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December 3, 2018

By Federal Express Overnight Delivery

Honorable Rosemary Chiavetta
Secretary's Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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DEC - 3 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

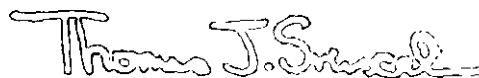
Re: Application of Sprint Communications Company L.P. for Approval of a General Rule Transaction of the Indirect Change in Control by Merger of Applicant from Softbank Group Corp. to T-Mobile US, Inc.; Docket No. A-2018-3003259;
OBJECTIONS AND RESPONSES TO STAFF INQUIRIES (PUBLIC VERSION)

Dear Secretary Chiavetta:

Enclosed for filing with the Commission, please find a **PUBLIC VERSION** of the Objections and Responses to the November 21, 2018 Staff Inquiries in the above-referenced matter. Please return a time-stamped copy in the enclosed self-addressed stamped envelope provided.

Please contact me should you have any questions regarding this matter.

Very truly yours,



Thomas J. Sniscak
Whitney E. Snyder
Counsel for T-Mobile

WES/jld

Enclosures

cc: Per Certificate of Service
William Haas (via email – William.Haas@sprint.com)
Michelle Painter (via email – Michelle.Painter@sprint.com)

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DEC - 3 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

**OBJECTIONS AND RESPONSES TO PENNSYLVANIA PUBLIC UTILITY COMMISSION'S
NOVEMBER 21, 2018 STAFF INQUIRIES**

Sprint Communications Company L.P. ("Applicant"), a wholly owned subsidiary of Sprint Corporation (either individually, or collectively with Applicant, "Sprint"), hereby submits its objections to the Pennsylvania Public Utility Commission's (the "Commission") third set of staff inquiries served on the Applicant on November 21, 2018.

BACKGROUND

1. Applicant filed its Application with this Commission on July 6, 2018. The protest period ended on August 5, 2018. No protests or interventions were filed against the Application; it is therefore uncontested.
2. A first set of staff inquiries was filed on Sprint on July 31, 2018 and Sprint filed timely responses on August 10, 2018.
3. On September 13, 2018, Applicant filed an updated response to Staff Inquiry #2 regarding the status of the merger at the FCC and other states.
4. On September 14, 2018, Applicant filed a letter with the Commission with updated information that all voice IXC customers referenced at page 2, footnote 3 of the Application were now disconnected off of Sprint's TDM network.
5. On September 21, 2018, Applicant sent an e-mail to Marissa Boyle of the Bureau of Technical Utility Services ("TUS") with follow up information about Applicant's intrastate revenue in Pennsylvania. This e-mail contained a confidential document that identified a detailed breakdown of Applicant's intrastate revenue for 2017 as well as for 2018 through July.

6. A second set of staff inquiries was filed on Applicant on September 27, 2018. Applicant filed timely responses to these inquiries on October 9, 2018.
7. On November 19, 2018, Applicant filed supplemental responses to staff inquiries, specifically providing updated responses to #s 2 and 5 of the second set of staff inquiries, as well as an update of the status of the merger at the Federal Communications Commission ("FCC") and other states. The response to #5 provided highly confidential information and was filed under seal.
8. On November 21, 2018, over four and a half months after Applicant filed its Application and three and a half months after the protest period expired, Applicant received the third set of staff inquiries containing approximately 64 questions when including subparts.

GENERAL OBJECTIONS

9. Applicant objects to these staff inquiries as improper, overbroad and unduly burdensome to the extent that they purport to impose upon Applicant any obligations broader than those set forth by the Pennsylvania Code or otherwise permitted by law.

10. Applicant objects to these staff inquiries to the extent they seek documents or information which are neither relevant nor material to the subject matter of this proceeding.

11. Applicant objects to these staff inquiries to the extent that they are untimely. The Application was filed on July 6, 2018 – over four months ago. The majority of these inquiries could have and should have been served upon Applicant shortly after the filing of the application. 52 Pa. Code §5.331 specifically requires discovery to be initiated as early in the proceeding as possible.

12. Applicant objects to these staff inquiries as improper, overbroad and unduly burdensome to the extent that they improperly seek the disclosure of information protected by the attorney-client privilege, joint defense privilege, attorney work-product doctrine or any other applicable privilege or doctrine. Such responses as may hereafter be given shall not include any information protected by such privileges or doctrines, and the inadvertent disclosure of such information shall not be deemed as a waiver of such privilege or doctrine.

13. Applicant objects to these staff inquiries on the ground that they seek access to confidential, competitively sensitive and/or proprietary business information and trade secrets belonging to Applicant, Sprint and/or T-Mobile US, Inc. ("T-Mobile"). Applicant, Sprint and T-Mobile have made reasonable efforts to maintain the secrecy of its confidential or highly confidential information and such information has independent economic value from not being generally known to nor readily ascertainable by proper means to others who can obtain economic value from its disclosure or use. The furnishing of responses to these requests is not intended nor should it be construed to waive Applicant, Sprint and/or T-Mobile's rights to protect from disclosure documents and information containing confidential or highly confidential trade secrets or business information. Applicant reserves the right to redact confidential or highly confidential business information or trade secrets not relevant to the subject matter of this proceeding. The inadvertent production of any such information and documents shall not constitute a waiver of Applicant, Sprint, or T-Mobile's rights and privileges with regard to such information and documents.

14. Applicant objects to these staff inquiries to the extent that a request seeks the disclosure of information or documents that are subject to any obligation of confidentiality owed by Applicant to any third party.

15. Applicant objects to these staff inquiries to the extent they seek an analysis, calculation or compilation which has not previously been performed and which would require a special study.

16. Applicant objects to these staff inquiries to the extent that they request the production of documents or information that are publicly available or already within the Commission's possession or control.

17. Applicant objects to these staff inquiries to the extent that they are not limited to any stated time period, or identify a stated period of time that is longer than is relevant for purposes of this docket, as such discovery is unduly broad and overly burdensome.

18. Applicant objects to these staff inquiries to the extent that they request information beyond the scope of this proceeding.

19. Applicant objects to these staff inquiries to the extent that they request information beyond the scope of the Commission's jurisdiction.

20. Applicant objects to these staff inquiries to the extent that they request a legal opinion.

21. Applicant's response to a particular staff inquiry should not be construed to waive Applicant's objections or Applicant's position that such requests are irrelevant, overbroad, immaterial, inadmissible, vague or burdensome or otherwise improper pursuant to Pennsylvania law.

22. Applicant's responses are made on the basis of the information presently known to Applicant, Sprint and/or T-Mobile without prejudice to Applicant's right to amend or supplement responses as additional information, if any, is located, and as additional information may be imparted to Applicant by the Commission regarding the scope and meaning of the staff inquiries.

23. Review of the staff inquiries is continuing and Applicant reserves the right to assert such further objections and privileges as it may subsequently determine are applicable to the staff inquiries.

SPECIFIC OBJECTIONS AND RESPONSES

- **Wireline PA Benefits from This Transaction**

1. Reference Application pages 6-7 and the parties' August 10, 2018 response to staff Data Request (August 10 DR Responses) No. 4, and the identification of increased managerial, technical, and financial resources available to Sprint Communications as a result of the proposed transaction and the ability to offer a wider array of services that can be bundled with wireless service.
 - a. Aside from increased resources and potentially broader services, identify all Pennsylvania-specific public interest benefits related to wireline services only.
 - b. Identify specifically new wireline services that the parties are aware of or have considered that will be able to be bundled with wireless service that are not already offered in Pennsylvania.
 - c. Provide an unredacted copy of the public interest statement cited in the link.

OBJECTION: Applicant objects to subpart (c) of this request as unduly burdensome, overbroad, untimely and irrelevant. The public interest statement is voluminous. In addition, the unredacted version of the public interest statement contains confidential information that does not belong solely to the Applicant, Sprint Communications Company L.P.

RESPONSE:

Subject to and without waiving its objections, the significant increase in managerial, technical, and financial resources available to the Applicant as a result of the Indirect Certificated Entity Acquisition, and the improved service breadth and quality described in the Application and August 10 DR Responses, are enormously important public interest benefits for Pennsylvania and Pennsylvania consumers and should not be disregarded. In fact, similar if not identical benefits have been considered favorably by the Commission in its recent approval of numerous other

wireline transactions. In addition to these benefits, the Indirect Certificated Entity Acquisition will:

- increase the Applicant's operating synergies and provide it with scale and scope advantages;
- strengthen the Applicant's ability to invest in its business and network and compete with other providers of wireline service; and
- contribute to a more competitive wireline market for consumers, thereby inducing better service and driving down prices to the benefit of customers and Pennsylvania's consumers, generally.

Through the Applicant, Sprint holds wireline assets with features that, when combined with the New T-Mobile network, could strengthen the combined company's portfolio and help meet the needs of customers across Pennsylvania. Sprint operates one of the world's largest global Tier-1 IP networks and delivers its IP based services via facilities-based fiber-optic backbone, managing an IP/Ethernet access footprint with facilities in 32 countries and the ability to reach an additional 123 countries via network partners and access providers.

Furthermore, Sprint's IP backbone architecture and engineering principles provide world-class network performance, redundancy and security, thus ensuring the highest levels of Quality of Service and industry-leading Service Level Agreements. The Sprint Global IP Network is supported by advanced network management tools and fully redundant Network Operations Centers providing enterprise customers with a degree of reliability and performance among the best in the industry. Sprint's network and IP products provide a full suite of managed network solutions including IP/MPLS, SD-WAN as well as a range of fully managed and integrated security solutions.

These services can be integrated with New T-Mobile's wireless products to provide superior options for both wireless and wireline customers in Pennsylvania. When combined with the New T-Mobile 5G network, these assets and services create far greater value for enterprise customers than could be achieved by Sprint as a standalone company. The combination of New T-Mobile wireless assets and Sprint wireline assets will enable more attractive combinations of wireless, landline-replacement, SD-WAN, wireline, or IoT services into single plans as demanded by many enterprise customers. By doing so, New T-Mobile will be able to manage and balance pricing and costs across multiple offerings to more economically provide appealing services to customers.

- **Merger Benefits from 2013 Transaction**

2. Reference Application of Sprint Communications Company, L.P. for Approval of a General Rule Indirect Transfer of Control, Docket No. A-2012-2337337, PA PUC Order entered April 18, 2013, and the following reference: "The Applicant avers that by permitting SoftBank to make a capital investment of \$20.1 billion through its subsidiaries, thereby effectively taking a majority interest, existing customers will have access to the services they enjoy today along with the potential for expanded services going forward. Additionally, the Applicant asserts that the financial strength of Sprint will increase competition in the Pennsylvania telecommunications markets because the proposed indirect transfer of control will provide increased financial resources to support the possible introduction of new products, services, and investment." (Order at 3.)

- a. Identify all benefits from the transaction that ensued specifically to the benefit of Pennsylvania following approval of this transaction. Explain fully, with specifics and

- supporting documentation, including quantification of increased investment and identification of expanded or new services and products.
- b. Identify all purported benefits anticipated for but that did not ensue to Pennsylvania specifically and explain why not.
 - c. If benefits were extended to or ensued in a jurisdiction(s) that did not include Pennsylvania, identify and explain fully the benefit and why it was not offered to or ensue in Pennsylvania.

OBJECTION: Applicant objects to this request pursuant to 52 Pa. Code § 5.321 as requesting information beyond the scope of this proceeding. Neither this Commission, nor any other party, has alleged that Sprint did not comply with the Pennsylvania Commission's Order issued in Docket No. A-2012-2337337. Information concerning this prior transaction is neither relevant nor likely to lead to relevant evidence concerning the merits of the instant application proceeding. Additionally, the transaction is beyond the Limitation of Actions under 66 Pa. C.S. §3314 if this request is intended to be in the nature of a compliance or prosecutorial investigation which is inappropriate in an adjudicatory proceeding under *Lyness v. State Board of Medicine*, 529 Pa. 535, 605 A.2d 1204 (1992).

RESPONSE: Subject to and without waiving its objections, Applicant responds as follows:

- a. Since the close of the transaction in 2013, SoftBank has provided Sprint and its subsidiaries, including the Applicant, with additional managerial, technical, and financial resources. These resources have enabled Sprint to increase network investment, accelerate broadband deployment, and provide a wider array of services bundled with wireless offerings. SoftBank's financial support has allowed Sprint, which has faced longstanding capital and cash flow constraints, to make capital investments of over \$24.2 billion in its network since 2013 (even as this investment has still lagged far behind that of Verizon and AT&T, which have much greater scale).

Further, since the close of the transaction, Sprint has begun to offer such packaged services as its Sprint Mobile Integration service, which allows a wireless handset to operate as part of a subscriber's wireline voice network. Sprint has also begun to offer its DataLink SM service, which relies on the company's wireless network to directly connect enterprise subscribers' remote locations and personnel to their wireline data network, thereby enabling businesses to easily adapt their operations to changing commercial requirements. The 2013 transaction therefore has allowed Sprint to enhance its network capabilities and expand access to innovative technologies and services to the benefit of subscribers across the United States, including in Pennsylvania.¹ Both of these services are offered to Pennsylvania consumers.

- b. Applicant is not aware of any benefits that did not ensue to Pennsylvania.

¹ See Sprint-Nextel Corp., Annual Report (Form 10-K) (Feb. 28, 2013), <https://www.sec.gov/Archives/edgar/data/101830/000010183013000006/sprint201210-k.htm>; Sprint-Nextel Corp.; Sprint Corp., Annual Report (Form 10-K) (Feb. 24, 2014), <https://www.sec.gov/Archives/edgar/data/101830/000010183014000012/sprintcorp201310-k.htm>; Sprint Corp., Annual Report (Form 10-K) (May 26, 2015), <https://www.sec.gov/Archives/edgar/data/101830/000010183015000012/sprintcorp201410-k.htm>; Sprint Corp., Annual Report (Form 10-K) (May 17, 2016), <https://www.sec.gov/Archives/edgar/data/101830/000010183016000066/sprintcorp201510-k.htm>; Sprint Corp., Annual Report (Form 10-K) (May 26, 2017), <https://www.sec.gov/Archives/edgar/data/101830/000010183017000015/sprintcorp201610-k.htm>; Sprint Corp., Annual Report (Form 10-K) (May 24, 2018), <https://www.sec.gov/Archives/edgar/data/101830/000010183018000023/sprintcorp201710-k.htm>.

c. Not applicable.

