

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Application of AT&T Mobility Spectrum LLC and) WT Docket No. 15-267
Texas RSA 7B3, L.P., d/b/a Peoples Wireless)
Services)
)
For Consent To Assign Licenses)

MEMORANDUM OPINION AND ORDER

Adopted: January 14, 2016

Released: January 14, 2016

By the Chief, Wireless Telecommunications Bureau:

I. INTRODUCTION

1. In this Memorandum Opinion and Order, we consider the application of AT&T and Peoples Wireless Services for Commission consent to the assignment to AT&T of two Lower 700 MHz C Block licenses covering two local market areas in Texas. The Commission determined in the *Mobile Spectrum Holdings Report and Order* that increased aggregation of below-1-GHz spectrum would be treated as an “enhanced factor” under its case-by-case review of license transfers if post-transaction the acquiring entity would hold approximately one-third or more of the suitable and available spectrum below 1 GHz.¹ In the proposed transaction, AT&T would increase its spectrum holdings, and in particular, would hold post-transaction more than one-third of the currently suitable and available below-1-GHz spectrum in all or parts of these two local market areas. After carefully evaluating the likely competitive effects of AT&T’s increased aggregation of below-1-GHz spectrum from the proposed transaction, as well as the other factors ordinarily considered in a case-by-case review, we find that the likelihood of competitive harm is low. Further, we find some public interest benefits are likely to be realized, such as increased network quality and a better consumer experience. Based on the record before us and our competitive review, we find that the proposed assignment of licenses would serve the public interest, convenience, and necessity, and therefore we approve the proposed assignment.

II. BACKGROUND AND PUBLIC INTEREST FRAMEWORK

2. *Description of the Applicants.* AT&T Mobility Spectrum LLC, an indirect wholly-owned subsidiary of AT&T Inc. (together with AT&T Mobility Spectrum LLC, “AT&T”), headquartered in Dallas, Texas, is a communications holding company that ranks among the leading providers of telecommunications services in the United States.² Texas RSA 7B3, L.P., d/b/a Peoples Wireless

¹ See Policies Regarding Mobile Spectrum Holdings; Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions, WT Docket No. 12-269, GN Docket No. 12-268, *Report and Order*, 29 FCC Rcd 6133, 6238-40 ¶¶ 282-88 (2014) (“*Mobile Spectrum Holdings Report and Order*”), *recon. denied*, *Order on Reconsideration*, 30 FCC Rcd 8635 (2015).

² See AT&T Inc., SEC Form 10-K, at 1 (filed Feb. 20, 2015), available at http://www.sec.gov/Archives/edgar/data/732717/000073271715000016/ye14_10k.htm.

Services (“Peoples Wireless,” and together with AT&T, the “Applicants”) provides fixed wireless broadband Internet access service to its customers in rural areas of central Texas.³

3. *Description of the Transaction.* On October 19, 2015, AT&T and Peoples Wireless filed the Application pursuant to section 310(d) of the Communications Act of 1934, as amended (the “Act”),⁴ seeking Commission consent to assign two Lower 700 MHz C Block licenses to AT&T.⁵ Through these licenses, AT&T would acquire 12 megahertz of spectrum in 17 counties covering two Cellular Market Areas (“CMAs”) in parts of Texas.⁶ Post-transaction, AT&T would hold from 100 megahertz to 155 megahertz of spectrum in total, and in particular, it would increase its below-1-GHz spectrum holdings from 30 megahertz to 55 megahertz (varying by county).⁷ AT&T would end up having an interest in more than one-third of the below-1-GHz spectrum in all or parts of both CMAs.⁸

4. *Standard of Review.* Pursuant to section 310(d) of the Act,⁹ we must determine whether the Applicants have demonstrated that the proposed assignment of licenses would serve the public interest, convenience, and necessity.¹⁰ In making this determination, we first assess whether the proposed transaction complies with the specific provisions of the Act,¹¹ other applicable statutes, and the Commission’s rules.¹² If the proposed transaction does not violate a statute or rule, we next consider whether the proposed transaction could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes.¹³ We then employ a balancing

³ See Response of Peoples Wireless to the General Information Request Dated Nov. 6, 2015, WT Docket No. 15-267, at 2 (filed Nov. 20, 2015) (“Peoples Wireless Information Request Response”).

⁴ 47 U.S.C. § 310(d).

⁵ See Application, Exhibit 1 – Description of Transaction and Public Interest Statement (“Public Interest Statement”). The Application was assigned ULS File No. 0006975446.

