

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA



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ADMINISTRATIVE LAW JUDGE KARL J. BEMESDERFER, presiding

In the Matter of the Joint)
Application of Sprint Communications) EVIDENTIARY
Company L.P. (U-5112) and T-Mobile) HEARING
USA, Inc., a Delaware Corporation,)
for Approval of Transfer of Control)
of Sprint Communications Company) Application
L.P. Pursuant to California Public) 18-07-011
Utilities Code Section 854(a).)
) CONSOLIDATED
In the Matter of the Joint)
Application of Sprint Spectrum L.P.)
(U3062C), and Virgin Mobile USA L.P.) Application
(U4327C) and T-Mobile USA, Inc., a) 18-07-012
Delaware Corporation, for Review of)
Wireless Transfer Notification per)
Commission Decision 95-10-032.)

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Reported by: Ana M. Gonzalez, CSR No. 11320
Doris Huaman, CSR No. 10538
Carol A. Mendez, CSR No. 4330

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SAN FRANCISCO, CALIFORNIA

DECEMBER 6, 2019 - 9:12 A.M.

* * * * *

ADMINISTRATIVE LAW JUDGE BEMESDERFER:

We're back on the record.

And the witness next to be called is
Mr. Sievert.

Mr. Calsyn, I believe you are going
to call that witness?

MR. CALSYN: I was planning to, but I
thought Suzanne will do it because she's very
capable at this.

ALJ BEMESDERFER: Off the record.

(Off the record.)

ALJ BEMESDERFER: Back on the record.

Ms. Toller.

MS. TOLLER: Your Honor, we would call
Mike Sievert to the stand, please.

THE WITNESS: Good morning.

ALJ BEMESDERFER: Good morning,
Mr. Sievert.

MIKE SIEVERT, called as a witness by
T-Mobile, having been sworn, testified
as follows:

THE WITNESS: I do.

ALJ BEMESDERFER: Ms. Toller, your
witness.

///

///

1 DIRECT EXAMINATION

2 BY MS. TOLLER:

3 Q Mr. Sievert, could you state your
4 full name for the record, please.

5 A Mike Sievert.

6 Q What is your position
7 with T-Mobile?

8 A I'm the current President, Chief
9 Operating Officer and a member of the Board
10 of Directors of the company.

11 Q Is it on?

12 A Is it on? There we go.

13 Q Mr. Sievert, do you have a copy of
14 your prepared testimony in front of you?

15 A I do.

16 Q Does it reflect on the front cover
17 that this is the corrected version served on
18 December 3rd?

19 A It does.

20 MS. TOLLER: And your Honor, I'd like
21 to mark that for identification as Joint
22 Applicants 34.

23 ALJ BEMESDERFER: It will be marked as
24 Joint Applicants 34 for identification.

25 (Exhibit No. JA-34 was marked for
26 identification.)

27 BY MS. TOLLER:

28 Q Mr. Sievert, was this testimony

1 prepared by you or under your direction?

2 A It was.

3 MS. TOLLER: Your Honor, Mr. Sievert is
4 available for cross-examination.

5 ALJ BEMESDERFER: Thank you, Ms.
6 Toller.

7 I've been advised that the Public
8 Advocates is going to waive and that Mr.
9 Goodman is going to conduct this cross.

10 MS. SCHAEFER: A clarification. The
11 Public Advocates Office defers cross to the
12 other intervenors for Sievert.

13 ALJ BEMESDERFER: Very well. Thanks
14 for the clarification.

15 MS. KOSS: And your Honor, I believe,
16 after conferring, CWA will begin.

17 ALJ BEMESDERFER: Oh. Go ahead, Ms.
18 Koss.

19 CROSS-EXAMINATION

20 BY MS. KOSS:

21 Q Good morning, Mr. Sievert. My name
22 is Rachael Koss. I'm here on behalf of
23 Communication Workers of America, District 9.

24 How are you?

25 A Good morning. Nice to see you
26 again.

27 Q Nice to see you. Let's start with
28 your supplemental testimony. I'm looking at

1 page 6 and specifically lines 7 to 9.

2 Let me know when you're there.

3 A And is it under a particular tab?

4 Do you know?

5 MS. TOLLER: It's the very first part.

6 The tabs are exhibits.

7 THE WITNESS: Okay. Page 6?

8 MS. KOSS: Yes.

9 THE WITNESS: Thank you.

10 BY MS. KOSS:

11 Q On lines 9 to 7 (sic), you
12 reference your previous testimony. You say
13 that with respect to Boost Mobile and
14 MetroPCS, T-Mobile has no plans to change
15 those brands or their retail footprints.