- **Merger Benefits from March 2018 Transaction**

3. Reference Application of Sprint Communications Company L.P. for Approval of Pro Forma Intra-Company Change of Control, Docket No. A-2018-2643865, approved by PA PUC Secretarial Letter dated March 29, 2018 and the following reference to the parties' averment: "[T]he purpose of the proposed reorganization is to consolidate SoftBank's global investment operations through SBGC, which will enable SoftBank to further rationalize group management of its business and investment operations, including Sprint. This in turn, the Applicant avers, will serve the public interest by increasing efficiency in corporate operations and improving SoftBank's value, thereby allowing SoftBank to be better positioned to manage and invest in Sprint's operations over the long term, benefitting Sprint through increased efficiency and improved management synergies effected by the restructuring." (Secretarial Letter at 4.)
- a. Identify all benefits from the transaction that ensued specifically to the benefit of Pennsylvania following approval of this transaction. Explain fully, with specifics and supporting documentation, including quantification of increased efficiency and investment in Sprint's operations.
 - b. Identify all purported benefits anticipated for but that did not ensue to Pennsylvania specifically and explain why not.
 - c. If benefits were extended to or ensued in a jurisdiction(s) that did not include Pennsylvania, identify and explain fully the benefit and why it was not offered to or ensue in Pennsylvania.

OBJECTION: Applicant objects to this request pursuant to 52 Pa. Code § 5.321 as requesting information beyond the scope of this proceeding. Neither this Commission, nor any other party, has alleged that Sprint did not comply with the Pennsylvania Commission's Order issued in Docket No. A-2018-2643865. Information concerning this prior transaction is neither relevant nor likely to lead to relevant evidence concerning the merits of the instant application proceeding. Additionally, to the extent this request is intended to be in the nature of a compliance or prosecutorial investigation, it is inappropriate in an adjudicatory proceeding under *Lyness v. State Board of Medicine*, 529 Pa. 535, 605 A.2d 1204 (1992).

RESPONSE: Subject to and without waiving its objections, Applicant responds as follows:

a. The *pro forma* intra-company reorganization that occurred in April 2018 consolidated SoftBank's global investment operations, thereby allowing SoftBank to increase efficiency in its corporate operations and improve the company's value. Even in the short time since the approval of this transaction, SoftBank's internal consolidation has enabled the company to better position itself to manage Sprint's operations over the long term, including operations in Pennsylvania through the Applicant Sprint. In particular, in the six month period ending on September 30, 2018, SoftBank's operating income increased over 5 percent from the previous year, due in part to cost reductions at Sprint during this same timeframe. Accordingly, Sprint and its customers, including its Pennsylvania customers, are benefiting from increased efficiency and improved management synergies resulting from the transaction.

b. Applicant is not aware of any benefits that did not ensue to Pennsylvania.

c. Not applicable.

- **Reservation of Federal Rights vis-à-vis PA Public Interest Benefits**

4. Reference Application page 7 and the statement that the proposed transaction will bring numerous other public interest benefits to the residents of Pennsylvania and note 12 and the statement that the discussion of the public interest benefits of the associated merger transaction is included only for informational purposes and that applicant reserves its rights under federal law, including the Communications Act.
 - a. Explain fully the reservation. Include in, but do not limit the explanation to, the intent behind, scope of, legal support for, and the parties' understanding of its reservation of rights under federal law vis-à-vis the PA PUC's statutory requirements in Chapter 11 of the Pennsylvania Public Utility Code and applicable case law requiring substantial evidence of affirmative public benefit sufficient to warrant the PA PUC's approval of the proposed transaction.
 - b. Is it the parties' position that the PA PUC should consider these numerous other public interest benefits to the residents of Pennsylvania but that the PA PUC has no jurisdiction to ensure these benefits will ensue to the residents of Pennsylvania? If anything other than an unequivocal yes, fully explain how the PA PUC may ensure these benefits will ensue in Pennsylvania. If an unequivocal yes, fully explain why the PA PUC should consider allusions to benefits the PA PUC cannot, in the parties' position, ensure will ensue as substantial evidence of affirmative public benefit in Pennsylvania.

OBJECTION: Applicant objects to this request on the grounds that it does not request data but, rather, an in-depth legal analysis of federal and state statutes, regulations, and case law that is beyond the scope of this matter and outside the scope of the Commission's jurisdiction.

RESPONSE:

Subject to and without waiving its objections, Applicant fully recognizes the PA PUC's statutory authority to approve the Indirect Certificated Entity Acquisition pursuant to Chapter 11 of the Pennsylvania Public Utility Code (the "Public Utility Code"), and 52 Pa. Code § 63.324. Under this authority, the Commission must find that the transaction "is necessary or proper for the service, accommodation, convenience, or safety of the public." 66 Pa. C.S. § 1103(a). In making such a determination, the Commission must find that the transaction will "affirmatively benefit the public in some substantial way." *City of York v. Pa. PUC*, 449 Pa. 136, 295 A.2d 825 (1972). Applicant believes that, even if limited to the wireline elements of the transaction, the Application and subsequent responses to the Commission's staff inquiries have demonstrated that the Indirect Certificated Entity Acquisition will result in substantial affirmative benefits to the public and consumers that meet or exceed the affirmative benefits created by other similar transactions that the Commission has approved. See, e.g., Joint Application of XO Holdings and Verizon Communications Inc. for approval of a transfer of control of XO Communications Services, Inc. from XO Holdings to Verizon Communications Inc., Docket No. A-2016-2535279; Joint Application for the Transfer of Control of Level 3 Communications, Inc., together with Level 3 Communications, LLC, TelCove Operations, LLC, TelCove of Pennsylvania, LLC, Broadwing Communications, LLC, WiTel Communications, LLC, Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc., and Level 3 Telecom Data Services, LLC, to Transferee, CenturyLink, Inc., Docket No. A-2016-2580274, et.al.; Joint Application of Consolidated Communications Holdings, Inc., Consolidated Communications of Pennsylvania Company, LLC, Consolidated Communications Enterprise Services, Inc., FairPoint Communications, Inc., Bentleyville Communications Corporation, Marianna & Scenery Hill Telephone Company, BE Mobile Communications, Incorporated, Marianna Tel Inc., and FairPoint Business Services LLC for Approval of a General Rule Transaction Involving a

Transfer of Control of Telecommunications Public Utilities, Docket No. Docket No. A-2017-2583431, et. al.; Joint Application for the indirect transfer of control of Intellifiber Networks, Inc., Cavalier Telephone Mid-Atlantic, LLC, Talk America, Inc., US LEC of Pennsylvania, LLC, PaeTec Communications, Inc., LDMI Telecommunications, Inc., and McLeodUSA Telecommunications Services, LLC to Windstream Corporation, Docket No. A-2011-2258734, et. al.

With respect to the scope of public interest benefits available for the Commission's consideration, and the Commission's ability to consider public benefits created by the wireless elements of the Merger, Applicant recognizes that wireless carriers are specifically excluded from the definition of "public utility" in the Public Utility Code. See 66 Pa. C.S.A § 102. Furthermore, Applicant also recognizes that Section 332 of the Communications Act constrains state authority over commercial mobile radio services, establishing that "no state or local government shall have any authority to regulate the entry of or the rates charged by any commercial mobile service or any private mobile service." 47 U.S.C. §332. The Commission acknowledged this preemption of its authority in *In Re: Implementation of the Omnibus Budget Reconciliation Act of 1993* and, therefore, the Commission has declined jurisdiction over wireless carriers. As a result, the wireless elements of the transaction, and many of the transaction's most significant benefits, are beyond the Commission's jurisdiction. However, Applicant is unaware of any constraint under which the Commission may only consider public interest benefits related solely to services within its regulatory purview. To the contrary, the Commission's record is replete with examples of the Commission justifying its approval of transactions by referencing public benefits beyond the scope of its jurisdiction or over which it has no authority to mandate fulfillment. For example, it is not within the Commission's authority to require a certificated company to invest in new technology, realize certain operating synergies, reduce its leverage, or compete more aggressively. However, the Commission has cited these as relevant public benefits in recent transactions involving wireline entities. See, e.g., Joint Application of XO Holdings and Verizon Communications Inc. for approval of a transfer of control of XO Communications Services, Inc. from XO Holdings to Verizon Communications Inc., Docket No. A-2016-2535279; Joint Application for the Transfer of Control of Level 3 Communications, Inc., together with Level 3 Communications, LLC, TelCove Operations, LLC, TelCove of Pennsylvania, LLC, Broadwing Communications, LLC, WiTel Communications, LLC, Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc., and Level 3 Telecom Data Services, LLC, to Transfree, CenturyLink, Inc., Docket No. A-2016-2580274, et.al.; Joint Application of Consolidated Communications Holdings, Inc., Consolidated Communications of Pennsylvania Company, LLC, Consolidated Communications Enterprise Services, Inc., FairPoint Communications, Inc., Bentleyville Communications Corporation, Marianna & Scenery Hill Telephone Company, BE Mobile Communications, Incorporated, Marianna Tel Inc., and FairPoint Business Services LLC for Approval of a General Rule Transaction Involving a Transfer of Control of Telecommunications Public Utilities, Docket No. Docket No. A-2017-2583431, et. al.; Joint Application for the indirect transfer of control of Intellifiber Networks, Inc., Cavalier Telephone Mid-Atlantic, LLC, Talk America, Inc., US LEC of Pennsylvania, LLC, PaeTec Communications, Inc., LDMI Telecommunications, Inc., and McLeodUSA Telecommunications Services, LLC to Windstream Corporation, Docket No. A-2011-2258734, et. al.

In fact, the Pennsylvania Supreme Court has explicitly found that the Commission's ability to grant approval of a transaction is not predicated on its ability to ensure that the benefits will ensue to the residents of Pennsylvania:

[T]he Commission is not required to secure legally binding commitments or to quantify benefits where this may be impractical, burdensome, or impossible; rather, the Public

Utility Commission properly applies a preponderance of the evidence standard to make factually-based determinations (including predictive ones informed by expert judgment) concerning certification matters. *Popowsky v. Pa. PUC*, 594 Pa. 583, 611, 937 A.2d 1040, 1057 (2007).

Therefore, though Applicant believes that the Commission could approve the Indirect Certificated Entity Acquisition based upon its wireline-related public benefits alone, the Commission also can, and should, consider the public benefits related to the wireless elements of the transaction and approve the transaction accordingly. Finally, with respect to this and other staff inquiries below, the court has also held that applicants do not need to “name particular services and/or products that have yet to be realized” in order to show affirmative public benefits. *Id.* Many of the Data Requests addressed in this filing demand a degree of detail beyond that required by law for the Commission’s evaluation.

- **Generalities of Public Interest Benefits**

5. Reference the statement that the transaction will have an overall beneficial impact on all areas of the country through merger-related synergies including cost savings and revenue growth, American job creation, and network investment, and the parties’ October 9, 2018 response to DR No. 4 (October 9 DR Responses) that synergy estimates have not been broken down to state-specific savings.
 - a. Describe in detail how the transaction will benefit Pennsylvania specifically. Provide all supporting documents, analyses, facts, or assumptions and the means by which the benefits are to be achieved in sufficient detail to warrant the PA PUC’s giving them credence.
 - b. If unable to describe in detail how the transaction will benefit Pennsylvania specifically, identify any state or region, as applicable, where specific benefits have been considered or identified formally or informally and identify those benefits.
 - c. If no benefits have been considered for Pennsylvania specifically, explain in detail and on what basis, other than the parties’ expectations, that Pennsylvania will benefit from cost savings and other synergies from the proposed transaction, and how the PA PUC can ensure that there is substantial evidence of affirmative public benefit in Pennsylvania and that benefits to Pennsylvania will ensue.

OBJECTION: Applicant objects to this request as beyond the scope of this matter, outside the scope of the Commission’s jurisdiction, not germane to the Commission’s review of the pending Indirect Certificated Entity Acquisition nor reasonably calculated to lead to the discovery of relevant information. The Pennsylvania Supreme Court has held that the Commission does not need to “secure legally binding commitments to assure public benefits from a merger.” *Popowsky v. Pa. PUC (MCI/Verizon)*, 937 A.2d 1040, 1055 (Pa. 2007). As part of a merger review, an applicant is not required to “quantify benefits where this may be impractical, burdensome, or impossible.” *Id.* Further, an applicant does not need to “name particular services and/or products that have yet to be realized” in order to show affirmative public benefits. *Id.* The courts have also rejected the notion that “guaranties must be present to support a finding of benefits.” *Id.* Moreover, under the “deliberate approach,” when a company is acquired it may take time and investigation for the acquiring company to discern how best to realize such benefits. The deliberate approach is consistent with the Pennsylvania Supreme Court’s holding in *MCI/Verizon* that identification of best practices and quantification of resulting synergy savings is not required for approval of an application for acquisition of a utility. *Id.* As recognized by the Presiding Officer in the *UGI/Southern Union Initial Decision*, it is reasonable and prudent for the parties to undertake a deliberate, “best practices” analysis after the transaction is consummated, not at the application approval

stage. *See Application of UGI Utilities, Inc., UGI Utilities Newco, Inc. and Southern Union Co.*, Docket No. A-120011F2000 et al., Initial Decision, slip op. at 31-34 (July 21, 2006) (Colwell, ALJ).

RESPONSE:

Subject to and without waiving its objections, as Applicant described in its Application and responses to prior staff inquiries, the transaction will create tremendous benefits both nationwide and for Pennsylvania. New T-Mobile will invest nearly \$40 billion nationwide over the next three years to combine the complementary spectrum, sites, and assets of T-Mobile and Sprint to deliver a robust, nationwide world-class 5G network and services far sooner than otherwise possible. Current Sprint customers will realize 4G LTE coverage benefits; T-Mobile customers will realize improvements from the greater depth of spectrum; and, as the 5G network is built out, the speed and capacity gains will be significant. By 2024, the New T-Mobile network will have approximately double the total capacity and triple the total 5G capacity of standalone T-Mobile and Sprint combined, with 5G speeds approximately four times what Applicants could achieve on their own. In the face of this challenge, Verizon and AT&T will need to respond with improved and accelerated 5G network investment and deployment, intensifying competition to the betterment of all consumers, including those in Pennsylvania. The New T-Mobile merger related and restructuring impacts will be positive for the company and its services in Pennsylvania. This will result in enabling new or improved consumer services, enterprise services, wholesale services and broadband services as described below.