⁶ See AT&T Mobility Spectrum LLC and Peoples Wireless Services Seek FCC Consent to the Assignment of Two Lower 700 MHz C Block Licenses in Texas, WT Docket No. 15-267, *Public Notice*, DA 15-1261, at 1 (WTB rel. Nov. 6, 2015) (“*Accepted for Filing Public Notice*”); see also Application, Exhibit 3 – Spectrum Aggregation.

⁷ See Application, Exhibit 3 – Spectrum Aggregation; *Accepted for Filing Public Notice* at 1.

⁸ As set out in the docket, the Bureau accepted the Application for filing and established a pleading cycle, released a public notice announcing that Numbering Resource Utilization and Forecast (“NRUF”) reports and local number portability (“LNP”) data would be placed into the record and adopted the associated protective order, adopted a protective order covering the submission of confidential and highly confidential information, and sent the Applicants information requests seeking further specific information relating to the proposed transaction.

⁹ 47 U.S.C. § 310(d).

¹⁰ See, e.g., Application of AT&T Mobility Spectrum LLC and Consolidated Telephone Company for Consent To Assign Licenses, WT Docket No. 14-254, *Memorandum Opinion and Order*, 30 FCC Rcd 9797, 9799-9800 ¶ 6 (WTB 2015) (“*AT&T-Consolidated Order*”); Applications of AT&T Inc., E.N.M.R Telephone Cooperative, Plateau Telecommunications, Inc., New Mexico RSA 4 East Limited Partnership, and Texas RSA 3 Limited Partnership for Consent To Assign Licenses and Authorizations, WT Docket No. 14-144, *Memorandum Opinion and Order*, 30 FCC Rcd 5107, 5111 ¶ 8 (2015) (“*AT&T-Plateau Wireless Order*”); Applications of AT&T Inc., Leap Wireless International, Inc., Cricket License Co., LLC and Leap Licenseco, Inc. for Consent To Transfer Control and Assign Licenses and Authorizations, WT Docket No. 13-193, *Memorandum Opinion and Order*, 29 FCC Rcd 2735, 2741-42 ¶ 13 (WTB, IB 2014) (“*AT&T-Leap Order*”).

¹¹ Section 310(d) requires that we consider the application as if the proposed assignee were applying for the licenses directly under section 308 of the Act. 47 U.S.C. §§ 308, 310(d). See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9799-9800 ¶ 6, n.18; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111 ¶ 8, n.27; *AT&T-Leap Order*, 29 FCC Rcd at 2741-42 ¶ 13, n.45.

¹² See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9799-9800 ¶ 6; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111 ¶ 8; *AT&T-Leap Order*, 29 FCC Rcd at 2741-42 ¶ 13.

¹³ See *id.*

test weighing any potential public interest harms of the proposed transaction against any potential public interest benefits.¹⁴ The Applicants bear the burden of proving, by a preponderance of the evidence, that the proposed transaction, on balance, would serve the public interest.¹⁵

5. Our competitive analysis, which forms an important part of the public interest evaluation, is informed by, but not limited to, traditional antitrust principles.¹⁶ The Commission and the Department of Justice (“DOJ”) each have independent authority to examine the competitive impacts of proposed mergers and transactions involving transfers of Commission licenses, but the Commission’s competitive analysis under the public interest standard is somewhat broader.¹⁷ The Commission’s public interest authority enables us, where appropriate, to impose and enforce narrowly tailored, transaction-specific conditions that ensure that the public interest is served by the transaction.¹⁸ If we are unable to find that the proposed transaction serves the public interest for any reason or if the record presents a substantial and material question of fact, we must designate the application(s) for hearing.¹⁹

6. *Qualifications of the Applicants.* As a threshold matter, the Commission must determine whether the applicants to a proposed transaction meet the requisite qualifications requirements to hold and transfer licenses under section 310(d) and the Commission’s rules.²⁰ We note that no issues were raised with respect to the basic qualifications of Peoples Wireless or AT&T, and in addition, AT&T previously and repeatedly has been found qualified to hold Commission licenses.²¹ We therefore find there is no reason to reevaluate the requisite citizenship, character, financial, technical, or other basic qualifications under the Act and our rules, regulations, and policies, of Peoples Wireless or AT&T.²²

III. POTENTIAL PUBLIC INTEREST HARMS

7. *Competitive Overview.* In its examination of a proposed transaction, the Commission evaluates the potential public interest harms and undertakes a case-by-case review of the competitive effects of any increase in market concentration or in spectrum holdings in the relevant markets.²³ In the past, the Commission has used a two-part screen to help identify those markets that provide particular reason for further competitive analysis, but has not limited its consideration of potential competitive harms solely to markets identified by its screen if it encounters other factors that may bear on the public

¹⁴ See *id.*

¹⁵ See *id.*

¹⁶ See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9800 ¶ 7; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111-12 ¶ 9; *AT&T-Leap Order*, 29 FCC Rcd at 2742-43 ¶ 15.

