November 21, 2018

Docket No. A-2018-3003259

Utility Code: 310183

MICHELLE PAINTER

SPRINT COMMUNICATIONS COMPANY LP

12502 SUNRISE VALLEY DRIVE

RESTON VA 20196

RE: Application of Sprint Communications Company L.P. for Approval of a General Rule Indirect Change in Control from Softbank Group Corp. to T‑Mobile US, Inc.

Dear Ms. Painter:

The above-captioned joint application was filed with the Commission on July 6, 2018. To assist the Commission in conducting the review of the proposed General Rule Indirect Change in Control, please respond with the information requested in Attachment 3.

Please forward the information to the Secretary of the Commission at the address listed below **within ten (10) days of the date of this letter**.

Rosemary Chiavetta, Secretary

Pennsylvania Public Utility Commission

400 North Street

Harrisburg, PA 17120

Make sure to reference Docket No. A-2018-3003259 when filing your response. Please note that some responses may be e-filed to your case; see the Commission’s website at <http://www.puc.pa.gov/efiling/default.aspx> for information on e-filing. A list of document types that may be e-filed can be found on the Commission’s website at <http://www.puc.pa.gov/efiling/DocTypes.aspx>.

**Your answers should be verified per 52 Pa Code § 1.36.** Accordingly, you must provide the following statement with your responses:

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

The blank should be filled in with the name of the appropriate company representative, and the signature of that representative should follow the statement.

If you have any questions on this matter, please contact Erin Laudenslager, Bureau of Technical Utility Services, at [elaudensla@pa.gov](mailto:elaudensla@pa.gov), or (717) 705-4364.

**** Sincerely,

Rosemary Chiavetta

Secretary

Enclosure – Attachment 3

**Attachment 3:**

Note: “Parties” should be interpreted broadly to include all entities affected by the proposed transaction who possess information related to the claims made in this proceeding whether or not subject to the jurisdiction of the Pennsylvania Public Utility Commission (PA PUC). If information is requested that the parties consider to be proprietary, confidential, or highly confidential, the parties should provide the information, clearly designating all information for which protection is sought. Pursuant to Section 1515 of the PA PUC’s Procedures Manual, the Commission will honor that designation unless the protected information is requested from an outside party. At that point the PA PUC would require the parties to file a Petition for Protective Order pursuant to the PA PUC regulations at 52 Pa. Code § 5.365(b).

**Pennsylvania Public Interest Considerations**

* **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.

* **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.

* **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.

* **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.

1. 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.
2. 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.

* **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.

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

6. In prefiling 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.

* **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.

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.

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.

* **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.

* **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.

**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.

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

**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.

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.

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.

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 -

**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.

**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.