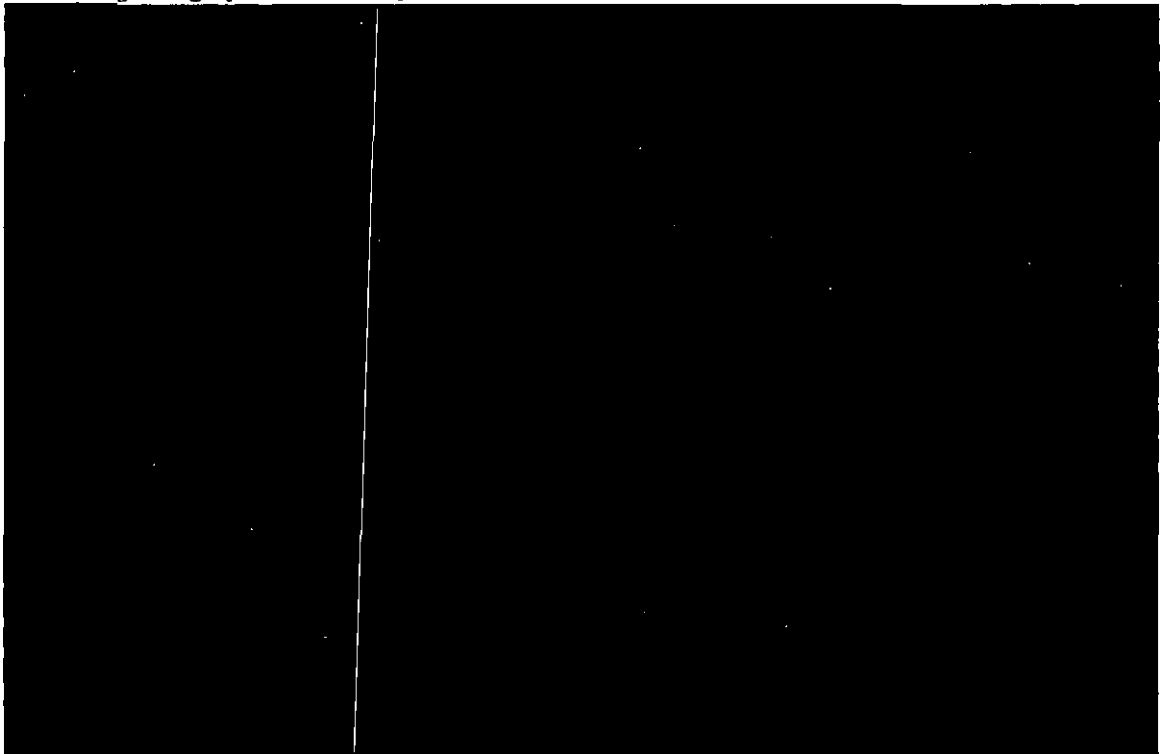
1. Retail Services

Improved Wireless Service. Pennsylvania's consumers of wireless services will benefit from a robust nationwide 5G network with the capacity, speed, and lower costs to deliver massive benefits. The New T-Mobile network will enable a 2x increase in overall, and a 3x increase in 5G, network capacity, far faster speeds, and much broader coverage than the standalone T-Mobile or Sprint networks. The T-Mobile and Sprint standalone plans to deploy 5G are far more limited than what New T-Mobile will deliver. Therefore, in Pennsylvania, consumers of New T-Mobile's wireless services will get dramatically faster speeds, improved quality, increased coverage and the huge capacity increases that will result in paying less and getting more.

In order to achieve these exceptional benefits, New T-Mobile will deploy its infrastructure far more extensively in the Commonwealth than otherwise possible for either of the standalone companies, and the improvement in service to Pennsylvania consumers will be clear. Currently, T-Mobile has: a substantial amount of low-band 600 MHz spectrum, which has limited capacity but provides excellent coverage; a small amount of mid-band spectrum (i.e., AWS and PCS bands), which provides high capacity but is less-well-suited for coverage; and geographically limited amounts of high-band, millimeter wave spectrum, which has very high capacity but very short range. Sprint, however, has very little low-band spectrum, large amounts of mid-band spectrum (i.e., 2.5 GHz, AWS, and PCS bands), and no high-band spectrum.

New T-Mobile will be able to expand usage of Sprint's mid-band 2.5 GHz spectrum at lower costs than Sprint's standalone plans would allow because New T-Mobile will be able to combine its 2.5 GHz deployment with the ongoing buildout of T-Mobile's 600 MHz spectrum. Radios today generally are 5G-capable. Therefore, the incremental costs of adding additional 5G radios utilizing Sprint spectrum are low given the need to visit the sites anyway to roll out T-Mobile's 600 MHz spectrum and to integrate the Sprint and T-Mobile networks. With the consolidation of two standalone networks into a single network at a time when upgrades are already needed, network capital and operating expense costs decline materially. In essence, those synergies will fund the further enhancement of the network. As demonstrated in Figure 1, for Pennsylvania, this will mean more unique 5G site locations covering each of the low-band, mid-band and mmWave spectrum bands. This is important because combining spectrum on sites results in a multiplicative rather than additive impact on the capacity of the network. As a result, New T-Mobile will deploy far more extensively in Pennsylvania than otherwise possible, including in Pennsylvania's rural areas.

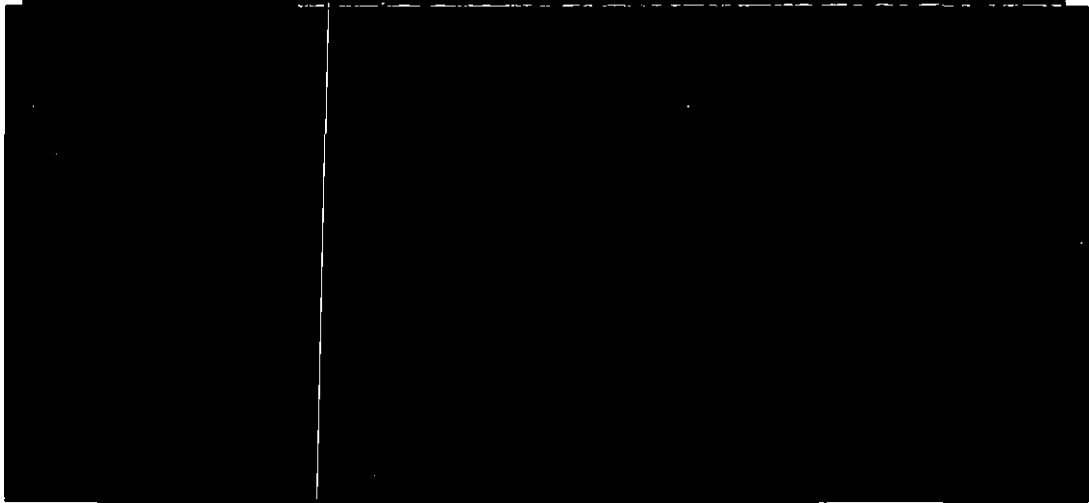
[Begin Highly Confidential]



[End Highly Confidential]

As illustrated in Figure 2, without the transaction, T-Mobile would be able to provide 5G coverage by deploying its 600 MHz spectrum across most of Pennsylvania's geography, including in many rural areas, but would only be able to deploy its limited amount of higher-capacity mid-band spectrum in a handful of population dense areas—the Philadelphia, Pittsburgh, Harrisburg, Lancaster, Allentown, Scranton/Wilkes-Barre, and State College metropolitan areas. In most areas, this would mean 5G coverage, but not a lot of capacity.

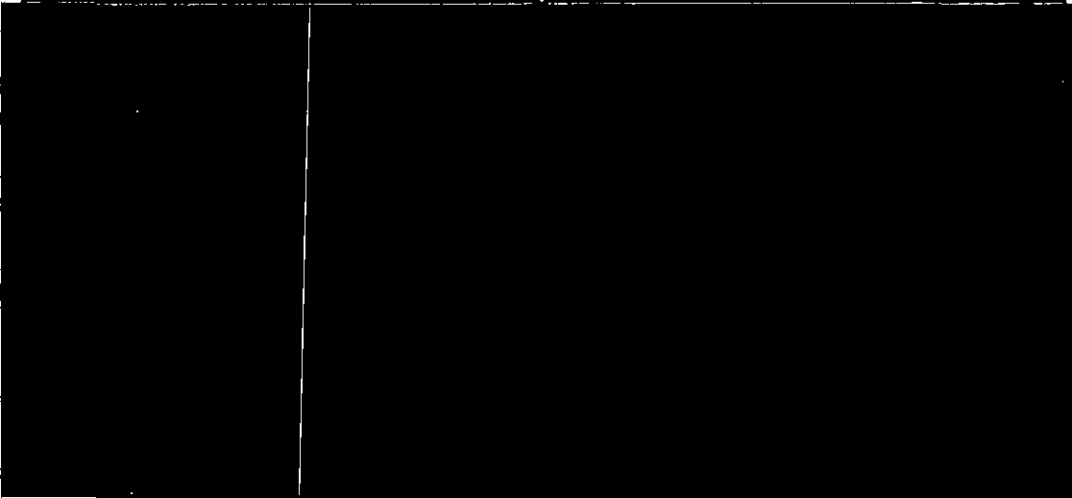
Figure 2: T-Mobile Standalone Projected 5G Coverage in 2024: Pennsylvania
[Begin Highly Confidential]



[End Highly Confidential]

Conversely, standalone Sprint, because it lacks adequate low band spectrum, would need to rely on its mid-band spectrum for 5G deployment. Therefore, as illustrated in Figure 3, Sprint would be unable to provide any 5G coverage over most of Pennsylvania's geography because its mid-band deployment would be limited to a few population dense areas.

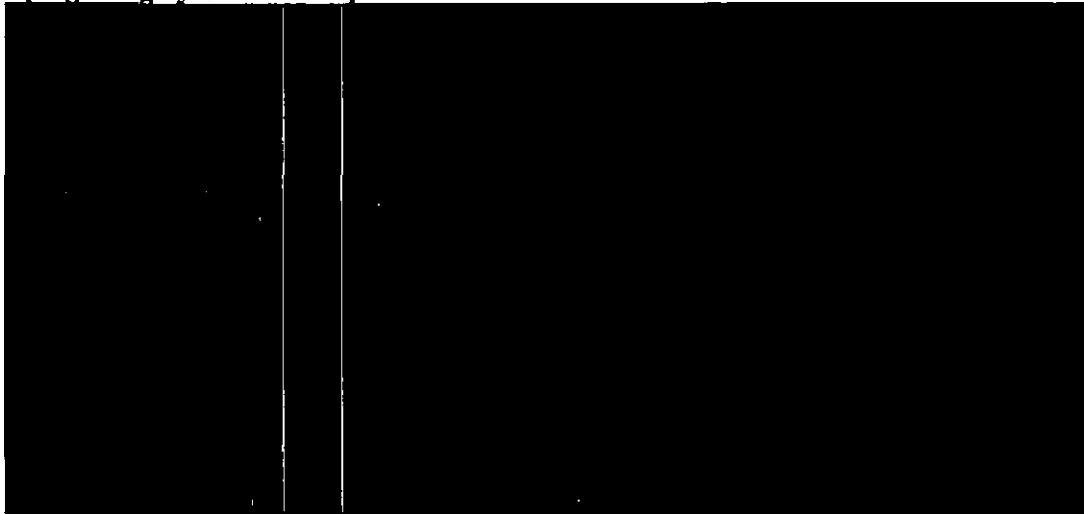
Figure 3: Sprint Standalone Projected 5G Coverage in 2024 : Pennsylvania
[Begin Highly Confidential]



[End Highly Confidential]

However, T-Mobile and Sprint have complementary spectrum portfolios and their combination would allow New T-Mobile to deploy mid-band spectrum far more expansively than either company could as standalones, providing mid-band coverage over most of Pennsylvania's geography and thus expanding speed, capacity and improving performance. This far more extensive deployment is illustrated in Figure 4.

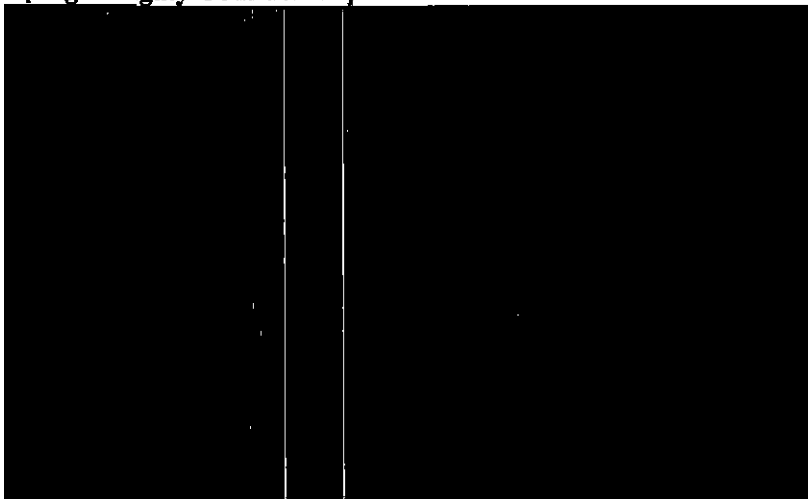
Figure 4: New T-Mobile Projected 5G Coverage in 2024 : Pennsylvania
[Begin Highly Confidential]



[End Highly Confidential]

The practical effect of New T-Mobile's more extensive mid-band deployment in Pennsylvania will be far greater capacity across the entire commonwealth and far higher speeds for Pennsylvania's consumers. As illustrated in Figure 5, New T-Mobile's Pennsylvania network will have more than double the average throughput (Mbps) by 2022 as compared to either of the standalone networks, and the speed gap between the networks continues to grow going forward.

Figure 5: New T-Mobile Average Throughput (Mbps) in Pennsylvania
[Begin Highly Confidential]

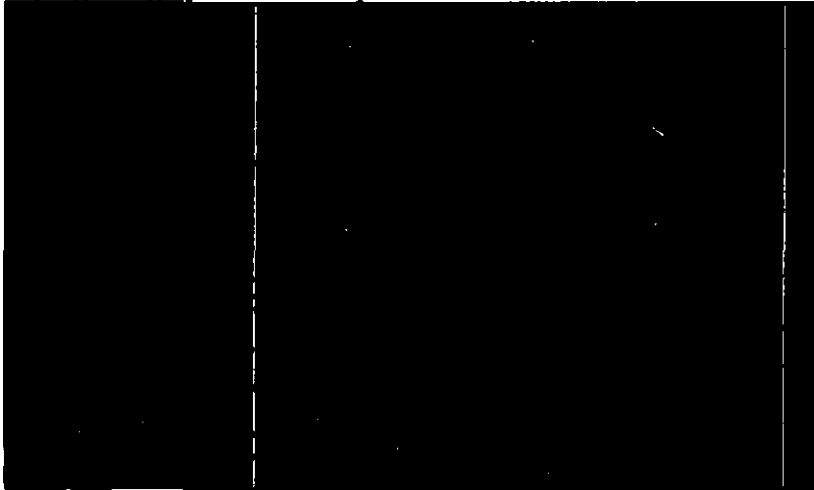


[End Highly Confidential]

As illustrated in Figure 6, New T-Mobile's Pennsylvania network will have double the combined capacity of the standalone networks by 2021, and more than three times the capacity of the standalone networks from 2022 going forward.

