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August 10, 2018

Via Electronic Filing and Overnight Delivery

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: Application of Sprint Communications Company L.P. for Approval of a
General Rule Indirect Change in Control from Softbank Group Corp. to
T-Mobile US, Inc., Docket No. A-2018-3003259

Dear Secretary Chiavetta,

Please find enclosed for filing the responses of Sprint Communications Company L.P. to the Staff Inquiries for Review of Transactions. Please note that one response contains proprietary information and should be treated accordingly. The public version was filed electronically, and a copy of the public version is also enclosed.

Mary Ellen Hassell is the Sprint employee responsible for the responses, and her verification is attached. A verification of David R. Conn on behalf of T-Mobile USA, Inc. is also attached pertaining to any T-Mobile information in the responses.

Please contact me if the Commission has any questions regarding this matter.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michelle Painter". The signature is written in a cursive, flowing style.

Michelle Painter

cc: Marissa Boyle, via e-mail

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the public Responses of Sprint Communications Company L.P. to Staff Inquiries for Review of Transactions upon the entities listed below in the manner indicated in accordance with the requirements of 52 Pa. Code §1.54.

Dated this 10th day of August, 2018 in Reston, Virginia

VIA FIRST CLASS MAIL

Office of Small Business Advocate
300 North 2nd Street, Suite 1102
Harrisburg, PA 17101

Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101

Bureau of Investigation and Enforcement
Pennsylvania PUC
PO Box 3265
Harrisburg, PA 17105-3265



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**Sprint Communications Company L.P.'s August 10, 2018 Response to Staff
Inquiries for Review of Transactions under 52 Pa. Code §§ 63.321-63.325**

1. Identify the ultimate parent of each party to the transaction and the valuation of each.

Sprint's Response: The valuation of Sprint Corporation via its latest report filed at the SEC can be found at:

http://s21.q4cdn.com/487940486/files/doc_financials/quarterly/2017/q4/2017-10K.pdf

The valuation of T-Mobile US, Inc. via its latest report filed at the SEC can be found at: <http://investor.t-mobile.com/Cache/393284541.pdf>

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2. Identify all jurisdictions where the Applicant(s) seeks utility regulatory approval of the transaction and the status of those approvals. While pending in Pennsylvania, identify any jurisdiction that acts on the Application and describe the action taken. Provide updates as necessary.

Sprint’s Response: Please see the following list of all jurisdictions where Sprint seeks utility regulatory approval of the transaction and the current status. Sprint will provide updates as they occur.

State/Federal	Filing Date	Docket Number	Status
FCC	6.18.18	WTB 18-197	7/18/18-Public Notice released. 8/27/18—petitions to deny due 9/17/18—oppositions due 10/9/18—replies due
California	7.13.18	Wireless application (A.18-07-012) Wireline application (A.18-07-011)	8/16/18 – protests due.
Hawaii	7.6.18	Docket No. 2018-0157	
Louisiana	7.9.18	Docket No. S-34950	Approved by administrative letter dated 8/3/18.
New York	7.6.18	Case No. 18-C-0396	

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State/Federal	Filing Date	Docket Number	Status
Colorado	7.13.18	Docket No. 18A-0469T	
Georgia	7.16.18	Docket No. 42062	
Minnesota	7.13.18	Docket No. 18-484	
Mississippi	7.13.18	Docket No. 18-UA-124	
Nevada	7.13.18	Docket No. 18-07009	
New Jersey	7.13.18	Docket No. TM18070730	
Utah	7.13.18	Docket No. 18-094-02	8/13/18 – comments due.
Virginia	7.13.18	Case No. PUR-2018-00110	
Alaska	7.20.18	Docket No. U-18-091	
Delaware	7.20.18	PSC Docket No. 18-0984	The application was on the PSC's 8/7/18 consent agenda where the Commission agreed to take no action. As a result, it will be deemed

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State/Federal	Filing Date	Docket Number	Status
			approved as of 8/20/18.
District of Columbia	7.20.18	Case No. TA1996-03	
Maryland	7.20.18		
Texas	7.20.18	Docket No. 48536	7/26/18—procedural order issued with following dates: 8/10/18—Staff recommendation on sufficiency of application and Texas Register publication 8/17/18—Commission order on sufficiency of application and deadline to intervenor comment or request for hearing. 8/27/18-- Deadline for Staff request for hearing or final recommendation 9/18/18- Order approving or denying application.
West Virginia	7.20.18	Case No. 18-1087-T-PC	Staff report due 8/19/18

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3. If any conditions are under consideration, imposed, or agreed to in any jurisdiction in which approval is being sought or remains pending, please update the filing to include that information as it occurs.

Sprint's Response: Sprint will provide periodic updates to the Commission pursuant to this request.

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4. Identify all Pennsylvania-specific impacts known, anticipated, or considered that will or may result in any fashion from the transaction.