16 Do you see that?

17 A No. I must be in a different
18 section.

19 Q Okay. So this is your supplemental
20 testimony, dated November 7th.

21 MS. TOLLER: So which page and line
22 again?

23 MS. KOSS: Page 6. At the top, it says
24 "Boost brand and retail footprints."

25 THE WITNESS: Sorry about that. I may
26 not have the same document in front of me as
27 you have in front of you. So let me try to
28 get caught up with you.

1 MS. KOSS: No problem.

2 MS. TOLLER: No. The document -- sorry
3 about that.

4 THE WITNESS: Page --

5 MS. KOSS: Page 6.

6 THE WITNESS: Yes.

7 BY MS. KOSS:

8 Q Okay. So lines 7 to 9.

9 A Yes.

10 Q You see your reference to your
11 previous testimony where you say "T-Mobile
12 has no plans to change the Boost and MetroPCS
13 brands or their retail footprints?

14 A I see that now. Thank you.

15 Q Okay. Great. Do you believe it's
16 important for low-income customers especially
17 those with limited transportation options to
18 be able to easily access a diverse selection
19 of wireless retail options in their
20 communities?

21 A Yes.

22 Q And since the announcement of the
23 proposed merger, do you know if the total
24 MetroPCS retail stores in the Los Angeles
25 metropolitan statistical area -- and that
26 area includes Los Angeles and Orange
27 Counties. Do you know if the total MetroPCS
28 stores in that area increased or decreased

1 since the announcement of the proposed
2 merger?

3 A I believe they decreased.

4 Q And do you know by how much?

5 A No.

6 Q Have you had a chance to review the
7 supplemental testimony of Debbie Goldman?

8 A I don't recall specifically.

9 Q Let me provide you with a copy.

10 ALJ BEMESDERFER: We'll be off the
11 record for a minute.

12 (Off the record.)

13 ALJ BEMESDERFER: Back on the record.

14 BY MS. KOSS:

15 Q Okay. So you have in front of
16 you -- it's Exhibit 18, which is the
17 supplemental testimony of Debbie Goldman on
18 behalf of CWA.

19 ALJ BEMESDERFER: Let's go off the
20 record for a second.

21 (Off the record.)

22 ALJ BEMESDERFER: Back on the record.

23 Go ahead, Ms. Koss.

24 BY MS. KOSS:

25 Q Okay. So if you look at the
26 supplemental testimony of Ms. Goldman on page
27 7, lines 6 through 9, you'll see that CWA's
28 analysis of the MetroPCS retail locations

1 listed on the T-Mobile and Sprint website
2 shows 12 percent fewer MetroPCS locations in
3 the L.A. metro area in November 2019 as
4 compared to April 2018. It also shows 20
5 percent fewer Boost locations in the L.A.
6 metro area over that same period.

7 Do you see that?

8 A I see that.

9 Q How do you square your claim in
10 your supplemental testimony on page 6 that
11 cites back to your previous testimony that
12 there will be no change to the retail
13 footprints of Boost and MetroPCS with the
14 significant reduction of Metro retail
15 locations in California since the merger
16 announcement?

17 A Thank you. A couple of things.
18 One is I don't know whether or not these
19 numbers in this CWA analysis are accurate or
20 not, but I do know that nationally there have
21 been closures of MetroPCS stores. And that
22 has absolutely nothing to do with the merger.
23 What it has to do with is an unprecedented
24 expansion of MetroPCS that happened through
25 2016 and 2017.

26 In fact, in 2017, T-Mobile,
27 especially MetroPCS, was the fastest growing
28 retailer in the United States. We reached --

1 on the MetroPCS brand, by the end of 2017,
2 over 10,000 stores. And it's very important
3 to the MetroPCS brand that we have stores in
4 all the right neighborhoods. In fact, we
5 have more retail presence in census blocks
6 designated as below the poverty level than
7 any other retailer in the history of our
8 category.

9 What happened in '17 and '16 was we
10 put together a fund to incentivize our
11 partners to expand those stores. It's
12 important to realize that the vast majority
13 of stores for Metro and all of the stores for
14 Boost are operated by third-party independent
15 dealers. We put together a fund to create
16 the fastest expansion of retail in the
17 history of our category. And in '17, we were
18 the fastest growing retailer in the country
19 according to a superficial scanning of the
20 data that we did at the end of '17.

21 What happened was our dealers -- it
22 looked like in some areas they were too
23 ambitious. In some areas, they overbuilt and
24 wound up with too many stores in a given
25 neighborhood and without direction from us --
26 because, again, these are independent
27 dealers -- they were able to pull back a
28 little bit relative to the unprecedented

1 expansion in '17. But now there's over
2 10,000 of those stores nationwide, which is a
3 vast expansion relative to just three years
4 ago.