¹⁷ See *id.*

¹⁸ See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9800 ¶ 7; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111-12 ¶ 9; *AT&T-Leap Order*, 29 FCC Rcd at 2743-44 ¶ 15.

¹⁹ 47 U.S.C. § 309(e); see also *AT&T-Consolidated Order*, 30 FCC Rcd at 9800 ¶ 7; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111-12 ¶ 9; *AT&T-Leap Order*, 29 FCC Rcd at 2742-43 ¶ 15; Application of EchoStar Communications Corp., General Motors Corp. and Hughes Electronics Corp., and EchoStar Communications Corp., CS Docket No. 01-348, *Hearing Designation Order*, 17 FCC Rcd 20559, 20574 ¶ 25 (2002).

²⁰ See 47 U.S.C. § 310(d); 47 C.F.R. § 1.948; see also, e.g., Application of Hardy Cellular Telephone Company and McBride Spectrum Partners, LLC for Consent To Assign License, WT Docket No. 14-240, *Memorandum Opinion and Order*, 30 FCC Rcd 9899, 9902 ¶ 8 (WTB 2015) (“*USCC-McBride Order*”); *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5112 ¶ 10; *AT&T-Leap Order*, 29 FCC Rcd at 2744 ¶ 17.

²¹ See, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9800 ¶ 8; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5112-13 ¶ 11; *AT&T-Leap Order*, 29 FCC Rcd at 2745 ¶ 19.

²² See 47 U.S.C. § 310(d); 47 C.F.R. § 1.948.

²³ See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5113 ¶ 12; see also *USCC-McBride Order*, 30 FCC Rcd at 9902-3 ¶ 9; *AT&T-Consolidated Order*, 30 FCC Rcd at 9800-1 ¶ 9; *AT&T-Leap Order*, 29 FCC Rcd at 2745 ¶ 20.

interest inquiry.²⁴ In the *Mobile Spectrum Holdings Report and Order*, the Commission found that it is in the public interest to continue to use its spectrum screen and case-by-case review,²⁵ and, in addition, to require that any increase in spectrum holdings of below-1-GHz be treated as an “enhanced factor” in its review if post-transaction the acquiring entity would hold approximately one-third or more of such spectrum.²⁶ The Commission stated that it anticipated “that any entity that would end up with more than one third of below-1-GHz spectrum as a result of a proposed transaction would facilitate our case-by-case review with a detailed demonstration regarding why the public interest benefits outweigh harms.”²⁷ The Commission further stated, however, that when the other factors ordinarily considered indicate a low potential for competitive or other public interest harm, the acquisition of below-1-GHz spectrum resulting in holdings of approximately one-third or more would not preclude a conclusion that a proposed transaction, on balance, furthers the public interest.²⁸

8. The Commission stated in the *Mobile Spectrum Holdings Report and Order* that low-band spectrum is less costly to deploy and provides higher quality coverage than higher-band spectrum,²⁹ and that the leading nationwide service providers hold most of the low-band spectrum available today.³⁰ The Commission found that if they were to acquire all, or substantially all, of the remaining low-band spectrum, they would benefit, independently of any deployment, to the extent that rival service providers are denied its use.³¹ As the Commission found, without access to this low-band spectrum, rival service providers that may lack a mix of low-band and higher-band spectrum would be less able to provide a robust competitive alternative, and may not be able to quickly expand coverage or provide new services.³² We consider below whether there would be an increased likelihood as a result of the proposed transaction that rival service providers or potential entrants would be foreclosed from expanding capacity, deploying

²⁴ See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5113 ¶ 12; see also *USCC-McBride Order*, 30 FCC Rcd at 9902-3 ¶ 9; *AT&T-Consolidated Order*, 30 FCC Rcd at 9800-1 ¶ 9; *AT&T-Leap Order*, 29 FCC Rcd at 2752 ¶ 39, 2753 ¶ 41, 2755-56 ¶ 47.

²⁵ See *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6223-24 ¶ 231.