Sprint's Response: Applicant Sprint Communications and its customers will benefit from having access to increased managerial, technical and financial resources, which will allow Sprint Communications to offer a wider array of services bundled with wireless services, allowing it to more effectively compete in the market. Moreover, the overall beneficial impacts of the proposed transaction are certain to positively impact all areas of the country, including Pennsylvania. Those substantial benefits are laid out in extensive detail in the Public Interest Statement and related appendices. That document can be viewed at this link:
[https://ecfsapi.fcc.gov/file/10618281006240/Public%20Interest%20Statement%20and%20Appendices%20A-J%20\(Public%20Redacted\)%20.pdf](https://ecfsapi.fcc.gov/file/10618281006240/Public%20Interest%20Statement%20and%20Appendices%20A-J%20(Public%20Redacted)%20.pdf).

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5. If synergies as to scope or scale, or merger savings, are posed as a substantial public benefit overall, identify each anticipated synergy and/or savings. Identify the financial or other value of those synergies and/or savings and explain how such value was calculated.

Sprint’s Response: Anticipated synergies from the merger and details of such synergies can be found in several portions of the Public Interest Statement, notably including the Declaration of Michael Sievert, President and Chief Operating Officer of T-Mobile US, Inc. (Appendix C to the Public Interest Statement). That document can be viewed at this link:

[https://ecfsapi.fcc.gov/file/10618281006240/Public%20Interest%20Statement%20and%20Appendices%20A-J%20\(Public%20Redacted\)%20.pdf](https://ecfsapi.fcc.gov/file/10618281006240/Public%20Interest%20Statement%20and%20Appendices%20A-J%20(Public%20Redacted)%20.pdf).

See in particular Sections III and IV of the Sievert Declaration. As noted in Paragraph 12 of that Declaration, the “merger with Sprint will create an estimated \$43.6 billion in total net present value cost synergies, and New T-Mobile will use those synergies to fund an investment of nearly \$40 billion to build a 5G network (and fund related capital projects) by 2024.” New T-Mobile’s business plan calls for capital expenditures of \$14 billion in 2019, \$12.3 billion in 2020 and \$13.3 billion in 2021. See *id.* at Paragraph 15.

Paragraph 13 of Mr. Sievert’s Declaration states as follows with respect to synergies:

In our financial analysis, there are three principal sources of merger-related synergies (*i.e.* net present value (“NPV”) cost savings). First, there are the network synergies gained by eliminating the massive and inefficient duplication of T-Mobile’s and Sprint’s existing networks. These synergies consist of (1) synergies from decommissioning duplicative or otherwise unneeded network sites, and (2) reduced

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capital expenditures resulting from the scale benefits of combined network assets. Together, network synergies amount to \$25.7 billion in NPV cost savings. Second, there are sales, service and marketing cost-related synergies. These synergies consist of: store consolidations (partly offset by store expansions); consolidating advertising and marketing assets; increased equipment purchasing power and efficiency savings; and improved repair and logistics practices. Together sales, service and marketing synergies amount to \$11.2 billion. Finally, there are back office synergies from IT and billing improvements and other general and administrative synergies. Together, these synergies amount to about \$6.1 billion.

Mr. Sievert also describes how estimated synergies are calculated in Paragraph 14:

New T-Mobile is expected to be able to eliminate approximately 35,000 redundant Sprint cell base station sites, generating substantial cost savings from elimination of leases, backhaul, utilities, upgrades, maintenance, and other recurring site-related expenses. The decommissioning of these cell sites and the ability to avoid building roughly 20,000 macro sites and 40,000 small cells through the network integration will result in projected run-rate synergies of approximately \$6.6 billion by 2024. Meanwhile, those sites that are retained will provide added network capacity during the transition and help defer spectrum congestion in urban areas and ensure Sprint customers migrating to the New T-Mobile network have the same or better coverage everywhere. New T-Mobile will save further by eliminating future individual network builds and upgrades.

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6. Identify whether any anticipated synergies and/or savings are expected to arise from the loss or potential loss of Pennsylvania jobs, tax revenues, facilities, or any other impact in Pennsylvania.

Sprint's Response: As noted in response to #7 *infra*, the Applicant does not have any employees in Pennsylvania, so there should be no loss or potential loss of facilities, jobs, or related income tax revenues. In fact, as noted in pages 80-83 of the Public Interest Statement, the merger is expected to result in the creation of thousands of American jobs and network investment. The Applicant does not anticipate any negative impact in Pennsylvania arising from anticipated synergies.

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7. Identify the location and number of any employees, offices, or facilities of the Applicant(s) that are located in Pennsylvania.

Sprint's Response: The Applicant does not have any employees or offices in Pennsylvania.

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8. Identify any functions, operations, or activities of any nature currently performed in or affecting Pennsylvania that may be impacted as a result of the transaction. Specifically, identify any operations that will be eliminated and any impact on Pennsylvania employment.

Sprint's Response:

The Applicant does not have any employees or offices in Pennsylvania and thus there are no Pennsylvania operations that will be negatively impacted by the transaction. However, the merger will result in the rapid and widespread deployment of a broad and deep nationwide 5G network that will benefit consumers in Pennsylvania and across the nation by delivering improved and innovated services.

As noted in pages 80-83 of the Public Interest Statement, the merger is also expected to result in thousands of new American jobs and network investment.