5 Q Sorry. I just want to clarify.
6 When you're saying "expansion," are you
7 talking about corporate stores or authorized
8 dealers?

9 A I'm talking primarily about
10 authorized dealers, which is the vast
11 majority of MetroPCS and all of Boost. So
12 that small pullback from the all-time record
13 levels has absolutely nothing to do with the
14 merger whatsoever.

15 Q Do you know if DISH has made any
16 commitments to maintain the Boost retail
17 footprint in California following the
18 proposed divestiture?

19 A I don't know.

20 Q Do you know if DISH has made any
21 commitments to maintain retail customer
22 service levels for Boost customers in
23 California following the proposed
24 divestiture?

25 A I don't know. Although, DISH has
26 asked T-Mobile to provide customer support
27 services through our transition agreement.
28 We've agreed to do that. So for our

1 transitional period, we will be providing the
2 customer support in line with historical
3 norms for the Boost brand.

4 Q Let's turn to your supplemental
5 testimony at page 9 and specifically lines 3
6 to 4. Here you reiterate your claim. You
7 say, "We continue to anticipate an increase
8 in the indirect employees who support the
9 T-Mobile, Sprint post-paid and Assurance
10 Wireless businesses."

11 Do you see that?

12 A I see that.]

13 Q I believe the Applicants have used
14 the term "indirect employee" to refer to any
15 contracted-out employee. Does that sound
16 correct?

17 A It's generally referred to as
18 people who are working at -- exclusively for
19 the company's purposes, for example, a
20 dedicated dealer such as a MetroPCS store.

21 Q And is it correct that authorized
22 dealers will continue to be an important part
23 of a new T-Mobile's retail customer service
24 operations after the closing of the proposed
25 merger?

26 A Yes.

27 Q And I believe you just said that
28 some -- well, are some of the increased

1 indirect employees you mentioned here in your
2 testimony the employees of authorized dealers
3 in California?

4 A Yes.

5 Q What is the purpose of the
6 Commission payments that T-Mobile makes to
7 authorized dealers?

8 A It's part of the contractual
9 arrangement between us and authorized dealers
10 to compensate them for their work.

11 Q Would you agree that commission
12 payments are an important tool for T-Mobile
13 to align authorized dealers' priorities with
14 T-Mobile's own priorities?

15 MS. TOLLER: Your Honor, I would like
16 to interpose an objection. The scope of this
17 witness' testimony at this hearing today is
18 supposed to be about DISH. It appears that
19 Ms. Koss is going into T-Mobile's business
20 plan. I think that is a subject she could
21 have addressed in the previous hearing.

22 MS. KOSS: Your Honor, the questions
23 that I'm about to ask have to do with what
24 will happen with retail footprint after the
25 divestiture.

26 ALJ BEMESDERFER: Go ahead, Ms. Koss.

27 BY MS. KOSS:

28 Q So, would you agree that commission

1 payments are an important tool for T-Mobile
2 to align authorized dealers' priorities with
3 T-Mobile's?

4 A Well, we pay them according to an
5 agreement that is made between us and the
6 dealers. And so they earn them according to
7 the terms of the contract and when they earn
8 them we pay them.

9 Q And, again, would you agree that
10 those payments are an important tool that
11 T-Mobile uses to align authorized dealers'
12 priorities with T-Mobile's priorities?

13 A I would agree that when we enter
14 into an agreement with a dealer, the
15 agreement is an important tool to make sure
16 that our priorities are aligned.

17 MS. KOSS: Okay. Thank you.

18 Your Honor, I'd like to hand out an
19 exhibit. Can we go off the record, please?

20 ALJ BEMESDERFER: Off the record.

21 (Off the record.)

22 ALJ BEMESDERFER: Back on the record.

23 While we were off the record, I was
24 handed an exhibit entitled Excerpt from
25 Memorandum, Opinion and Order Declaratory
26 Ruling and Order of Proposed Modification FCC
27 19-103 October 16, 2019, which will be marked
28 next in order as CWA-19.

1 (Exhibit No. CWA-19 was marked for
2 identification.)

3 ALJ BEMESDERFER: Go ahead please,
4 Ms. Koss.

5 MS. KOSS: Thank you, your Honor.

6 Q And I understand that this -- I
7 believe this whole opinion was entered but
8 just for ease, here's an excerpt so we don't
9 have to sort through the whole thing.