²⁶ See *id.*, 29 FCC Rcd at 6240 ¶¶ 286-88; see also, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9902-3 ¶ 9; *AT&T-Consolidated Order*, 30 FCC Rcd at 9800-1 ¶ 9; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5108 ¶ 2.

²⁷ *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240 ¶ 286. The Commission also set out a heightened standard of review for cases in which the proposed transaction would result in an entity that already holds approximately one-third or more of below-1-GHz spectrum in a market acquiring additional below-1-GHz spectrum in that market, especially with regard to paired low-band spectrum. In these cases, the Commission stated that the required demonstration of the potential public interest benefits of the proposed transaction would need to clearly outweigh the potential public interest harms associated with such additional concentration of below-1-GHz spectrum, irrespective of other factors. See *id.*, 29 FCC Rcd at 6240 ¶ 287; see also Application of AT&T Mobility Spectrum LLC and Club 42CM Limited Partnership for Consent To Assign Licenses, WT Docket No. 14-145, *Memorandum Opinion and Order*, FCC 15-150, at ¶ 7, ¶ 15, ¶ 37, ¶ 48, ¶ 51 (rel. Nov. 12, 2015) (“*AT&T-Club 42 Order*”); *USCC-McBride Order*, 30 FCC Rcd at 9903 n.31; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801 n.34; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111 ¶ 8 n.31, 5113 ¶ 13, 5114 ¶ 15, 5123 ¶ 36 n.114, 5130 ¶ 56.

²⁸ See *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240 ¶ 286.

²⁹ See *id.*, 29 FCC Rcd at 6164 ¶ 60.

³⁰ See *id.*, 29 FCC Rcd at 6156-57 ¶ 46, 6164 ¶ 60.

³¹ See *id.*, 29 FCC Rcd at 6164 ¶ 60.

³² See *id.*, 29 FCC Rcd at 6164-65 ¶¶ 60-61; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5113-14 ¶ 14; see also *USCC-McBride Order*, 30 FCC Rcd at 9903 ¶ 10; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-2 ¶ 10.

mobile broadband technologies, or entering the market, and whether rivals' costs would be increased to the extent that they would be less likely to be able to compete robustly.³³

A. Market Definitions

9. We begin our competitive analysis by determining the appropriate market definitions for the proposed transaction,³⁴ including a determination of the product market, the geographic market, the input market for spectrum suitable and available for the provision of mobile wireless services, and the market participants.

10. *Product and Geographic Markets.* Consistent with recent transaction orders, we find that the relevant product market is a combined "mobile telephony/broadband services" product market that comprises mobile voice and data services, including mobile voice and data services provided over advanced broadband wireless networks (mobile broadband services).³⁵ In addition, we find that the relevant geographic market is local.³⁶ The Applicants are seeking Commission approval of the proposed assignment of 12 megahertz of spectrum that covers 17 counties in two local markets, accounting for well under one percent of the population of the United States.

11. *Input Market for Spectrum and Market Participants.* For our analysis, we include the spectrum bands, or portions thereof, found in recent Commission orders as the input market.³⁷ Similarly, we apply recent Commission precedent and consider facilities-based entities providing mobile telephony/broadband services using cellular, PCS, SMR, 700 MHz, AWS-1, BRS, WCS, AWS-4, H Block, EBS, and AWS-3 and 600 MHz spectrum (as both the latter become available) to be market participants.³⁸

B. Competitive Effects of the Proposed Transaction

12. *Initial Review.* As discussed above, to help identify those local markets in which competitive concerns are more likely, initially we apply a two-part screen, and if the acquiring entity would increase its below-1-GHz spectrum holdings to hold approximately one-third or more of such spectrum post-transaction, we apply enhanced factor review.³⁹ The first part of the screen is based on the

³³ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9903 ¶ 10; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-2 ¶ 10; Applications of AT&T Mobility Spectrum LLC and KanOkla Telephone Association, WT Docket No. 14-199, *Memorandum Opinion and Order*, 30 FCC Rcd 8555, 8559-60 ¶ 10 (WTB 2015) ("*AT&T-KanOkla Order*").

³⁴ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9904 ¶ 11; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5115-¶ 17; *AT&T-Leap Order*, 29 FCC Rcd at 2746 ¶ 22.

³⁵ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9904 ¶ 12; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5115-16 ¶ 18; *AT&T-Leap Order*, 29 FCC Rcd at 2746 ¶ 23.

³⁶ The Commission has found that the relevant geographic markets for certain wireless transactions generally are local, but has held that a transaction's competitive effects should also be evaluated at the national level where a transaction exhibits certain national characteristics that provide cause for concern. See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5116 ¶ 19; see also *USCC-McBride Order*, 30 FCC Rcd at 9904 n.40; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-2 n.43; *AT&T-Leap Order*, 29 FCC Rcd at 2748 ¶ 27.