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9. Identify the number of Pennsylvania customers served by each of the parties to the transaction.

Sprint's Response: The Applicant does not have any residential or voice customers in Pennsylvania. The Applicant has **BEGIN PROPRIETARY END
PROPRIETARY** VoIP business customers in Pennsylvania.

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10. Identify all service markets (e.g., local exchange market, special access market) in Pennsylvania in which the Applicant or any affiliates participate.

Sprint's Response: In Pennsylvania, service is offered in the Enterprise Business and wireless markets.

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11. Identify all geographic areas in Pennsylvania in which the Applicant(s), its affiliates, or any other entities affected by the transaction, offer services.

Sprint's Response: In Pennsylvania service is offered statewide. For wireless service offered by Sprint, please see the Sprint coverage map at: <https://coverage.sprint.com/IMPACT.jsp>.

For wireless service coverage offered by T-Mobile please see the T-Mobile coverage map at: <https://www.t-mobile.com/coverage/coverage-map>.

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12. Identify any and all unaffiliated providers offering the same or competitive services as those of the Applicant(s) in the same geographic locales within Pennsylvania. Reference to all certificated carriers on file at the Commission will not be considered an acceptable or complete response.

Sprint's Response: The Applicant's competitors are the other certificated wireline providers in the state of Pennsylvania, including AT&T, Verizon, Comcast, CenturyLink, Level 3 and other providers of wireline service in the state.

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13. If the transaction is pending before the Federal Communications Commission (FCC), the U.S. Department of Justice (DOJ), or any other federal agency, please provide unexpurgated copies of responses provided to the FCC, DOJ, or other staff inquiries and data requests.

Sprint’s Response: The Applicant’s filings with federal agencies are ongoing, and Applicant anticipates that there will be a number of submissions going forward. Even at this stage of the proposed transaction, however, it is clear that the responses to federal agency requests will be voluminous (*i.e.*, likely millions of pages of documents). The Applicant respectfully submits that receiving and reviewing these materials would prove unnecessarily burdensome for PUC staff and would not provide PUC staff with the more helpful and relevant information that could be garnered via a more targeted document request.

Moreover, many of the responses submitted to federal agencies are confidential or highly confidential. As a result, these materials cannot be made available to the PUC unless sufficient safeguards are in place by means of a PUC Protective Order. For example, the FCC issued a Protective Order to guard against disclosure of confidential and highly confidential materials in this proceeding,¹ and separate FCC Protective Orders may apply to documents the federal agencies may request from prior proceedings. In addition, materials submitted during the Hart Scott Rodino (“HSR”) process are subject to confidentiality protections and are not subject to FOIA. Again, the PUC could streamline the process of implementing adequate confidentiality safeguards for both the Applicant and PUC staff by requesting a smaller subset of materials.

¹ See *Applications of T-Mobile US, Inc., and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations*, Protective Order, WT Docket No. 18-197, DA 18-624 (rel. June 15, 2018) (“*Protective Order*”).

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14. While the transaction remains pending before the Commission, provide updates to the status of the transaction or of any changes to the application at the federal level as soon as they occur.

Sprint's Response: Sprint will provide periodic updates to the Commission pursuant to this request.

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15. If the proposed transaction involves a foreign interest, describe in detail why state regulatory action on the proposed transaction would not be adverse to national security if DOJ approval remains pending.

Sprint's Response: Closing of the transaction is subject to completion of review by the Committee on Foreign Investment in the United States ("CFIUS") and the Defense Security Service ("DSS"). As part of the FCC review, the FCC solicits review of Team Telecom, an informal group of federal agencies involved in national security and law enforcement. The parties are working with all of the relevant agencies on the national security elements of the transaction. If the review process discloses any national security concerns, the agencies will require the Applicant to enter into one or more mitigation agreements to address them.

Moreover, if the transaction were to be approved in Pennsylvania prior to the completion of CFIUS, DSS, and/or FCC review, the two companies would not begin transitioning networks or executing on the transaction until after they obtain the appropriate approvals. In light of these safeguards, state approval of the proposed transaction before CFIUS, Team Telecom and/or DDS complete their respective reviews will have no adverse impact on national security.

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VERIFICATION

I, Mary Ellen Hassell, hereby state that the facts set forth in the August 10, 2018 responses to Staff Inquiries are true and correct to the best of my knowledge, information, and belief, and I expect to be able to prove the same if a hearing were held in this matter. I understand that the statements made herein are made subject to the penalties of Pa. C.S. §4904 (relating to unsworn falsification to authorities).



Mary Ellen Hassell

**BEFORE THE
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Rule Transaction of the Indirect Change
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Docket No. A-2018-3003259

VERIFICATION

I, David R. Conn, hereby state that the facts set forth in the August 10, 2018 responses to Staff Inquiries, as they relate to T-Mobile USA, Inc., are true and correct to the best of my knowledge, information, and belief, and I expect to be able to prove the same if a hearing were held in this matter. I understand that the statements made herein are made subject to the penalties of Pa. C.S. §4904 (relating to unsworn falsification to authorities).



David R. Conn