Figure 6: New T-Mobile 5G Offered Traffic in Pennsylvania

[Begin Highly Confidential]

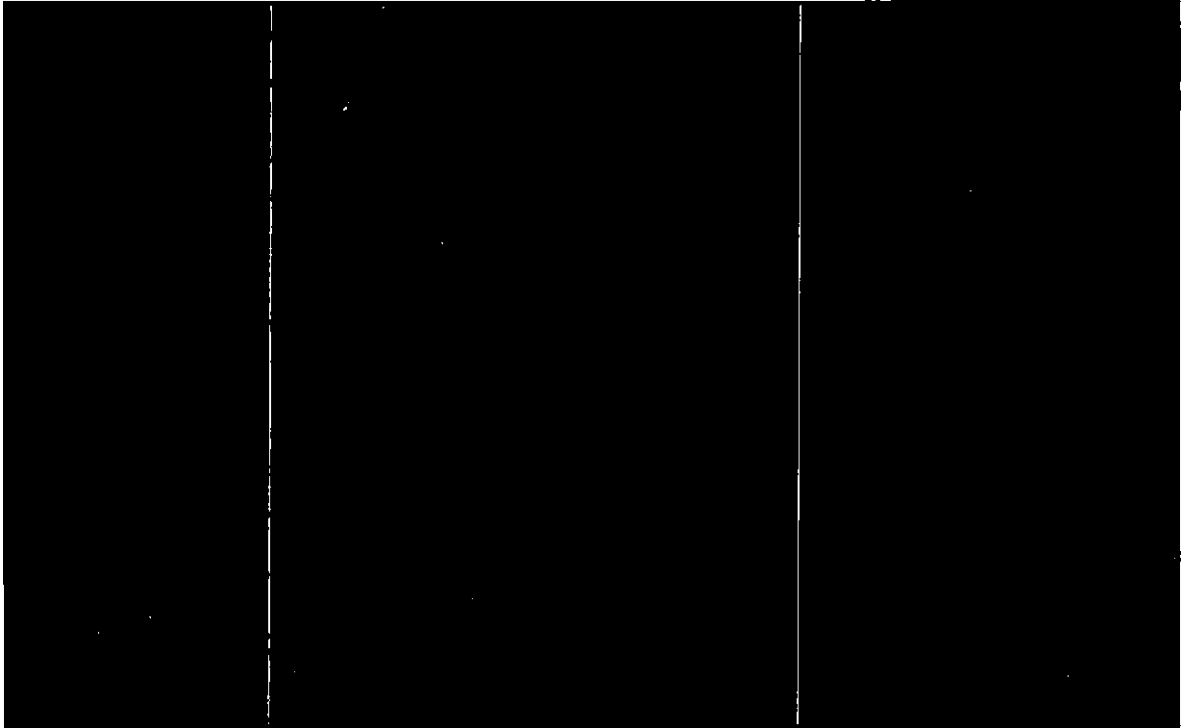


[End Highly Confidential]

These impressive contrasts are even more significant when considered in the context of how many Pennsylvania consumers will experience these fiber-like speeds. As illustrated in Figure 7, by 2024 New T-Mobile will be able to provide speeds in excess of 100 Mbps to 11.2 million Pennsylvanians – over 87 percent of the Commonwealth’s population – while neither standalone company would be able to offer equivalent speeds to even half of Pennsylvania residents. The standalone companies will not be able to offer speeds exceeding 300 Mbps in Pennsylvania, while New T-Mobile’s network would cover 9.8 million Pennsylvania residents at those speeds and 7 million at speeds exceeding 500 Mbps. That additional coverage at great speeds is a direct result of the transaction, as it is enabled by the combination of the parties’ complementary spectrum and network assets, and the deal synergies.

Figure 7: New T-Mobile 5G Speeds vs. Pops Distribution in Pennsylvania by 2024

[Begin Highly Confidential]



[End Highly Confidential]

Lower Wireless Prices. As we have mentioned, the New T-Mobile network will enable a massive increase in overall and 5G network capacity. As a matter of fundamental economics, significantly increasing the supply of available capacity puts substantial downward pressure on the per unit price of capacity. New T-Mobile's business plan tracks this fundamental economic tenet by recognizing that the optimal strategy to monetize the combined network's additional capacity is to reduce prices. As T-Mobile President and Chief Operating Officer Mike Sievert stated in his declaration to the Public Interest Statement: "[w]e will compete aggressively with lower prices to take market share from Verizon and AT&T, allowing more customers to enjoy the benefits of our increased capacity." Declaration of G. Michael ("Mike") Sievert, President and Chief Operating Officer, T-Mobile US, Inc., PIS Appx. C, at ¶21. Consistent with these economic incentives, "the [New T-Mobile] financial model projects passing scale benefits on to customers in the form of an over 6 percent reduction in average revenue per user ('ARPU'), going from **[Begin Highly Confidential]** **[End Highly Confidential]** by 2024." Declaration of Peter Ewens, Executive Vice President, Corporate Strategy, T-Mobile US, Inc., PIS Appx. D at ¶8.

With respect to Pennsylvania-specific price impacts, in addition to enabling New T-Mobile to build a world-leading 5G network in Pennsylvania, the network's capabilities and capacity will force New T-Mobile's competitors to respond in kind with improved and accelerated 5G network investment and deployment across the commonwealth to the betterment of all Pennsylvania consumers. The merging parties' economic analyses concluded that building the New T-Mobile nationwide 5G network will provoke competitive responses from Verizon and AT&T that result in as much as a 55 percent decrease in price per GB and a 120 percent increase in cellular data

supply for all wireless customers. Declaration of David S. Evans, PIS Appx. G, Section V.C., ¶¶220-44. Because nationwide wireless carriers price wireless services nationally, a six percent reduction in ARPU and 55 percent decrease in price per GB will be felt in Pennsylvania and all across the country. Moreover, the fundamentals of the proposed transaction and its massive increase in wireless capacity and output will benefit competition and consumers across all segments of the wireless market, including retail services provided through both prepaid and postpaid plans, as well as services sold at wholesale to MVNOs and other hybrid participants in the wireless ecosystem.

Wireless In-Home Broadband Alternatives. As noted previously, by 2024, New T-Mobile's 5G network will deliver average speeds of at least 100 Mbps to [Begin Highly Confidential] [End Highly Confidential] percent of Pennsylvanians. The network's fiber-like speeds will enable the merged company to aggressively enter the in-home broadband market with offerings that will disrupt the uncompetitive wired broadband marketplace. New T-Mobile will provide a *bona fide* alternative to today's limited broadband choices – both as a new, in-home broadband offering available to millions of households and as a genuine wireless alternative to traditional in-home broadband providers. The merged company's in-home broadband offering will be priced lower than traditional wired broadband services and will be available in areas across Pennsylvania where the available capacity exceeds mobile requirements and is sufficient to support the in-home services. The resulting broadband competition will create significant benefits and savings for Pennsylvania consumers.

Dr. Harold Furchtgott-Roth has quantified the benefits of this new broadband service to Pennsylvania consumers from: (1) customers purchasing New T-Mobile's in-home wireless broadband offering; (2) customers initiating in-home broadband services; (3) customers who "cord cut" and substitute New T-Mobile mobile 5G broadband service for fixed broadband providers; and (4) customers remaining with their current broadband provider but benefiting from the competitive response of other in-home broadband providers. See Harold Furchtgott-Roth, "Consumer Benefits in Pennsylvania from the Proposed T-Mobile-Sprint Merger" ("HFR Supplemental"). Dr. Furchtgott-Roth estimates the cumulative consumer welfare benefits for Pennsylvanians will be as much as [Begin Highly Confidential] [End Highly Confidential]. *Id.* at 3.

Today's uncompetitive in-home, wired broadband marketplace is in need of disruption by an aggressive and consumer-friendly broadband provider like New T-Mobile. We project that 9.5 million customers nationwide will subscribe to New T-Mobile's in-home wireless broadband offering by 2024. Dr. Furchtgott-Roth estimates that approximately [Begin Highly Confidential] [End Highly Confidential] Pennsylvania households could switch to New T-Mobile's in-home wireless broadband service by 2024 and that these households collectively could save [Begin Highly Confidential] [End Highly Confidential] *Id.* at 2. Dr. Furchtgott-Roth further projects that wired broadband competitors will be forced to respond, with as many as [Begin Highly Confidential] [End Highly Confidential] Pennsylvanian consumers initiating in-home broadband services with another provider in response to lower price offerings, and those consumers will save as much as [Begin Highly Confidential] [End Highly Confidential] by 2024. *Id.*

The millions of consumers who choose to eliminate their in-home wireline or cable broadband service altogether and rely exclusively on New T-Mobile's wireless services for their in-home needs will also realize substantial savings. Dr. Furchtgott-Roth estimates that approximately [Begin Highly Confidential] [End Highly Confidential] Pennsylvania consumers will unsubscribe from fixed broadband services altogether and rely only on New T-Mobile's mobile service and their mobile devices, saving [Begin Highly Confidential] [End

Highly Confidential] by 2024 and at least **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** *Id.* These substantial numbers will make a significant difference to Pennsylvania consumers.

Savings will additionally flow to customers of traditional wireline broadband providers. Large, traditional broadband providers are likely to respond to New T-Mobile's market entry and aggressive pricing by lowering their own prices and improving their services to meet this new competitive threat. Because New T-Mobile will offer its in-home broadband and mobile offerings in many areas across the country, these providers would need to lower prices in all markets, including Pennsylvania. Dr. Furchtgott-Roth has estimated that **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** Pennsylvania in-home fixed broadband consumers will remain with their traditional provider, yet will still benefit from their competitive response and lower prices provided by other in-home broadband providers. *Id.* at 3. Dr. Furchtgott-Roth projects that, in Pennsylvania, these customers would save **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** by 2024, and pay **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** *Id.*

The substantial and widespread consumer savings resulting from New T-Mobile's broadband services will promote the broader consumer welfare by leading to increased adoption of broadband services across Pennsylvania. The reduced prices for in-home broadband services will attract new customers – some for New T-Mobile, some for other providers—who previously had found broadband unaffordable. Other customers will be attracted to the higher quality broadband services that result from the increased marketplace competition. Overall, the Furchtgott-Roth supplemental concludes that the transaction will attract millions of new broadband customers to the marketplace. New T-Mobile will help close the digital divide by driving further adoption of broadband services to ensure that all Pennsylvanians experience the transformational benefits of broadband technology and, in the process, will significantly reduce the areas needing state or Federal high-cost broadband deployment funding.

Video Distribution Services. New T-Mobile expects to use its supercharged network, increased scale, and increased financial resources to substantially expand its video content distribution business to disrupt the TV space nationwide and in Pennsylvania. T-Mobile acquired Layer3, a small multichannel video programming distributor ("MVPD"), on January 23, 2018. New T-Mobile will leverage the benefits of scale in network, costs, and financial resources to disrupt the video market by offering TV packages that will allow customers to forego traditional MVPDs in favor of broadband-delivered video offerings. The company's 5G network will provide mobile and fixed video services to consumers in all markets, including rural areas, and deliver high quality – including 4K video – service offerings with lower prices than traditional options. This will exert tremendous competitive pressure on legacy cable providers and other MVPDs, forcing them to lower prices and invest and innovate to keep up with New T-Mobile. The transaction thus will greatly improve consumer welfare in Pennsylvania as consumers reap the benefits of competition in video delivery.

Prepaid Services. Prepaid customers in Pennsylvania, just like all other New T-Mobile customers, will benefit from lower costs, more capacity, higher quality, and increased competition. Following the transaction, all MetroPCS, Boost Mobile, and Virgin Mobile USA customers with compatible handsets will benefit from the increased capacity and improved service quality that the New T-Mobile network will provide. Prepaid plan customers with compatible handsets will enjoy the same improved network as postpaid plan customers, and perhaps more so, since many prepaid plan customers use more data than those on postpaid plans. **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** New T-Mobile will be incentivized to deliver more for the same or less

due to having substantially more capacity and lower costs. In the prepaid segment, consumers in Pennsylvania and across the United States will benefit from increased competition facilitated by the merger as Verizon, AT&T and others respond to New T-Mobile's offerings with improved service and lower prices.

Rural Services. Rural Pennsylvanians will benefit from significantly improved broadband service. The Merger provides the scale, capacity and incentives to deliver enormous benefits to rural Pennsylvanians in terms of coverage and quality of service. As illustrated in Figure 4, a substantial part of Pennsylvania's rural areas will benefit from New T-Mobile's mid-band 5G coverage and the improvements that it will enable. Many rural Pennsylvanians will experience improved outdoor and indoor wireless coverage; improved signal quality and reliability; increased network capacity to enable data intensive services and improve consumer experiences; and even speeds sufficient for in-home broadband service of at least 25 Mbps. In fact, it is likely that 20-25% of New T-Mobile's new subscribers for in-home broadband service will be located in rural areas.

New T-Mobile also will make a significant economic investment in the future of rural Pennsylvania as a result of the transaction, expanding retail and sales operations to serve small towns and rural communities. Specifically, New T-Mobile plans to open 600 or more new stores nationally to serve small towns and rural areas. Approximately [Begin Highly Confidential] [End Highly Confidential] of these new stores will be located to serve small towns and rural areas across Pennsylvania.

2. Wholesale Services

The expanded coverage, increased capacity, and higher quality 5G nationwide network resulting from the transaction will benefit MVNOs in Pennsylvania and their subscribers. The massive capacity gains and lower operational costs resulting from the merger will allow New T-Mobile to reduce its wholesale prices. Moreover, the superior New T-Mobile 5G network will allow the combined entity to apply significant competitive pressure to Verizon and AT&T, spurring the two incumbents to increase investment in their networks, expand network capacity, and provide more favorable terms to MVNOs. MVNO subscribers across Pennsylvania will benefit from increased, improved, and lower cost network options. Because of this, TracFone Wireless, the nation's largest prepaid mobile virtual network operator with over 22 million subscribers, publicly supports the transaction. As TracFone wrote in its filing with the FCC, "[w]ith the merger of T-Mobile and Sprint, and the resulting more rapid deployment of a nationwide 5G network with broader coverage, greater capacity, higher throughput and lower latency, the wholesale market place will be more competitive with three full service competitors, rather than two." Comments of TracFone Wireless, Inc., WT Docket No. 18-197, at 3 (filed Sept. 13, 2018) TracFone concluded that it "expects that the New T-Mobile will increase the MNO wholesale competition for TracFone's business and thus reduce wholesale cost." *Id.* Importantly, TracFone also states that the "increase in competition should have the greatest effect in rural areas," further supporting the conclusion that the benefits of the transaction will extend across Pennsylvania and into its rural areas. *See Id.*

3. Enterprise Services

Following the transaction, the increased reliability and capacity of its network will allow New T-Mobile to more aggressively pursue the enterprise segment than either Sprint or T-Mobile could on its own absent the transaction. Many enterprise customers highly prioritize technical requirements, such as performance, reliability, security, and coverage standards. T-Mobile and

Sprint as standalone companies currently lack the network, sales and support, and technical platforms to offer competitive service to these customers.