³⁷ See, e.g., *AT&T-Plateau Wireless*, 30 FCC Rcd at 5117 ¶ 22; *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6169-70 ¶¶ 70, 72; see also *USCC-McBride Order*, 30 FCC Rcd at 9904 ¶ 13; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-2 ¶ 13; *AT&T-Leap Order*, 29 FCC Rcd at 2749-50 ¶ 32.

³⁸ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9904 ¶ 13; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5117 ¶ 23; *AT&T-Leap Order*, 29 FCC Rcd at 2751 ¶ 35.

³⁹ See, e.g., *AT&T-Club 42 Order*, FCC 15-150, at ¶ 23; *USCC-McBride Order*, 30 FCC Rcd at 9904-5 ¶ 15; *AT&T-KanOkla Order*, 30 FCC Rcd at 8561 ¶ 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118 ¶ 24; *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240 ¶ 286. The current total amount of below-1-GHz spectrum that is suitable and available is 134 megahertz, approximately one-third of which is 45 megahertz. See *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6156-57, 6240 ¶ 46, ¶¶ 286-88. As with our

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size of the post-transaction Herfindahl-Hirschman Index (“HHI”) and the change in the HHI.⁴⁰ The second part of the screen, which is applied on a county-by-county basis, identifies local markets where an entity would hold approximately one-third or more of the total spectrum suitable and available for the provision of mobile telephony/broadband services, post-transaction.⁴¹ In instances where an applicant is acquiring spectrum below 1 GHz, we also carefully examine the possible competitive effects resulting from an increase in below-1-GHz spectrum holdings that would be above the threshold identified in the *Mobile Spectrum Holdings Report and Order*.⁴²

13. As the instant transaction does not result in the acquisition of wireless business units and customers, we do not apply the initial HHI screen. Neither market triggers the total spectrum screen but in our review of the below-1-GHz spectrum holdings, we find that AT&T would hold more than one-third, or more than 45 megahertz, of the currently suitable and available below-1-GHz spectrum in both counties in CMA 206 (Longview-Marshall, TX) and in nine of the fifteen counties in CMA 658 (Texas 7 – Fannin), covering approximately 74 percent of that market’s population. We therefore look more closely at the potential competitive effects that the proposed holdings may have.

14. *Record.* The Applicants argue that the proposed transaction would have no adverse competitive effects, as it would neither cause an overall aggregation of spectrum that would pose an anticompetitive risk nor reduce competition in a meaningful way,⁴³ and that no subscriber transition issues are implicated as a result of the proposed transaction.⁴⁴ Further, the Applicants maintain that the proposed transaction will not lead to an increase in market concentration or decrease the number of entities providing service to customers in these markets.⁴⁵ No petitions to deny or comments were received.

15. *Market-Specific Review.* Generally, in undertaking our analysis, we consider various competitive variables that help to predict the likelihood of competitive harm post-transaction. These competitive variables include, but are not limited to: the total number of rival service providers; the number of rival firms that can offer competitive service plans; the coverage by technology of the firms’ respective networks; the rival firms’ market shares; the combined entity’s post-transaction market share and how that share changes as a result of the transaction; the amount of spectrum suitable for the provision of mobile telephony/broadband services controlled by the combined entity; and the spectrum holdings of each of the rival service providers.⁴⁶

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application of the initial total spectrum screen, we evaluate increases in below-1-GHz spectrum concentration on a county-by-county basis. *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9904-5 n.45; *AT&T-KanOkla Order*, 30 FCC Rcd at 8561 n.48; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5121, 5123 ¶¶ 31, 35.

⁴⁰ *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9904-5 ¶ 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118 ¶ 24; *AT&T-Leap Order*, 29 FCC Rcd at 2753 ¶ 41 n.140.

⁴¹ *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9904-5 ¶ 15; *AT&T-Consolidated Order*, 30 FCC Rcd at 9803 ¶ 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118 ¶ 24.

⁴² *See Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6233 ¶ 267, 6240 ¶¶ 286-88; *see also, e.g., AT&T-Club 42 Order*, FCC 15-150, at ¶ 23; *USCC-McBride Order*, 30 FCC Rcd at 9904-5 ¶ 15; *AT&T-KanOkla Order*, 30 FCC Rcd at 8561 ¶ 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118 ¶ 24.