10 So the FCC order approving the
11 merger specifically references the Applicants
12 Build 9 Module that projects reducing
13 commission paid to authorized dealers.

14 If you look at page 137 which is
15 what I just handed out, paragraphs 306 and
16 307, it discusses authorized dealer
17 efficiencies post-merger. And specifically
18 in paragraph 306, the FCC states:

19 We find that the combined entity is
20 likely to achieve reduced commission
21 rates due to greater store level
22 productivity at increased average
23 volumes per store. And then it goes
24 on:

25 We note that the Applicants also
26 expect to achieve savings through
27 shifting customers to sales channels
28 with lower commission rates that are

1 not due to economies of scale.

2 And the FCC cites the Applicants
3 build nine model dealer centers used
4 as the source for these conclusions.
5 That's footnotes 1057 and 1058.

6 Is it accurate to say then that
7 T-Mobile projects a decrease in commission
8 rates paid to its authorized dealers
9 post-merger?

10 A I am just reading that section. I
11 can tell you what our plan is. We would
12 expect there to be a similar effect to
13 indirect dealers as we expect with our own
14 stores. And what we expect with our own
15 stores is that we will have less total stores
16 than the combined of the two companies
17 staffed by a similar staffing level as today.

18 And there is an important reason
19 for that. The synergies that we expect both
20 in these commission payments, as well as in
21 our own business, have to do with the savings
22 principally through real estate.

23 If there are two stores right next
24 to each other that, as a function of this
25 merger, you know, we don't need in our direct
26 stores, then we can pick the better and
27 bigger of those stores and provide every
28 single employee at both stores a job offer,

1 which is part of our commitment for our
2 direct stores.

3 And what that will mean is that
4 they'll work in a larger, more productive
5 store. And if it's a larger, more productive
6 store, then there's a savings there. And
7 that savings is realized through synergies.
8 There could be a similar dynamic in indirect.
9 And so that's what this is really about.

10 Q Let me just ask my question once
11 again because I'm not sure you answered that.

12 Does T-Mobile project a decrease in
13 commission rates paid to its authorized
14 dealers post-merger?

15 A We expect payments to dealers on a
16 per-store basis to be higher and that the
17 dealers will be partial beneficiaries of any
18 real estate savings that come from
19 consolidating stores through that.

20 Q I see. Can I have just one moment
21 off the record?

22 ALJ BEMESDERFER: Off the record.

23 (Off the record.)

24 ALJ BEMESDERFER: Back on the record.

25 BY MS. KOSS:

26 Q Mr. Sievert, do you expect
27 authorized dealers to earn lower commissions
28 per transaction?

1 A I don't know. But it's possible
2 that the stores will be much more productive
3 and have much more transactional flow and
4 then on a per-store basis they can earn even
5 more money than today with a lower commission
6 per transaction but we haven't done business
7 planning at that level.

8 One thing I want to make really
9 clear since you're asking me about the people
10 effects of all this and this is widely
11 misunderstood.

12 Our intention, first of all, is to
13 provide on our direct stores job offers to
14 ever single employee of both T-Mobile and
15 Sprint to carry forward. And the reason for
16 that is that this merger doesn't do anything
17 to decrease the amount of labor that we need
18 when it comes to retail. In fact, the amount
19 of labor that we need is a function of how
20 many customers we have and how much store
21 traffic we have and whether those customers
22 come to our store and whether they want
23 upgrades. Those things will go up because
24 the merger expects us to have more customers
25 than the sum of the standalone companies.

26 Now those employees may be working
27 at more stores than either of the individual
28 companies but less stores than the sum of the

1 two companies. And there are efficiencies
2 there mostly through real estate that can be
3 realized by the company, as well as by our
4 dealer partners themselves which should
5 accrue the benefits both to them as owners,
6 as well as to their employees.

7 Q Yeah. Thank you, Mr. Sievert. I
8 am pretty sure the record reflects the store
9 closures and job losses that will occur as a
10 result of the proposed merger.

11 MS. TOLLER: Your Honor, objection. I
12 think counsel is testifying.

13 BY MS. KOSS:

14 Q So back to my earlier question
15 about the earnings per transaction.

16 I understand that T-Mobile is not
17 sure what will happen post-merger but that it
18 is possible there will be lower commission
19 per transaction. Understandably it's your
20 testimony that there may be more of those
21 transactions?

22 MS. TOLLER: Objection.
23 Mischaracterizes the witness' testimony.

24 ALJ BEMESDERFER: I don't think it
25 does. Goes ahead, Ms. Koss.

26 BY MS. KOSS:

27 Q How will more employees of
28 authorized dealers potentially earning lower

1 commissions per transaction translate into
2 maintaining or improving customer service for
3 Californians?