T-Mobile and Sprint estimate that they currently have a combined enterprise share of approximately [Begin Highly Confidential] ██████████ [End Highly Confidential]. The dramatic improvement in network capacity and capabilities resulting from the transaction will allow New T-Mobile to offer a broad variety of products and services in a single package and incentivize New T-Mobile to make a dedicated effort to increase its presence in the enterprise segment. In particular, the Company expects New T-Mobile to seek opportunities to replace landline desk phones with wireless alternatives, and eventually enter the software-defined wide-area networks (SD-WANs) business for both back-up and primary service.

It is projected that New T-Mobile will hire 1,100 new employees, including ~940 new salespeople, to accelerate the growth New T-Mobile enterprise business. As New T-Mobile expands its enterprise sales team, it will also have more resources to develop internal business tools and employee expertise in the enterprise segment.

Furthermore, Sprint's existing Pennsylvania wireline business is focused on serving the enterprise segment and business customers. As discussed in the response to staff inquiry #1 above, the combination of Sprint's wireline assets and New T-Mobile's powerful 5G network will enable superior options for both wireless and wireline customers in Pennsylvania. Through the pairing of Sprint's wireline assets and New T-Mobile's superior wireless network, New T-Mobile will be able to expand its portfolio of enterprise solutions to meet customer demand, including wireline broadband substitute products and new commercial IoT/M2M offerings.

- **Applicability in PA of New Stores/Call Centers**

6. In pre-filing discussions with the PA PUC, the parties represented that as a result of the proposed transaction, 600 new stores will be opened in rural areas and 5 call centers will be opened in the United States. Identify whether these new stores/call centers will be for wireless, wireline, or both services. Identify in what state or region those new stores and call centers have been or are being considered formally or informally even if not finally decided. If those locations cannot be identified, explain how the parties determined the number of new stores and call centers proposed to be opened without consideration of specific locations and needs on a state, regional, or other basis. Provide the means by which these proposed benefits will ensue in Pennsylvania in sufficient detail to warrant the PA PUC's giving them credence.

OBJECTION: Applicant objects to this request as beyond the scope of this matter, outside the scope of the Commission's jurisdiction, not germane to the Commission's review of the pending Indirect Certificated Entity Acquisition nor reasonably calculated to lead to the discovery of relevant information. The Pennsylvania Supreme Court has held that the Commission does not need to "secure legally binding commitments to assure public benefits from a merger." *Popowsky v. Pa. PUC (MCI/Verizon)*, 937 A.2d 1040, 1055 (Pa. 2007). As part of a merger review, an applicant is not required to "quantify benefits where this may be impractical, burdensome, or impossible." *Id.* Further, an applicant does not need to "name particular services and/or products that have yet to be realized" in order to show affirmative public benefits. *Id.* The courts have also rejected the notion that "guaranties must be present to support a finding of benefits." *Id.* Moreover, under the "deliberate approach," when a company is acquired it may take time and investigation for the acquiring company to discern how best to realize such benefits. The deliberate approach is consistent with the Pennsylvania Supreme Court's holding in *MCI/Verizon* that identification of best practices and quantification of resulting synergy savings is not required for approval of an application for acquisition of a utility. *Id.* As recognized by the Presiding Officer in the

UGI/Southern Union Initial Decision, it is reasonable and prudent for the parties to undertake a deliberate, “best practices” analysis after the transaction is consummated, not at the application approval stage. *See Application of UGI Utilities, Inc., UGI Utilities Newco, Inc. and Southern Union Co.*, Docket No. A-120011F2000 et al., Initial Decision, slip op. at 31-34 (July 21, 2006) (Colwell, ALJ).

RESPONSE:

Subject to and without waiving its objections, following the transaction, the overwhelming majority of New T-Mobile’s business operations will be dedicated to providing unparalleled wireless service nationwide and throughout Pennsylvania and, accordingly, the overwhelming majority of new store and customer care resources will be dedicated to the wireless business. The degree to which new stores or customer care resources will be used for wireline service has not been determined. While integration planning at a state-specific level requires information from decisions, which will not and cannot be finalized until the transaction can be consummated, as described in the response to staff inquiry #5 above, New T-Mobile will open approximately [Begin Highly Confidential] [REDACTED] [End Highly Confidential] new wireless stores located to serve Pennsylvania’s small towns and rural areas. These figures were determined based on an analysis of the projected coverage expansion in Pennsylvania (*see also* response to staff inquiry #5), existing store locations, and the expected service needs of particular geographic areas.

- **Applicability in PA of Rapid and Widespread Wireless 5G Deployment**

7. Reference the statement that the anticipated nationwide 5G network will bring increased high-speed broadband coverage to rural consumers, including those in Pennsylvania, and the parties’ October 9 DR Response No. 5 that Applicant does not provide wireless services, and the Pennsylvania Commission does not have jurisdiction over wireless services.
 - a. Describe in detail and provide all explanatory or analytical documents, including but not limited to potential time frames and locations, that support the averment that if the transaction is approved, rural consumers in Pennsylvania will be provided access to a 5G network capable of delivering increased high-speed broadband coverage to rural consumers. Include in this response any logic, methodologies, facts, and assumptions on this claimed benefit to the transaction that have been prepared or provided elsewhere. Provide the means by which these proposed benefits will ensue in Pennsylvania in sufficient detail to warrant the PA PUC’s giving them credence.
 - b. With respect to the parties’ holding out the rapid and widespread deployment of 5G networks as a public interest benefit in Pennsylvania, explain the relevance to and impact on this Pennsylvania proposed transaction of the disclaimer that the PA PUC does not regulate wireless services.
 - c. If it is the parties’ position that the PA PUC has no jurisdiction over wireless services, explain why the PA PUC should consider purported benefits to wireless services a Pennsylvania benefit from the proposed transaction and how the PA PUC can ensure that the purported benefits will ensue to Pennsylvania.
 - e. Identify all efforts the parties have undertaken to identify rural areas in Pennsylvania where broadband deployment is unserved or underserved per current FCC standards, to determine the expense and feasibility of deploying broadband in those rural Pennsylvania areas, and a related timeline in which Pennsylvania may expect such deployment. Provide all underlying support. If no efforts specific to Pennsylvania have been undertaken, or this information is not available, please explain why this should be considered a potential benefit to Pennsylvania under the proposed transaction and how the PA PUC may ensure that the purported benefit will ensue in Pennsylvania.

OBJECTION: Applicant objects to these questions as burdensome, overbroad and outside the scope of the Commission’s jurisdiction and scope of review, not germane to the Commission’s review of the pending Indirect Certificated Entity Acquisition nor reasonably calculated to lead to the discovery of relevant information. Wireless service is not within the jurisdiction of the Commission. *See, e.g., Aronson v. Sprint Spectrum, L.P.*, 767 A.2d 564 (Pa. Super. 2001). Applicant is certificated as a wireline carrier in Pennsylvania and for that reason is required to file for approval of this merger. As the Court held in *Aronson*, a “wireless telephone service provider does not become a regulated public utility simply because the Commission regulates a related entity.” *Id.*

It is well known that the parent companies to this merger are wireless companies. T-Mobile does not have any wireline telecommunications business at all at this time. The fact that the wireless and 5G benefits of this merger were noted in the Application does not grant the Commission subject matter jurisdiction over wireless services, and does not require the Commission to ensure that each and every benefit related to wireless services or 5G that are noted in the Application are realized. At the same time, that limitation on subject matter jurisdiction does not preclude the Commission from considering deployment of wireless service as an affirmative public benefit of the transaction (even where, as here, the Commission does not have jurisdiction to mandate such a public benefit). The Commission has in the past considered public benefits outside the scope of its jurisdiction. For example, the Commission has considered job creation or commitments to keep jobs in the area and enhancement of Pennsylvania gas production as affirmative benefits even as the Commission has no jurisdiction to mandate that such benefits occur. *See, e.g., Joint Application of Peoples Natural Gas Company LLC et al.*, Docket Nos. A-2013-2353647 et al, Initial Decision 2013 WL 6073343 at *50 (Order adopting ALJ Decision entered November 14, 2013).

Moreover, the Pennsylvania Supreme Court has held that the Commission does not need to “secure legally binding commitments to assure public benefits from a merger.” *Popowsky v. Pa. PUC*, 937 A.2d 1040, 1055 (Pa. 2007). As part of a merger review, an applicant is not required to “quantify benefits where this may be impractical, burdensome, or impossible.” *Id.* Further, an applicant does not need to “name particular services and/or products that have yet to be realized” in order to show affirmative public benefits. *Id.* The courts have also rejected the notion that “guaranties must be present to support a finding of benefits.” *Id.* Moreover, under the “deliberate approach,” when a company is acquired it may take time and investigation for the acquiring company to discern how best to realize such benefits. The deliberate approach is consistent with the Pennsylvania Supreme Court’s holding in *MCI/Verizon* that identification of best practices and quantification of resulting synergy savings is not required for approval of an application for acquisition of a utility. *Id.*

RESPONSE:

Subject to and without waiving its objections, see Applicant’s supplemental response to staff inquiry Set 2, #5 as filed on November 19, 2018. By way of further answer, as described above in our response to staff inquiry #5 above, standalone T-Mobile’s current 5G deployment plans would provide 600 MHz 5G deployment over most of Pennsylvania’s rural areas. However, the combination of T-Mobile and Sprint’s complementary spectrum portfolios would allow New T-Mobile to deploy mid-band spectrum far more expansively than either company could as standalones, providing mid-band coverage over the majority of Pennsylvania’s geography, including in Pennsylvania’s rural areas, and providing expanded capacity and improved performance. New T-Mobile expects to provide 5G service to rural consumers as early as 2021. As we have explained in previous filings, New T-Mobile projects that it will increase outdoor wireless coverage to reach 59.4 million rural residents nationwide, or 95.8 percent of the estimated 62 million rural residents, and indoor wireless coverage to reach 31 million rural residents. New T-Mobile also projects that it will provide broadband service with download speeds of at least 10 Mbps or greater to 45.9 million rural residents over two million square miles nationwide, accounting for 74 percent of rural residents. In fact, New T-Mobile projects that its

rural 5G coverage will even be capable of providing fixed in-home broadband service of at least 25/3 Mbps to 52.2 million rural residents over 2.4 million square miles nationwide, approximately 84.2 percent of rural residents. See Public Interest Statement at 66; see also Declaration of Neville Ray at Paras. 73-76. These nationwide figures are representative of the rural broadband performance that New T-Mobile anticipates providing in Pennsylvania. For example, as Figure 7 provides, New T-Mobile anticipates providing speeds of at least 100 Mbps to [Begin Highly Confidential] [REDACTED] [End Highly Confidential] Pennsylvanians by 2024.

With respect to the efforts undertaken to identify rural areas in Pennsylvania where broadband deployment is “unserved or underserved per current FCC standards,” the FCC publishes vast amounts of broadband availability data, including coverage maps for Pennsylvania. The FCC uses this data to determine geographic eligibility for Universal Service high cost funding. FCC’s Mobility Fund Phase II (“MFII”) auction is designed to provide federal funding for the provision of mobile broadband service to those areas of the country lacking unsubsidized 4G LTE service. The FCC has released maps, based upon LTE coverage data collected directly from mobile carriers, of areas presumptively eligible for MFII support (i.e., areas without unsubsidized 4G LTE service). With respect to mobile broadband, these geographic areas are considered to be some of the most underserved or unserved rural areas in the country. Figure 8 shows the FCC’s “initial ineligible areas with only one provider” in green and “initial eligible areas” in blue for the commonwealth of Pennsylvania. The Commission should find that many of these areas are within the projected coverage of the New T-Mobile 5G network and, accordingly, should conclude that service to these and other rural areas across Pennsylvania provides a significant public benefit.

Figure 8: MFII Initial Ineligible Areas with One Provider and Initial Eligible Areas



8. Reference Application page 7 and the statement that the proposed transaction will promote rapid and widespread deployment of a nationwide 5G network that will benefit all consumers, including in Pennsylvania, with improved and innovative service offerings.

- a. Describe in detail specific improved and innovative service offerings that have been considered generally and that would apply to Pennsylvania specifically. Provide the means by which these proposed benefits will ensue in Pennsylvania in sufficient detail to warrant the PA PUC's giving them credence. If neither specific improved nor innovative offerings can be identified and applied to Pennsylvania specifically, explain why this should be considered a potential benefit to Pennsylvania under the proposed transaction and how the PA PUC may ensure that the purported benefits will ensue in Pennsylvania.

OBJECTION: Applicant objects to these questions as redundant, burdensome, overbroad and outside the scope of the Commission's jurisdiction and scope of review, not germane to the Commission's review of the pending Indirect Certificated Entity Acquisition nor reasonably calculated to lead to the discovery of relevant information. Wireless service is not within the jurisdiction of the Commission. *See, e.g., Aronson v. Sprint Spectrum, L.P.*, 767 A.2d 564 (Pa. Super. 2001). Applicant is certificated as a wireline carrier in Pennsylvania and for that reason is required to file for approval of this merger. As the Court held in *Aronson*, a "wireless telephone service provider does not become a regulated public utility simply because the Commission regulates a related entity." *Id.*

It is well known that the parent companies to this merger are wireless companies. T-Mobile does not have any wireline telecommunications business at all at this time. The fact that the wireless and 5G benefits of this merger were noted in the Application does not grant the Commission subject matter jurisdiction over wireless services, and does not require the Commission to ensure that each and every benefit related to wireless services or 5G that are noted in the Application are realized. At the same time, that limitation on subject matter jurisdiction does not preclude the Commission from considering deployment of wireless service as an affirmative public benefit of the transaction (even where, as here, the Commission does not have jurisdiction to mandate such a public benefit). The Commission has in the past considered public benefits outside the scope of its jurisdiction. For example, the Commission has considered job creation or commitments to keep jobs in the area and enhancement of Pennsylvania gas production as affirmative benefits even as the Commission has no jurisdiction to mandate that such benefits occur. *See, e.g., Joint Application of Peoples Natural Gas Company LLC et al.*, Docket Nos. A-2013-2353647 et al, Initial Decision 2013 WL 6073343 at *50 (Order adopting ALJ Decision entered November 14, 2013).