⁴³ *See Public Interest Statement* at 3-4; Application, Exhibit 4 – Competitors.

⁴⁴ *See Public Interest Statement* at 5; Response of AT&T to the General Information Request Dated Nov. 6, 2015, WT Docket No. 15-267, at 13 (Nov. 20, 2015) (“AT&T Information Request Response”).

⁴⁵ *See AT&T Information Request Response* at 13.

⁴⁶ We derive market shares and HHIs from our analysis of data compiled in our June 2015 NRUF and LNP database, network coverage from July 2015 Mosaik data and 2010 U.S. Census data, and spectrum holdings from our licensing databases and the Applications. We also utilized and analyzed additional data as provided by the

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16. We begin our analysis with our review of Longview-Marshall, which is a non-rural market of approximately 187,000 people, with a population density of 159 people per square mile.⁴⁷ The four nationwide service providers have a significant market share: AT&T, Sprint, T-Mobile, and Verizon Wireless each hold, respectively, approximately [REDACTED] percent of the market. Post-transaction, AT&T would hold 125 megahertz of spectrum in this CMA, including 55 megahertz of spectrum below 1 GHz, while the other three nationwide service providers hold 82 megahertz to 193 megahertz of spectrum. With respect to below-1-GHz spectrum, Verizon Wireless holds 47 megahertz, Sprint holds 14 megahertz, and T-Mobile holds 12 megahertz.⁴⁸ In terms of population and land area coverage, the four nationwide service providers each have significant 3G population and land area coverage.⁴⁹ AT&T covers 100 percent of the population and the land area with its 3G network, while the comparable 3G population and land area network coverage percentages are 100 percent for Verizon Wireless, approximately 98 percent and 90 percent for Sprint, and approximately 95 percent and 85 percent for T-Mobile. Further, AT&T covers approximately 99 percent of the population and 96 percent of the land area with LTE, while the comparable LTE population and land area percentages are 100 percent for Verizon Wireless, approximately 97 percent and 85 percent for Sprint, and approximately 95 percent and 80 percent for T-Mobile.⁵⁰

17. We next consider Texas 7 – Fannin, which is a rural market of approximately 425,000 people, with a population density of 49 people per square mile. The four nationwide service providers have a significant market share: AT&T, Sprint, T-Mobile, and Verizon Wireless each hold, respectively, approximately [REDACTED] percent of the market. Post-transaction, AT&T would be attributed with 100 megahertz to 155 megahertz of spectrum in this CMA, including 30 megahertz to 55 megahertz of spectrum below 1 GHz, while the other three nationwide service providers hold between 52 megahertz and 193 megahertz of spectrum. With respect to below-1-GHz spectrum, Verizon Wireless holds 47 megahertz to 72 megahertz, Sprint holds 14 megahertz, and T-Mobile holds 12 megahertz.⁵¹ In terms of population and land area coverage, the four nationwide service providers each have significant 3G population and land area coverage. AT&T covers approximately 98 percent of the population and 97 percent of the land area with its 3G network, while the comparable 3G population and land area network coverage percentages are approximately 99 percent and 93 percent for Verizon Wireless, approximately 80 percent and 70 percent for Sprint, and approximately 73 percent and 64 percent for T-Mobile. Further, AT&T covers approximately 92 percent of the population and 87 percent of the land area with LTE, while the comparable LTE population and land area percentages are approximately 99 percent and 93 percent

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Applicants through our information requests. *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9905 n.51; *AT&T-KanOkla Order*, 30 FCC Rcd at 8562 n.54; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5120 ¶ 29, n.98.

⁴⁷ The population density is measured by the number of people per square mile using Census 2010 data. Rural markets are generally characterized by fewer than 100 people per square mile. *See* Facilitating the Provision of Spectrum-Based Services to Rural Areas and Promoting Opportunities for Rural Telephone Companies To Provide Spectrum-Based Services, WT Docket Nos. 02-381, 01-14, 03-202, *Report and Order and Further Notice of Proposed Rulemaking*, 19 FCC Rcd 19078, 19086-88 ¶¶ 10-12 (2004).

⁴⁸ DISH holds 6 megahertz of low-band spectrum, and in addition, DISH and Grain Spectrum, respectively, hold 50 megahertz and 10 megahertz of spectrum above 1 GHz.

⁴⁹ It has previously been found that coverage of 70% or more of the population and 50% or more of the land area is presumptively sufficient for a service provider to have a competitive presence in the market. *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9906 n.54; *AT&T-KanOkla Order*, 30 FCC Rcd at 8562 n.59; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5121 n.102; *AT&T-Leap Order*, 29 FCC Rcd at 2770 n.279.

