an example, which is only for three years, would allow New T-Mobile to pass through cost increases from policy change (e.g. net neutrality), and would be difficult to enforce given the complexity of price plans.

Finally, Ms. Goldman urged the Commission to hold off on a decision until the AG court case concludes. The case is scheduled to begin in October and last a few weeks. If the court blocks the merger, there would be no need for a Commission decision on this very controversial merger.

Dated: July 1, 2019

Respectfully submitted,

/s/

Rachael E. Koss
Adams Broadwell Joseph & Cardozo
601 Gateway Boulevard, Suite 1000
South San Francisco, CA 94080
(650) 589-1660 Voice
rkoss@adamsbroadwell.com

Attorneys for Communications Workers of America
District 9