Moreover, the Pennsylvania Supreme Court has held that the Commission does not need to "secure legally binding commitments to assure public benefits from a merger." *Popowsky v. Pa. PUC*, 937 A.2d 1040, 1055 (Pa. 2007). As part of a merger review, an applicant is not required to "quantify benefits where this may be impractical, burdensome, or impossible." *Id.* Further, an applicant does not need to "name particular services and/or products that have yet to be realized" in order to show affirmative public benefits. *Id.* The courts have also rejected the notion that "guaranties must be present to support a finding of benefits." *Id.* Moreover, under the "deliberate approach," when a company is acquired it may take time and investigation for the acquiring company to discern how best to realize such benefits. The deliberate approach is consistent with the Pennsylvania Supreme Court's holding in *MCI/Verizon* that identification of best practices and quantification of resulting synergy savings is not required for approval of an application for acquisition of a utility. *Id.*

RESPONSE:

Subject to and without waiving its objections, see Applicant's response to staff inquiry #5 above, for a detailed description of specific improved and innovative service offerings that have been considered generally and that would apply to Pennsylvania specifically as well as the means by which these proposed benefits will ensue in Pennsylvania.

9. Reference the parties' October 9, 2018 responses to DR Nos. 5 and 6.

- b. How has the merged company (“New T-Mobile”) identified the specific number of rural residents to which it anticipates providing outdoor wireless coverage without consideration of outdoor wireless coverage needs, including but not limited to un- or underserved rural wireless customers, by state? Provide the same information with respect to the specific number of rural residents identified by New T-Mobile with respect to the provision of indoor wireless coverage, mobile broadband service, and fixed in-home broadband service.
- d. Provide all information regarding the parties’ understanding and evaluation of the availability of outdoor wireless coverage, indoor wireless coverage, mobile broadband service, and fixed in-home wireless broadband service in Pennsylvania that could support a finding by the PA PUC that these purported benefits will ensue in Pennsylvania. Include specific timetables for availability.

OBJECTION: Applicant objects to these questions as burdensome, overbroad and outside the scope of the Commission’s jurisdiction and scope of review, not germane to the Commission’s review of the pending Indirect Certificated Entity Acquisition nor reasonably calculated to lead to the discovery of relevant information. Wireless service is not within the jurisdiction of the Commission. See, e.g., *Aronson v. Sprint Spectrum, L.P.*, 767 A.2d 564 (Pa. Super. 2001). Applicant is certificated as a wireline carrier in Pennsylvania and for that reason is required to file for approval of this merger. As the Court held in *Aronson*, a “wireless telephone service provider does not become a regulated public utility simply because the Commission regulates a related entity.” *Id.*

It is well known that the parent companies to this merger are wireless companies. T-Mobile does not have any wireline telecommunications business at all at this time. The fact that the wireless and 5G benefits of this merger were noted in the Application does not grant the Commission subject matter jurisdiction over wireless services, and does not require the Commission to ensure that each and every benefit related to wireless services or 5G that are noted in the Application are realized. At the same time, that limitation on subject matter jurisdiction does not preclude the Commission from considering deployment of wireless service as an affirmative public benefit of the transaction (even where, as here, the Commission does not have jurisdiction to mandate such a public benefit). The Commission has in the past considered public benefits outside the scope of its jurisdiction. For example, the Commission has considered job creation or commitments to keep jobs in the area and enhancement of Pennsylvania gas production as affirmative benefits even as the Commission has no jurisdiction to mandate that such benefits occur. See, e.g., *Joint Application of Peoples Natural Gas Company LLC et al.*, Docket Nos. A-2013-2353647 et al, Initial Decision 2013 WL 6073343 at *50 (Order adopting ALJ Decision entered November 14, 2013).

Moreover, the Pennsylvania Supreme Court has held that the Commission does not need to “secure legally binding commitments to assure public benefits from a merger.” *Popowsky v. Pa. PUC*, 937 A.2d 1040, 1055 (Pa. 2007). As part of a merger review, an applicant is not required to “quantify benefits where this may be impractical, burdensome, or impossible.” *Id.* Further, an applicant does not need to “name particular services and/or products that have yet to be realized” in order to show affirmative public benefits. *Id.* The courts have also rejected the notion that “guaranties must be present to support a finding of benefits.” *Id.* Moreover, under the “deliberate approach,” when a company is acquired it may take time and investigation for the acquiring company to discern how best to realize such benefits. The deliberate approach is consistent with the Pennsylvania Supreme Court’s holding in *MCI/Verizon* that identification of best practices and quantification of resulting synergy savings is not required for approval of an application for acquisition of a utility. *Id.*

RESPONSE:

Subject to and without waiving its objections, within applicable financial constraints, T-Mobile designs its network to meet coverage objectives as well as to provide sufficient capacity to meet

baseline traffic needs. The network plan for deployments is the product of (1) determining the engineering model projections of network capacity, and (2) quantifying forecasted customer demand, customer experience, and associated network congestion. Based on the results of this analysis, T-Mobile projects how it would deploy spectrum assets. Accordingly, T-Mobile has closely analyzed outdoor wireless, indoor wireless, mobile broadband, and fixed in-home wireless broadband coverage nationwide in developing its network plans. However, these analyses are conducted in the context of an integrated nationwide network and not conducted on a state-by-state basis or constrained by state boundaries. The results, therefore, cannot be easily disaggregated and provided at the state level.

- **Identification and Applicability in PA of Capital Expenditures from Synergies**

10. Reference the parties' August 10 DR Response No. 5, October 9 DR Response Nos. 4, 5, and 6, and the parties' statements identifying estimated \$43.6 billion in synergies, nearly \$40 billion of which will be used to build a 5G network through capital expenditures of \$14 billion in 2019, \$12.3 billion in 2020, and \$13.3 billion in 2021; that estimated synergies were calculated at the national level and not broken down to state-specific savings; that Sprint Communications does not provide wireless services in Pennsylvania; and that the PA PUC does not have jurisdiction over wireless services.
 - a. Identify all proposed capital expenditures intended for or considered generally for Pennsylvania in the parties' derivation of estimated synergies, including but not limited to expansion of high-speed broadband in un- or underserved areas of rural Pennsylvania under the FCC's current standards.
 - b. If no proposed capital expenditures are intended or were considered for Pennsylvania specifically, explain why this should be considered a potential benefit to Pennsylvania under the proposed transaction and how the PA PUC may ensure that the purported benefits will ensue in Pennsylvania.
 - c. If no specific targets, locales, or facility deployments have been identified in the determination of the proposed capital expenditures, explain in detail, including the provision of any supporting documentation, how the allocations were determined or developed, including the factors employed in determining the allocations and any states or geographic regions included in or that contributed to the determination. If the information is voluminous, the parties may provide detailed summaries with the offer of back up information where requested.
 - d. If no specific state details were considered at all, explain how the parties identified and calculated savings related to elimination of duplicative existing networks, consolidation of sales, service, and marketing functions, and elimination of back office redundancies if not by identifying overlapping networks, service forces, and back office functions by state or geographic region.
 - e. Provide specific examples of cost savings and other synergies Pennsylvania consumers may expect. Detail how, why, and pursuant to what timeframe Pennsylvania may expect these benefits.
 - g. If it is the parties' position that the PA PUC has no jurisdiction over wireless deployment, explain why the PA PUC should consider potential 5G a potential public interest benefit of the proposed transaction, and how the PA PUC can ensure that this benefit will ensue to Pennsylvania.

OBJECTION: Applicant objects to this question to the extent that it asks for information about Sprint and/or T-Mobile's wireless entities and on the basis that the inquiries are burdensome, overbroad and outside the scope of the Commission's jurisdiction and scope of review, not germane to the

Commission's review of the pending Indirect Certificated Entity Acquisition nor reasonably calculated to lead to the discovery of relevant information. Wireless service is not within the jurisdiction of the Commission. *See, e.g., Aronson v. Sprint Spectrum, L.P.*, 767 A.2d 564 (Pa. Super. 2001). Applicant is certificated as a wireline carrier in Pennsylvania and for that reason is required to file for approval of this merger. As the Court held in *Aronson*, a "wireless telephone service provider does not become a regulated public utility simply because the Commission regulates a related entity." *Id.*

It is well known that the parent companies to this merger are wireless companies. T-Mobile does not have any wireline telecommunications business at all at this time. The fact that the wireless and 5G benefits of this merger were noted in the Application does not grant the Commission subject matter jurisdiction over wireless services, and does not require the Commission to ensure that each and every benefit related to wireless services or 5G that are noted in the Application are realized. At the same time, that limitation on subject matter jurisdiction does not preclude the Commission from considering deployment of wireless service as an affirmative public benefit of the transaction (even where, as here, the Commission does not have jurisdiction to mandate such a public benefit). The Commission has in the past considered public benefits outside the scope of its jurisdiction. For example, the Commission has considered job creation or commitments to keep jobs in the area and enhancement of Pennsylvania gas production as affirmative benefits even as the Commission has no jurisdiction to mandate that such benefits occur. *See, e.g., Joint Application of Peoples Natural Gas Company LLC et al.*, Docket Nos. A-2013-2353647 et al, Initial Decision 2013 WL 6073343 at *50 (Order adopting ALJ Decision entered November 14, 2013).

Moreover, the Pennsylvania Supreme Court has held that the Commission does not need to "secure legally binding commitments to assure public benefits from a merger." *Popowsky v. Pa. PUC*, 937 A.2d 1040, 1055 (Pa. 2007). As part of a merger review, an applicant is not required to "quantify benefits where this may be impractical, burdensome, or impossible." *Id.* Further, an applicant does not need to "name particular services and/or products that have yet to be realized" in order to show affirmative public benefits. *Id.* The courts have also rejected the notion that "guaranties must be present to support a finding of benefits." *Id.* Moreover, under the "deliberate approach," when a company is acquired it may take time and investigation for the acquiring company to discern how best to realize such benefits. The deliberate approach is consistent with the Pennsylvania Supreme Court's holding in *MCI/Verizon* that identification of best practices and quantification of resulting synergy savings is not required for approval of an application for acquisition of a utility. *Id.*

RESPONSE:

Subject to and without waiving its objections, Applicant cannot reasonably provide the information requested by this staff inquiry. In developing its models and projections for New T-Mobile, T-Mobile does not forecast or track projected capital expenditures at the state level (or any state subdivision), and the markets for which T-Mobile does forecast capital expenditure do not align with state boundaries. Therefore, even though T-Mobile has conducted analyses of capital expenditures and synergies, those analyses cannot be reasonably reduced to state-level figures. In addition, because of the high degree of variability and unpredictability associated with the timing of many of T-Mobile's capital projects, T-Mobile does not ordinarily forecast market-level capital expenditure on a per-year basis, in part to ensure that T-Mobile retains the flexibility to most efficiently allocate its capital resources.

However, on a national level, T-Mobile projects that the transaction will generate approximately \$43.6 billion net present value in synergies. Of the \$43.6 billion, the network synergies gained by eliminating the duplication of T-Mobile's and Sprint's existing networks constitute the largest share, approximately [Begin Highly Confidential] [Redacted] [End Highly Confidential], or [Begin Highly Confidential] [Redacted] [End Highly Confidential], of the massive cost savings. At a more granular level, New T-Mobile's synergies are as follows:

- Integration & Site Expense: Yearly run rate savings of [Begin Highly Confidential] [Redacted] [End Highly Confidential] from forgoing network operating expenditures that Sprint and T-Mobile would have incurred as standalone companies. T-Mobile estimates that these savings will be worth [Begin Highly Confidential] [Redacted] [End Highly Confidential] in net present value, after and including an expected [Begin Highly Confidential] [Redacted] [End Highly Confidential] in spending to achieve this benefit, net of [Begin Highly Confidential] [Redacted] [End Highly Confidential] in avoided capex.
- Network Capital Expenditure Savings: Yearly run rate savings of [Begin Highly Confidential] [Redacted] [End Highly Confidential] from forgoing network capital expenditures that Sprint and T-Mobile would have incurred as standalone companies. T-Mobile estimates that these savings will be worth [Begin Highly Confidential] [Redacted] [End Highly Confidential] in net present value. T-Mobile does not expect this benefit to require any spending to achieve.
- Retail Distribution: Yearly run rate savings of [Begin Highly Confidential] [Redacted] [End Highly Confidential] from efficiencies related to retail distribution. T-Mobile estimates that these savings will be worth [Begin Highly Confidential] [Redacted] [End Highly Confidential] in net present value. T-Mobile expects this benefit will require [Begin Highly Confidential] [Redacted] [End Highly Confidential] in spending to achieve.
- Advertising: Yearly run rate savings of [Begin Highly Confidential] [Redacted] [End Highly Confidential] from forgoing advertising expenses that Sprint and T-Mobile would have incurred as standalone companies. T-Mobile estimates that these savings will be worth [Begin Highly Confidential] [Redacted] [End Highly Confidential] in net present value. T-Mobile does not expect this benefit to require any spending to achieve.
- Customer Care: Increase in spending on customer care as a result of the Transaction, in order to maintain and extend to Sprint customers T-Mobile's leading and award-winning customer care. T-Mobile expects this increase in customer service quality will require an additional [Begin Highly Confidential] [Redacted] [End Highly Confidential] per year in spending, which reduces the net present value efficiencies created by the transaction by [Begin Highly Confidential] [Redacted] [End Highly Confidential].
- Equipment Costs: Yearly run rate savings of [Begin Highly Confidential] [Redacted] [End Highly Confidential] through lower equipment costs compared to Sprint and T-Mobile as standalone companies. T-Mobile estimates that these savings will be worth [Begin Highly Confidential] [Redacted] [End Highly Confidential] in net present value. T-Mobile does not expect this benefit to require any spending to achieve.
- Repair & Logistics: Yearly run rate savings of [Begin Highly Confidential] [Redacted] [End Highly Confidential] on repair and logistics costs compared to what T-Mobile and Sprint would spend as standalone companies. T-Mobile estimates that these savings will be worth [Begin Highly Confidential] [Redacted] [End Highly Confidential] in net present value. T-Mobile does not expect this benefit to require any spending to achieve.
- IT & Billing: Yearly run rate savings of [Begin Highly Confidential] [Redacted] [End Highly Confidential] through the integration of Sprint's and T-Mobile's IT and billing systems. T-Mobile estimates that these savings will be worth [Begin Highly Confidential] [Redacted] [End Highly Confidential]

██████████ [End Highly Confidential] in net present value. T-Mobile expects this benefit to require [Begin Highly Confidential] ██████████ [End Highly Confidential] in costs to achieve.

- **Other Fixed G&A:** Yearly run rate savings of [Begin Highly Confidential] ██████████ [End Highly Confidential] from the integration of Sprint's and T-Mobile's general and administrative systems. T-Mobile estimates that these savings will be worth [Begin Highly Confidential] ██████████ [End Highly Confidential] in net present value. This benefit is expected to require [Begin Highly Confidential] ██████████ [End Highly Confidential] in integration spending to achieve.