⁵⁰ Additionally, with regard to HSPA+, AT&T covers 100% of the population and the land area, while T-Mobile covers approximately 94% and 82% of the population and land area, respectively.

⁵¹ DISH holds 6 megahertz of low-band spectrum, and in addition, DISH and Grain Spectrum, respectively, hold 50 megahertz and 10 megahertz of spectrum above 1 GHz.

for Verizon Wireless, approximately 80 percent and 69 percent for Sprint, and approximately 71 percent and 53 percent for T-Mobile.⁵²

18. We find notwithstanding the fact that AT&T would hold, as a result of the proposed transaction, more than one-third of the below-1-GHz spectrum in all of Longview-Marshall and parts of Texas 7 – Fannin, that the likelihood of competitive harm is low after evaluating the particular factors ordinarily considered.⁵³ We note first that in both of these markets, the three other nationwide service providers each have a significant market share. Further, the three other nationwide service providers each have access to low-band spectrum that would allow at least a 5×5 megahertz LTE deployment on below-1-GHz spectrum. In addition, the three other nationwide service providers also have access to spectrum above 1 GHz to combine with their low-band spectrum holdings for LTE deployment. We also note that the three other nationwide service providers each have significant 3G and LTE population and land area coverage in both markets. Moreover, other entities were actively solicited with respect to this business opportunity, so they had the opportunity to acquire this low-band spectrum on the secondary market.⁵⁴ We find that the acquisition of this spectrum by AT&T is unlikely to foreclose rival service providers from entering or expanding in these two local markets, and is unlikely to raise rivals' costs. We find therefore that the proposed transaction is unlikely to materially lessen the ability of rival service providers to respond to any anticompetitive behavior on the part of AT&T in Longview-Marshall or Texas 7 – Fannin.

IV. POTENTIAL PUBLIC INTEREST BENEFITS

19. We next consider whether the proposed transaction is likely to generate verifiable, transaction-specific public interest benefits.⁵⁵ The Commission applies several criteria in deciding whether a claimed benefit should be considered and weighed against potential harms,⁵⁶ and applies a “sliding scale approach” to evaluating benefit claims.⁵⁷ Under this sliding scale approach, where potential harms appear “both substantial and likely, a demonstration of claimed benefits also must reveal a higher degree of magnitude and likelihood than we would otherwise demand.”⁵⁸ Conversely, where potential harms appear less likely and less substantial, as is the case here, we will accept a lesser showing to approve the proposed transaction.⁵⁹

⁵² Additionally, with regard to HSPA+, AT&T covers approximately 98% of the population and 96% of the land area, while T-Mobile covers approximately 69% and 58%, respectively.

⁵³ See ¶ 15 *supra*; see also, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9906-7 ¶¶ 19, 21; *AT&T-KanOkla Order*, 30 FCC Rcd at 8563 ¶ 19; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5123 ¶ 36.

⁵⁴ Peoples Wireless stated that in June 2015, it engaged Charlesmead Advisors LLC (“Charlesmead”) to assist in a review of its wireless operations and assets, which focused on [REDACTED]. In July 2015, Charlesmead contacted a diverse group of potential buyers for the 700 MHz spectrum, including wireline, wireless, video, and data services providers. In particular, Charlesmead contacted [REDACTED]. See also *AT&T-Club 42 Order*, FCC 15-150, at ¶ 38.

⁵⁵ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-8 ¶ 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805 ¶ 20; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5126 ¶ 43; *AT&T-Leap Order*, 29 FCC Rcd at 2792-93 ¶ 130.

⁵⁶ See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5126-27 ¶ 44; see also, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-8 ¶ 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805 ¶ 20; *AT&T-Leap Order*, 29 FCC Rcd at 2793-94 ¶ 132.

⁵⁷ See *id.*

⁵⁸ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-8 ¶ 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805 ¶ 20; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5126-27 ¶ 44.

⁵⁹ See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-8 ¶ 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805 ¶ 20; *AT&T-KanOkla Order*, 30 FCC Rcd at 8563 ¶ 20.

