



July 10, 2018

Senator Mike Lee, Chairman
Subcommittee on Antitrust, Competition
Policy and Consumer Rights
517 Hart Senate Office Building
Washington, DC 20510

Senator Amy Klobuchar, Ranking Member
Subcommittee on Antitrust, Competition
Policy and Consumer Rights
711 Hart Senate Office Building
Washington, DC 20510

Dear Honorable Members:

With a recent increase in media and telecommunications mergers, we have kept a close watch over the proposed combination of T-Mobile and Sprint. Regardless of party affiliation, as state attorneys general, we have a duty to protect citizens in our states. We have whole teams in our office dedicated to protecting consumers from anticompetitive business practices. In that sense, we are guardians of economic as well as legal justice. We take these matters very seriously. As Western state Attorneys General, we are particularly focused on improving the public safety, quality of life, and access to technology for our millions of citizens living in rural communities.

We are not alone in our consideration of this transaction. The United States Department of Justice is reviewing the matter, as is the Federal Communications Commission. Other Attorneys General across the country are analyzing the impact on their states as well. The Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights has conducted a hearing on the merger.

Any horizontal merger, particularly one in a marketplace as concentrated as Telecom, poses difficult policy and legal questions and is likely to have both beneficial and detrimental market effects to some extent. Generally speaking, possible efficiencies, optimization and growth from a merger may result in improved products or services and the lowering of prices, all to the benefit of customers. On the other hand, a merger may tip marketplace balance too far in the favor of the newly combined companies, giving them monopoly power to raise prices and stifle competition, ultimately harming consumers and driving remaining industry competitors out of the market altogether.

Opponents of the merger are quick to point out that transactions shrinking the number of dominant players from four to three are often disfavored by policies promoting fair competition. While this premise may be true, this particular case has some unique qualities that make this an exception to the rule. Rather than creating a mega-player that will dwarf remaining competitors,

a T-Mobile-Sprint merger will take the third and fourth largest domestic players and, combined, create an entity that remains third behind Verizon and AT&T in market share.

Further, without the merger, Sprint may not be viable long term. If Sprint leaves the marketplace, there is a similar reduction from four to three domestic players but with more disparity between the top two and number three entities, arguably a less desirable result than what a merger could provide. Even if Sprint does not fail, it may not have the resources alone to remain sufficiently competitive and may be susceptible to merger overtures from a foreign company like China Mobile (currently ranked 3rd in terms of global market share). Even absent a merger with a company like China Mobile, a weakened Sprint and a less robust T-Mobile could leave enough of a window for foreign players to make inroads into the coveted U.S. market or allow one of the already dominant entities to increase their market share, further reducing consumer choice.

As 5G mobile technology emerges, there will likely be more of a confluence between mobile service companies and wired broadband internet companies like Comcast and Google Fiber, further expanding the traditional understanding of the mobile market and increasing competition, and lessening concerns over a too-concentrated industry.

Based on our review of the proposed T-Mobile-Sprint transaction, we believe it will benefit consumers in our states—and the country at large—in critical ways. In particular, the combination will create a robust, nationwide 5G network that will greatly improve the lives of underserved Americans in rural areas, stimulate economic growth through investment and job creation, and increase competition in the converging internet market for mobile internet.

As you are reading this on your smartphone, tablet, or computer, consider this: [24 million](#) Americans lack access to fixed high-speed broadband service in their homes, and [14 million](#) remain without access to mobile LTE broadband at download speeds of 10 Mbps or more.

For millions of Americans, access to reliable and fast broadband service like 5G is a necessity for everyday tasks such as completing schoolwork, speaking with relatives, paying bills, and applying for jobs. What's more, when it comes to more advanced applications that are needed most in rural areas that lack resources—telemedicine, remote education, and online shopping for necessary goods not available in remote areas, and accessing government services—these "luxuries" are far outside the technological reach of those rural Americans who are left without adequate broadband connectivity.

It is time for change. Combined, T-Mobile and Sprint will exceed their previous capabilities. Together, they will be much more competitive in the race to make 5G a reality sooner and expand much needed services to rural communities. No doubt Verizon and AT&T will be pushing to be the market leaders in 5G. So, rather than viewing this as a four to three reduction in competitive players, this merger is really increasing competition from two to three viable market players that can fight to bring 5G to all consumers at the best quality and price.

Recently, the companies filed their [Public Interest Statement](#) with the Federal Communications Commission (FCC) in which they describe in detail, and with economic support, the benefits the merger will bring to all Americans.

The PIS claims the New T-Mobile will have the scale and spectrum needed to make 5G a reality across the country and they will try to do it faster than any other carrier. The PIS also predicts that as a result of the merger, the New T-Mobile will be able to invest billions in a 5G network—with fiber-like data speeds to enable real-time interactivity and a significantly enhanced user experience, virtually eliminating the connectivity problems that frequently frustrate consumers in congested environments today.

Delivering robust broadband service to citizens living in rural communities and small towns across America improving their coverage, quality, speed, in-home service, and customer support is a stated priority for the New T-Mobile. And as attorneys general, we will hold them to that promise. The New T-Mobile has also revealed plans to add 600 or more new stores serving rural and small-town America and building up to 5 call centers, which will result in thousands of new jobs. This is of extreme significance in our minds. And we will do everything within our power to make sure the New T-Mobile lives up to these laudable commitments.

Currently, the FCC [reports](#) almost 10 million rural Americans lack access to at least three LTE providers. With the New T-Mobile going toe-to-toe with the market leaders, it will force competitors to invest and offer better services and lower prices to the benefit of competition and consumers. That is something all Americans can support.

In this day and age, it's rare for elected officials from our two parties to agree on anything, so it is reassuring when we find common ground on something that has the potential to serve our constituents, protect the marketplace and benefit our nation. For Utahns, New Mexicans, and all Americans, in rural and urban communities and everywhere in between, we are hopeful that this merger will promote more competition in a converging wireless market and bring benefits to consumers through new technology and economic growth. For all of the reasons above, we encourage policymakers and regulators to approve the T-Mobile-Sprint merger.

Sincerely,



Hector Balderas
Attorney General of New Mexico



Sean D. Reyes
Attorney General of Utah