Though these synergies are not readily allocable on a state-by-state basis, they reflect, in significant part, cost savings and efficiencies related to operations in Pennsylvania. Similarly, a substantial portion of the investment that will result from these synergies will result in direct benefits to Pennsylvania. Finally, these synergies are critical to New T-Mobile's future growth and investment and will allow New T-Mobile to invest heavily – approximately \$40 billion – in its business and network during the first three years post-closing nationwide. As the fifth most populous state in the country, a substantial percentage of T-Mobile's \$40 billion investment will be directed to Pennsylvania. The extent of New T-Mobile's planned investment in Pennsylvania is illustrated by the massive network expansions described above in the responses to staff inquiry #5, particularly with respect to the approximately [Begin Highly Confidential] ██████████ [End Highly Confidential] unique 5G sites in Pennsylvania, and all of the attendant network expenditures related to those sites.

- **Identification and Applicability in PA of Employment**

11. Reference Application page 7 and the parties' claim that the proposed transaction will create thousands of jobs; the parties' August 10 DR Response No. 6 and the statement that there should be no loss or potential loss of facilities, jobs, or related income tax revenues nor any negative impact in Pennsylvania arising from anticipated synergies; the parties' August 10 DR Response No. 7 and the statement that Sprint Communications has no employees or offices in Pennsylvania; and the parties' August 10 DR Response No. 8 and the statement that no operations in Pennsylvania will be negatively impacted by the transaction.
 - a. Is the claim that the transaction will create thousands of jobs related to wireless service, wireline service, both, or others? Provide all available information supporting the claim and identify employment by sector. Identify any consideration given or discussions of, formal or informal, increased employment by specific state or geographic region.
 - b. Identify employment that will ensue to Pennsylvania specifically in sufficient detail to warrant the PA PUC's giving job creation in Pennsylvania credence.
 - c. Is it the parties' position that there will be no negative impact in Pennsylvania arising from the synergies affecting the parties' wireless operations in Pennsylvania? If anything other than an unequivocal yes, identify all potential negative effects of the proposed transaction that may affect wireless operations in Pennsylvania through elimination or consolidation of Pennsylvania wireless employees, functions, operations, revenues, facilities, or other factor.
 - d. Provide any information known to or considered by the parties regarding jobs, operations, or other functions that will be lost due to elimination or consolidation of operations, employees, or facilities as referenced in the parties' description of the calculation of transaction synergies in the parties' August 10 DR Response No. 5. Identify by sector and by specific state or geographic region.

- e. Identify the number of employees currently employed in Pennsylvania by any party to the transaction and explain whether any of these jobs are at risk of loss due to elimination or consolidation.
- f. If a proposed benefit of the transaction is that wireless job creation will ensue but the parties cannot identify how that benefit will ensue in Pennsylvania and according to the parties the PA PUC has no jurisdiction over wireless carriers, how and why should the PA PUC consider new jobs to be a substantial benefit to Pennsylvania from the proposed transaction?
- g. Is it the parties' position that the PA PUC should consider increased employment nationwide as a public interest benefit to Pennsylvania without regard for potential loss or consolidation of the parties' current wireless employees in Pennsylvania?
- h. Is it the parties' position that the PA PUC may do nothing to ensure employment benefits will ensue in Pennsylvania notwithstanding the potential loss of current Pennsylvania wireless employees of the parties? If the answer is anything other than an unequivocal yes, fully explain how the PA PUC can ensure the proposed public benefit of additional Pennsylvania employment will ensue in Pennsylvania.

OBJECTION: Applicant objects to this question to the extent that it asks for information about Sprint and/or T-Mobile's wireless entities and on the basis that the inquiries are burdensome, overbroad and outside the scope of the Commission's jurisdiction and scope of review, not germane to the Commission's review of the pending Indirect Certificated Entity Acquisition nor reasonably calculated to lead to the discovery of relevant information. Wireless service is not within the jurisdiction of the Commission. *See, e.g., Aronson v. Sprint Spectrum, L.P.*, 767 A.2d 564 (Pa. Super. 2001). Applicant is certificated as a wireline carrier in Pennsylvania and for that reason is required to file for approval of this merger. As the Court held in *Aronson*, a "wireless telephone service provider does not become a regulated public utility simply because the Commission regulates a related entity." *Id.*

It is well known that the parent companies to this merger are wireless companies. T-Mobile does not have any wireline telecommunications business at all at this time. The fact that the wireless and 5G benefits of this merger were noted in the Application does not grant the Commission subject matter jurisdiction over wireless services, and does not require the Commission to ensure that each and every benefit related to wireless services or 5G that are noted in the Application are realized. At the same time, that limitation on subject matter jurisdiction does not preclude the Commission from considering deployment of wireless service as an affirmative public benefit of the transaction (even where, as here, the Commission does not have jurisdiction to mandate such a public benefit). The Commission has in the past considered public benefits outside the scope of its jurisdiction. For example, the Commission has considered job creation or commitments to keep jobs in the area and enhancement of Pennsylvania gas production as affirmative benefits even as the Commission has no jurisdiction to mandate that such benefits occur. *See, e.g., Joint Application of Peoples Natural Gas Company LLC et al.*, Docket Nos. A-2013-2353647 et al, Initial Decision 2013 WL 6073343 at *50 (Order adopting ALJ Decision entered November 14, 2013).

Moreover, the Pennsylvania Supreme Court has held that the Commission does not need to "secure legally binding commitments to assure public benefits from a merger." *Popowsky v. Pa. PUC*, 937 A.2d 1040, 1055 (Pa. 2007). As part of a merger review, an applicant is not required to "quantify benefits where this may be impractical, burdensome, or impossible." *Id.* Further, an applicant does not need to "name particular services and/or products that have yet to be realized" in order to show affirmative public benefits. *Id.* The courts have also rejected the notion that "guaranties must be present to support a finding of benefits." *Id.* Moreover, under the "deliberate approach," when a company is acquired it may take time and investigation for the acquiring company to discern how best to realize such benefits. The deliberate approach is consistent with the Pennsylvania Supreme Court's holding in *MCI/Verizon* that

identification of best practices and quantification of resulting synergy savings is not required for approval of an application for acquisition of a utility. *Id.*

RESPONSE:

Subject to and without waiving its objections, as provided in Applicant's response to August 10 DR Response No. 6, the Applicant does not have any direct employees in Pennsylvania and there should be no loss or potential loss of facilities, jobs, or related income tax revenues as a result of the Indirect Certificated Entity Acquisition.

More broadly, the transaction will grow jobs in the U.S. and Pennsylvania from day one and for the foreseeable future. New T-Mobile will need more employees than the standalone companies to integrate and upgrade network infrastructure; expand the combined company's retail footprint; extend the T-Mobile "Team of Experts" model of customer care to millions of Sprint subscribers; and perform other critical functions.

T-Mobile's *pro forma* business plans show that within three years of closing, New T-Mobile will employ thousands more direct internal and external employees than the two standalone companies collectively would have without the transaction. The rationale for direct job creation is simple: more investment means more jobs. New T-Mobile will generate some 12,000 new jobs across the country to serve small towns and rural communities. This job growth will result from New T-Mobile's expenditure of nearly \$40 billion dollars nationally over the next three years to combine the complementary spectrum, sites and assets of T-Mobile and Sprint to build its nationwide world-class 5G network.

New T-Mobile will also need to fill some 5,000 positions to support the opening of at least 600 new stores serving small towns and rural areas that neither company would have opened but for the Merger, with [Begin Highly Confidential] [REDACTED] [End Highly Confidential] of such stores located in Pennsylvania. New T-Mobile will create approximately 5,600 new jobs when it opens up to five new technologically advanced Customer Experience Centers in small towns and rural communities to implement the company's innovative "Team of Experts" customer care and business model. New T-Mobile will create another 1,800 new jobs dedicated to transitioning the companies' networks in rural areas and expanding rural coverage. New T-Mobile will also add approximately 1,000 new jobs to enhance its sales and support of the enterprise sector and other new business opportunities made possible by the combined company's increased scale. The overwhelming majority of these jobs will be related to New T-Mobile's wireless service. As discussed above, however, in response to staff inquiries 1 and 5, Sprint's wireline business and New T-Mobile's wireless business will be leveraged together to create new products and services for enterprise customers. Therefore, many of the new jobs created by the merger may also relate to the wireline business.

While some job losses will occur as duplicative back office and frontline positions are identified, the new network investment and expansions in customer care and retail due to the transaction will result in a net gain of thousands of employment opportunities. And, as the fifth-most populous state in the country and an important market for New T-Mobile's overall growth strategy, Pennsylvania will benefit greatly from this merger-related job creation.

To validate the company's internal analysis and project macroeconomic effects, T-Mobile retained a respected, independent economic consulting firm to analyze the jobs effects of the proposed transaction. Like T-Mobile, the economic consultant projected major job gains following the merger of T-Mobile and Sprint. The economic consultant considered both the immediate and medium-term effects of the proposed transaction. The analysis included direct, indirect and induced effects on employment following the merger due to changes in capital and

operating expenditures and increases in economic activity associated with New T-Mobile's ability to provide new and enhanced services. According to the economic consultant, the proposed transaction will contribute a cumulative total of approximately 51,200 job-years to the U.S. economy in the five years following consummation (2019-2023) or approximately 10,240 job-years for each year of the five-year study period. This increase represents the net effect of three sets of changes in capital and operating expenses, net savings in operating costs, and new or expanded business opportunities made possible by the transaction. The economic consultant also projected additional job gains in years three, four and five following the transaction, because the combined company will deploy 5G more rapidly than the two standalone companies could have. According to the economic consultant, accelerating the pace of 5G deployment will contribute an *additional* 117,500 job-years from 2021 through 2023. Combining these short- and intermediate-term job gains associated with the transaction brings total job creation from 2019 to 2023 to approximately 168,600 job-years. The demonstrable, transaction-specific job growth at New T-Mobile and in the broader American economy represents a key public-interest benefit of the transaction. New T-Mobile will need more employees than the standalone companies to achieve the business synergies necessary to accelerate the deployment of a new, powerful nationwide 5G network.

PA PUC Jurisdiction

- **Transition to VoIP**

12. Reference Application page 2 note 3 and the statement that once Sprint has completed its transfer of customers from TDM to a VoIP network, Sprint will be providing only unregulated VoIP services, Internet Access, and IP-based private network services to business and enterprise customers in Pennsylvania; Application page 6 and the statement that upon consummation Sprint will continue to provide the services that it currently provides to customers in Pennsylvania subject to Sprint's pre-existing plans to discontinue its TDM services and transition customers to IP services and all existing Sprint contracts will be honored; and the parties' October 9 DR Response No. 2 and the reference to the September 7, 2018 8th Circuit decision.
 - a. Explain the parties' understanding of the PA PUC's jurisdiction over VoIP services including but not limited to the Pennsylvania VoIP Freedom Act at 73 P.S. §§ 2251.1 *et al.*
 - b. Is it the parties' position that after the transition to a VoIP network is complete, the PA PUC will lose all jurisdiction over all services for which Sprint Communications holds a Certificate of Public Convenience (CPC)?
 - c. If yes, explain the parties' understanding of the PA PUC's jurisdiction over VoIP services, including any relevant fees and/or filings that may be required.
 - d. If no, explain what services and associated revenues the parties will continue to consider subject to the PA PUC's jurisdiction for any purpose and whether Sprint Communications intends to continue to report revenues derived from services provided in Pennsylvania to the PA PUC after the transition of customers to a VoIP network is complete.
 - e. If it is the parties' position that going forward the PA PUC will have no jurisdiction over IP or VoIP services, explain the continued relevance or necessity of retaining a PA PUC CPC(s) and why a CPC(s) should not be abandoned for lack of jurisdiction.
 - f. If no, explain the parties' understanding of and intentions regarding the PA PUC's exercise of jurisdiction going forward.

OBJECTION: Applicant objects to this request on the grounds that it does not request data but, rather, an in-depth legal analysis of federal and state statutes, regulations, and case law.

RESPONSE: Subject to and without waiving its objections, the Pennsylvania VoIP Freedom Act at 73 P.S. §2251.4 plainly states: “Except as set forth in sections 5 and 6, notwithstanding any other provision of law, no department, agency, commission or political subdivision of the Commonwealth may enact or enforce, either directly or indirectly, any law, rule, regulation, standard, order or other provision having the force or effect of law that regulates, or has the effect of regulating, the rates, terms and conditions of VoIP service or IP-enabled service.” Nothing about this transaction will modify the state or federal law regarding the Commission’s jurisdiction over VoIP. As noted in response to staff inquiry #14 below, Applicant has always reported intrastate VoIP revenue on its annual reports in Pennsylvania and has no plans to modify its reporting.

13. Identify any impact on the provision of special access and special access backhaul services resulting from the proposed transaction. Explain fully.

RESPONSE: To the extent “backhaul” is understood as the provision of wireline transport facilities to connect the cellular and other wireless antennas to the public switched network and the internet, Applicant responds that it does not provide any special access or special access backhaul services in Pennsylvania.

Revenues

14. Reference Sprint Communications’ revenue information reported to staff by email dated September 21, 2018.
 - a. Provide this information in the same format for Calendar Years (CYs) 2006 through 2018 to date. Include **all** revenues from all certificate-holders for all services provided, including any categories not included in the emailed response and including wholesale and VoIP, regardless of whether the parties consider the revenues to be jurisdictional. Identify the revenues by CPC holder and revenue category, and in the case of any revenues considered non-jurisdictional, provide an explanation why.
 - b. Identify all years for which any revenue category, including wholesale and VoIP, was excluded from Sprint Communications’ revenues as reported to the Pa PUC in annual Section 510 assessment, annual financial, and annual PA USF reports.
 - c. If applicable, identify when Sprint Communications started excluding wholesale and/or VoIP revenues, the reason for the exclusion, and the amount of revenues excluded, by sector and calendar year.
 - d. Identify and explain all reasons for the decline in reported intrastate revenues for this period, for example including but not limited to decreased revenues from sales as opposed to decreased reporting in revenues due to changes in technology used and identify the proportion of reduction associated with each reason identified.

OBJECTION: Pursuant to 52 Pa. Code §§ 5.321(c) and 5.361(a)(2), (4), Applicant objects to this request as unduly burdensome and seeking information not likely to lead to relevant evidence. The request is unduly burdensome in that it seeks 12 years of financial records, some of which are beyond Applicant’s document retention policy. Moreover, the Public Utility Code has a three year limitation on penalties, and thus any data from years prior to 2015 is irrelevant and not likely to lead to the discovery of relevant evidence. Finally, in the Commission’s April 18, 2013 Order issued in the Application of Sprint Communications Company, L.P. for Approval of a General Rule Indirect Transfer of Control, Docket No. A-2012-2337337, whereby the Commission granted the merger of Softbank and Sprint, the Commission held: “The Commission has determined that the Applicant is current with its annual financial and Security Planning and Readiness Self Certification Form report filing requirements, and there are no outstanding Commission fines or assessments against the Applicant.” Finally, this request appears intended to be in

the nature of a compliance or prosecutorial investigation which is inappropriate in an adjudicatory proceeding under *Lyness v. State Board of Medicine*, 529 Pa. 535, 605 A.2d 1204 (1992).