20. *Potential Benefits.* The Applicants assert, in their detailed demonstration of the claimed benefits, that the proposed transaction would enable AT&T to increase its system capacity to enhance existing services, better accommodate its overall growth, and facilitate the provision of additional products and services in the affected markets.⁶⁰ According to the Applicants, the additional spectrum would be used to deploy AT&T's 4G network using LTE technology and would increase network capacity to the benefit of AT&T's subscribers.⁶¹ In particular, the Applicants maintain that the acquisition of this Lower 700 MHz C Block spectrum would allow AT&T to support a 10×10 megahertz LTE deployment.⁶² AT&T asserts that the capacity of a 10×10 megahertz block is greater than the total capacity of two separate 5×5 megahertz blocks,⁶³ and contends that the wider bandwidth results in noticeably better performance for users than a deployment using two 5×5 megahertz blocks.⁶⁴

21. *Evaluation.* We have reviewed the Applicants' asserted benefits, as well as their responses to our requests for additional information and documents regarding the potential benefits of AT&T acquiring, in particular, the below-1-GHz spectrum at issue. The record provides general support for the Applicants' contentions that the proposed transaction would result in some public interest benefits. Specifically, we anticipate that through the acquisition of this Lower 700 MHz spectrum, AT&T would be able to deploy a more robust LTE network in a relatively short period of time.⁶⁵ As we found in the *AT&T-Plateau Wireless Order* and the *AT&T-Club 42 Order*, customers are likely to benefit in the immediate future from access to improved LTE performance and a more robust network as a result of the instant transaction.⁶⁶

V. BALANCING THE POTENTIAL BENEFITS AND THE POTENTIAL HARMS

22. We have reviewed the Applicants' initial claims, as well as their responses to our requests for additional information and documents. After carefully evaluating the likely competitive effects of AT&T's increased aggregation of below-1-GHz spectrum, we find that the ability of rival service providers to offer a competitive response to any anticompetitive behavior on the part of AT&T is unlikely to be materially lessened in either Longview-Marshall or Texas 7 – Fannin. Further, we find that the record provides general support for the Applicants' claims of potential public interest benefits. Therefore, under our sliding scale approach, we find that the likelihood of harm is low and the potential public interest benefits outweigh the harms. As a result, based on the record before us and our competitive review, we find that the proposed assignment would serve the public interest, convenience, and necessity.

⁶⁰ See Public Interest Statement at 2-3; see also AT&T Information Request Response at 5-11.

⁶¹ See Public Interest Statement at 2-3; see also AT&T Information Request Response at 5.

⁶² See Public Interest Statement at 2-3; see also AT&T Information Request Response at 5.

⁶³ See Public Interest Statement at 3; AT&T Information Request Response at 6-9. AT&T asserts that the 10 megahertz block would have approximately 10% more capacity than two 5 megahertz blocks. See Public Interest Statement at 3. See also AT&T Exhibits ATT-PWS000001, ATT-PWS000006, and ATT-PWS-000042.

⁶⁴ See AT&T Information Request Response at 8. AT&T cites the 10×10 megahertz LTE's deployment's greater trunking and signaling efficiencies, maintaining that these improvements result in higher system capacity, greater spectral efficiency, and better user throughput than is possible over two separate 5×5 megahertz blocks. See AT&T Information Request Response at 6-8.

⁶⁵ AT&T maintains that where it has already deployed LTE on its Lower 700 MHz spectrum in both markets, it expects to deploy the Lower 700 MHz C Block spectrum within 60 to 90 days after closing. See AT&T Information Request Response at 9.

⁶⁶ See *AT&T-Club 42 Order*, FCC 15-150, at ¶¶ 46-47; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5129 ¶ 53; see also, e.g., *AT&T-Consolidated Order*, 30 FCC Rcd at 9805-6 ¶ 22; *AT&T-KanOkla Order*, 30 FCC Rcd at 8564 ¶ 22.

VI. ORDERING CLAUSES

23. ACCORDINGLY, having reviewed the Application and the record in this proceeding, IT IS ORDERED that, pursuant to sections 4(i) and (j), 303(r), 309, and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 303(r), 309, 310(d), the application for assignment of licenses held by Texas RSA 7B3, L.P., d/b/a Peoples Wireless Services to AT&T Mobility Spectrum LLC is GRANTED.

24. IT IS FURTHER ORDERED that this Order SHALL BE EFFECTIVE upon release. Petitions for reconsideration under section 1.106 of the Commission's rules, 47 C.F.R. § 1.106, may be filed within thirty days of the date of release of this Memorandum Opinion and Order.

25. This action is taken under delegated authority pursuant to sections 0.131 and 0.331 of the Commission's Rules, 47 C.F.R. §§ 0.131, 0.331.

FEDERAL COMMUNICATIONS COMMISSION

Roger C. Sherman
Chief
Wireless Telecommunications Bureau