RESPONSE: Subject to and without waiving its objections, Applicant responds as follows:

- a. See attached CONFIDENTIAL data.
- b. End-user VoIP has always been included in Applicant's revenues as reported to the PA PUC. Wholesale revenue has been excluded in Applicant's revenues as reported to the PA PUC, with the exception of CY 2017, which was revised in September 2018. Finally, non-assessable end-user revenues (line 418 of Federal Form 499A) have been excluded in Applicant's revenues as reported to PA PUC.

- c. Please refer to the response in staff inquiry #14(b) above.

In 2013, the Pa PUC annual report had the following revenue categories:

- Competitive Local Exchange Carrier (CLEC) Revenue
- Network Switched Access Services (ACC) Revenue
- Interexchange Toll Facilities-Based Carrier (Toll) Revenue
- Competitive Access Provider (CAP) Revenue
- Interexchange Toll Reseller (IXC) Revenue

In 2014, the annual report changed and had the following revenue categories:

- Local Network Services Revenue
- Network Switched Access Services Revenue
- Long Distance Facilities Based Toll Revenue
- Competitive Access Services Revenue
- Long Distance Facilities Based Interexchange Revenue
- Miscellaneous Revenue

Applicant has never excluded intrastate VoIP revenues from its PA annual reports. Applicant excluded intrastate wholesale revenues for two primary reasons. First, because there is not a single line on the revenue categories used by the Commission that would capture wholesale revenues, Applicant assumed such revenues were not to be included on the annual report. Second, Applicant believed that the intrastate wholesale revenues should not be reported on the annual report because such revenues are not assessable for USF purposes. For assessments other than USF, such as the annual 510 Assessment, purposes, Applicant believed that the Commission would assess the retail revenues realized from Applicant's wholesale services, thereby avoiding the double-counting of intrastate revenues for assessment purposes.

- d. Applicant's Pennsylvania intrastate end-user revenue has declined approximately 80% from CY 2013 to CY 2017. This decrease is primarily market driven as more consumers and businesses focus on wireless service. Additionally, Applicant exited the local and long-distance voice business not only in Pennsylvania but across the country. The decline in revenues is not as a result of any change in reporting methods.

15. Reference the parties' 2006-2017 annual financial reports filed at the Commission.
 - a. Correlate the revenue categories on the annual financial report with the revenue categories provided in the report provided to staff by email dated September 21, 2018.
 - b. Explain the decline and eventual elimination of reported local network services revenues.
 - c. Explain the services provided for revenues reported as Competitive Access Services (CAP) revenues and whether Sprint Communications holds a CAP CPC.
 - d. Explain why the majority of revenues from 2006 to 2013 were reported as long-distance but for 2014 and after were reported as CAP.
 - e. Confirm whether for all years reported revenues included VoIP and wholesale. If not, identify for what years those revenues were not reported and why.
 - f. If the company did not include those revenues for Section 510 and TRS assessment purposes, will it be filing amended reports. If not, why not.
 - g. Explain the decline in revenues overall and specifically whether the decline is related to falling sales, elimination of discrete revenue categories from the reports, or any other reason.
 - h. If not provided above, explain specifically the precipitous drop in reported revenues from 2016 to 2017.

OBJECTION: Pursuant to 52 Pa. Code §§ 5.321(c) and 5.361(a)(2), (4), Applicant objects to this request as unduly burdensome and seeking information not likely to lead to relevant evidence. The request is unduly burdensome in that it seeks 12 years of financial records, some of which are beyond Applicant's document retention policy. Moreover, the Public Utility Code has a three year limitation on penalties, and thus any data from years prior to 2015 is irrelevant and not likely to lead to the discovery of relevant evidence. Finally, in the Commission's April 18, 2013 Order issued in the Application of Sprint Communications Company, L.P. for Approval of a General Rule Indirect Transfer of Control, Docket No. A-2012-2337337, whereby the Commission granted the merger of Softbank and Sprint, the Commission held: "The Commission has determined that the Applicant is current with its annual financial and Security Planning and Readiness Self Certification Form report filing requirements, and there are no outstanding Commission fines or assessments against the Applicant." Finally, this request appears intended to be in the nature of a compliance or prosecutorial investigation which is inappropriate in an adjudicatory proceeding under *Lyness v. State Board of Medicine*, 529 Pa. 535, 605 A.2d 1204 (1992).

RESPONSE: Subject to and without waiving its objections, Applicant responds as follows:

- a. See CONFIDENTIAL attachment provided in response to staff inquiry #14(a) above.
- b. See response to staff inquiry #14(d) above.
- c. Applicant is not certified as a CAP in Pennsylvania. The revenues were reported on this line item due to an oversight when the annual report changed from 2013-2014.
- d. See response to (c) above.
- e. See responses to staff inquiry #14(b) and (c) above.
- f. If the Commission deems it necessary for Applicant to file amended annual reports, Applicant will comply with a Commission request.
- g. See response to staff inquiry #14(d) above.
- h. See response to staff inquiry #14(d) above.

16. Reference the parties' October 9 Response to DR No. 3 and Pennsylvania's proportion of Sprint Communications' overall revenues:
 - a. For CYs 2006 through 2018 to date, provide the percentage of revenues from Sprint Communications' PA operations versus total Sprint Communications Company, L.P. revenue.
 - b. Explain all reasons behind the disproportionate decline in Pennsylvania's revenues as a percentage of total including specifically, but not limited to, whether and why Sprint's sales in Pennsylvania overall were decreasing more quickly than those overall. Explain whether over the same time period Sprint excluded any Pennsylvania-derived revenues (jurisdictional or nonjurisdictional) from its reports and the reasons for any exclusion.

OBJECTION: Pursuant to 52 Pa. Code §§ 5.321(c) and 5.361(a)(2), (4), Applicant objects to this request as unduly burdensome and seeking information not likely to lead to relevant evidence. The request is unduly burdensome in that it seeks 12 years of financial records, some of which are beyond Applicant's document retention policy. Moreover, the Public Utility Code has a three year limitation on penalties, and thus any data from years prior to 2015 is irrelevant and not likely to lead to the discovery of relevant evidence. Finally, in the Commission's April 18, 2013 Order issued in the Application of Sprint Communications Company, L.P. for Approval of a General Rule Indirect Transfer of Control, Docket No. A-2012-2337337, whereby the Commission granted the merger of Softbank and Sprint, the Commission held: "The Commission has determined that the Applicant is current with its annual financial and Security Planning and Readiness Self Certification Form report filing requirements, and there are no outstanding Commission fines or assessments against the Applicant." Finally, this request appears intended to be in the nature of a compliance or prosecutorial investigation which is inappropriate in an adjudicatory proceeding under *Lyness v. State Board of Medicine*, 529 Pa. 535, 605 A.2d 1204 (1992).

RESPONSE: Subject to and without waiving its objections, Applicant responds as follows:

There has not been a significant decrease or "disproportionate decline" in percentage of revenues from Applicant's PA operations versus total Sprint Communications Company, L.P. revenue. Please refer to the response to staff inquiry #14(d) above, and the following table: (* note that 2018 is annualized based on January – September actuals)

PA Revenue Percentage	
Year	to Total
2013	3.01%
2014	3.25%
2015	3.26%
2016	2.37%
2017	2.31%
2018*	2.55%

17. Verify the accuracy of the revenues below as they were reported to the PA PUC and confirm that identical revenues were reported for purposes of Sprint Communications' annual financial report, Section 510 assessment report, and PA USF report. Explain all revenue categories into which revenues were broken down, as applicable. Identify whether any annual revenue figures were reported erroneously, and if so, Sprint Communications' plans to correct the filings. Provide jurisdictional revenues for 2017 and to date for 2018. NOTE: Some figures reported to the PA PUC were marked confidential.

2006 - \$25,277,583
2007 - \$14,685,181
2008 - \$10,806,894
2009 - \$6,242,188
2010 - \$4,441,547
2011 - \$3,016,134
2012 - \$2,152,193
2013 - \$1,918,927
2014 - \$1,638,478
2015 - \$1,404,341
2016 - \$1,063,441
2017 –
2018 to date -

OBJECTION: Pursuant to 52 Pa. Code §§ 5.321(c) and 5.361(a)(2), (4), Applicant objects to this request as unduly burdensome and seeking information not likely to lead to relevant evidence. The request is unduly burdensome in that it seeks 12 years of financial records, some of which are beyond Applicant’s document retention policy. Moreover, the Public Utility Code has a three year limitation on penalties, and thus any data from years prior to 2015 is irrelevant and not likely to lead to the discovery of relevant evidence. Finally, in the Commission’s April 18, 2013 Order issued in the Application of Sprint Communications Company, L.P. for Approval of a General Rule Indirect Transfer of Control, Docket No. A-2012-2337337, whereby the Commission granted the merger of Softbank and Sprint, the Commission held: “The Commission has determined that the Applicant is current with its annual financial and Security Planning and Readiness Self Certification Form report filing requirements, and there are no outstanding Commission fines or assessments against the Applicant.” Finally, this request appears intended to be in the nature of a compliance or prosecutorial investigation which is inappropriate in an adjudicatory proceeding under *Lyness v. State Board of Medicine*, 529 Pa. 535, 605 A.2d 1204 (1992).

RESPONSE: Subject to and without waiving its objections, please see CONFIDENTIAL attachment to #14(a).

FCC Update

18. Reference the parties’ August 10 DR Response Nos. 13 and 14 and the FCC’s September 11, 2018 pausing of streamlined review to more thoroughly assess the parties’ newly-provided network engineering model on a subject central to the FCC’s and the Pennsylvania Commission’s review of the application – the transaction’s claimed network benefits.
 - a. Provide a substantive update on the status of the proceeding at the FCC.
 - b. Provide a copy of all submissions made to the FCC that support the transaction’s updated model substantiating claimed network benefits. If the information is voluminous, summaries may be provided so long as details specific to any individual state or region, including but not limited to Pennsylvania, are included.
 - c. Identify what, if any, benefits specific to Pennsylvania were identified or provided in any filing or update the parties’ filed at the FCC.

OBJECTION: Applicant objects to subpart (b) of this request as unduly burdensome, overbroad, untimely and irrelevant. Any details that go beyond Pennsylvania, or go beyond the services provided in Pennsylvania by the Applicant, Sprint Communications Company L.P., are irrelevant to the Commission’s inquiry and scope of review.

RESPONSE:

Sprint directs the Commission to its supplemental responses to staff inquiries filed on November 19, 2018, providing an update of the status of the merger at the FCC and other states. There have been no substantive changes in the status of the proceeding since that update. Copies of all submissions made to the FCC that support the transaction's updated model can be found via the FCC's online Electronic Comment Filing System under docket WT Docket No. 18-197. There are no Pennsylvania-specific benefits identified or provided in the filings or updates.

Other Jurisdictions

19. Reference the parties' August 10 DR Response Nos. 2 and 3 and the most recent update to No. 2 provided on October 9, 2018.
 - a. Provide any new updates.
 - b. Are the parties now engaging, or have they at any time previously engaged, in any formal or informal discussions with, or given any consideration to any regulatory or other entity about any benefit from the transaction to be provided to or result from the transaction to the benefit of any specific state or geographic region? Provide all details.
 - c. Provide copies of all questions posed by the regulatory bodies and the responses provided by the responding parties in the following jurisdictions: California, the District of Columbia, New York, New Jersey, and Virginia.

OBJECTION: Applicant objects to subsections (b) and (c) of this request as unduly burdensome, overbroad, untimely and irrelevant. Any details that go beyond Pennsylvania, or go beyond the services provided in Pennsylvania by the Applicant, Sprint Communications Company L.P., are irrelevant to the Commission's inquiry and scope of review. Questions asked in other states contain information specific to those states, not Pennsylvania, and are irrelevant to Pennsylvania and the scope of review. Further, Applicant objects to subsection (b) as seeking privileged settlement discussions, which are outside the scope of allowable discovery pursuant to 52 Pa. Code §§ 5.361(a)(3) and 5.231(d).

RESPONSE: Subject to and without waiving its objections, see Applicant's supplemental response filed on November 19, 2018.

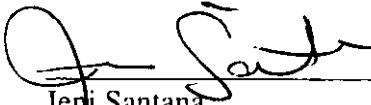
**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Sprint Communications
Company L.P., for Approval of a General
Rule Transaction of the Indirect Change
in Control by Merger of Applicant from
Softbank Group Corp. to T-Mobile US, Inc.

Docket No. A-2018-3003259

VERIFICATION

I, Jeni Santana, hereby state that the facts set forth in the responses to the November 21, 2018 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).



Jeni Santana

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Sprint Communications
Company L.P., for Approval of a General
Rule Transaction of the Indirect Change
in Control by Merger of Applicant from
Softbank Group Corp. to T-Mobile US, Inc.

Docket No. A-2018-3003259

VERIFICATION

I, Mary Ellen Hassell, hereby state that the facts set forth in the responses to the November 21, 2018 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

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CERTIFICATE OF SERVICE

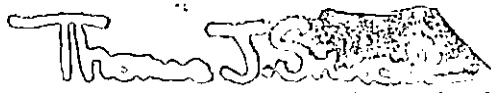
I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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Harrisburg, PA 17101

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555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265



Thomas J. Sniscak
Whitney E. Snyder

Dated this 3rd day of December, 2018

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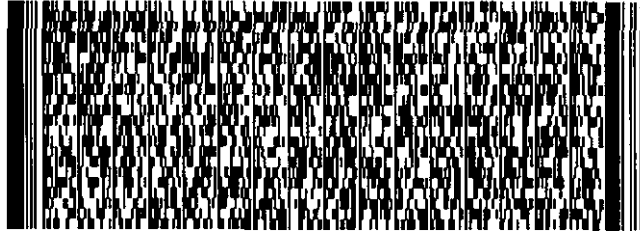
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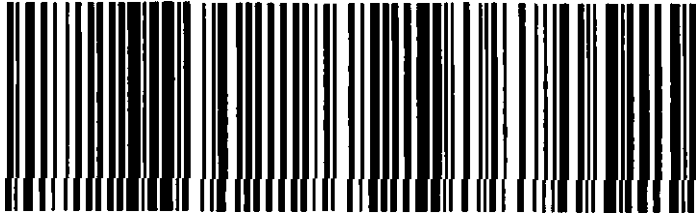
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