4 A Well, it's pretty straightforward.
5 A store that has more traffic, has less
6 fallow time for our team members.

7 And so, you know, a big piece of
8 what happens in a store is we have to staff
9 for whatever traffic might or might not come
10 in. And the more federated it is, the less
11 predictable it is. But if you have, for
12 example, in one same shopping plaza one store
13 instead of two and you staff it accordingly
14 and you have more traffic, then what happens
15 is the people in that store can be more
16 productive. What they love doing is engaging
17 with customers, not standing around waiting
18 for customers.

19 So it's a more productive, more
20 enjoyable job and the goal is that on a
21 per-store, per-person basis everybody comes
22 out ahead.

23 Q So it's your opinion that earning a
24 lower commission per transaction is an
25 incentive to provide better service?

26 A I want to make it clear, we have no
27 plans for anyone's income to go down through
28 this transaction. In fact, we see more

1 traffic, more volume, more transactions with
2 the same team. So let me make that clear.
3 Our plan is more traffic, more volume, more
4 transactions for the same team and there is
5 no plan that anybody's income would be
6 reduced as a function of this transaction.

7 Q Right. So the employee would do
8 more work for the same pay pre-merger?

9 A No. That's not right.

10 Q I believe that is what you just
11 testified that there would be more traffic,
12 more activity, potentially lower commissions
13 per transaction but overall they would make
14 as much money, maybe some more, but they
15 would be doing more work due to higher
16 traffic?

17 A Well, your question presumes that
18 the only work is transactions. People come
19 and they engage in a store all day long and
20 frankly they'd rather be working with
21 customers than cleaning the counters or doing
22 other things that are less enjoyable.

23 So, it's -- this has nothing to do
24 with more work for less pay. In fact, more
25 transactions, more traffic is what our people
26 want. And the opportunity is there -- with
27 more transactions and the same team, the
28 opportunity is there to do better.

1 MS. KOSS: Thank you, Mr. Sievert. I
2 have no more questions.

3 ALJ BEMESDERFER: Mr. Goodman, I think
4 you're next up.

5 MR. GOODMAN: Thank you, your Honor.

6 CROSS-EXAMINATION

7 BY MR. GOODMAN:

8 Q Good morning, Mr. Sievert. I had
9 some questions specifically around the effect
10 of the DISH transaction on T-Mobile's future
11 Lifeline and low-cost programs.

12 A Thank you.

13 Q Is it your testimony that the FCC
14 commitments and the CETF commitments do not
15 affect your provision of -- your provision of
16 low-cost services in California?

17 A That's correct.

18 Q And if you look at page 5 of your
19 testimony, Footnote 9, you refer to a letter
20 from Nancy Victory, Counsel T-Mobile U.S. to
21 Marlene Dortch, Secretary, FCC filed
22 September 13, 2019.]

23 A Right.

24 Q That was a letter dated I believe
25 September 12th, and I believe it is Joint
26 Applicants' Exhibit 24. I actually won't be
27 referring to anything in that exhibit.

28 A Okay.

1 Q I wanted to flag that in your
2 testimony.

3 Do you have a copy of the FCC order
4 in front of you?

5 A I don't.

6 MR. GOODMAN: Your Honor, if I could
7 approach?

8 ALJ BEMESDERFER: Off the record.

9 (Off the record.)

10 ALJ BEMESDERFER: Back on the record.

11 Mr. Goodman.

12 MR. GOODMAN: Thank you, your Honor.

13 MS. TOLLER: Your Honor, actually, hold
14 on a second. We haven't found the document
15 we were looking for. Thank you.

16 ALJ BEMESDERFER: We will go off the
17 record.

18 (Off the record.)

19 ALJ BEMESDERFER: We will go back on
20 the record.

21 MR. GOODMAN: Thank you.

22 BY MR. GOODMAN:

23 Q Mr. Sievert, if you could turn to
24 page 154 in the FCC order. I have marked it
25 with a blue Post-It Note.

26 A Thank you.

27 Q It is the first Post-It Note.

28 And if you need a moment to read

1 paragraph 344, please.

2 A Okay. I see that paragraph.

3 Q And that paragraph states that
4 T-Mobile's commitments satisfy the FCC, that
5 there won't be any harmful impacts on
6 low-income consumers; is that correct?

7 A I believe that is a rough
8 characterization of the paragraph.

9 Q And that paragraph includes a
10 citation to Footnote 1,215. Do you mind
11 reading that footnote for me, please.

12 A See the T-Mobile -- "see generally
13 the T-Mobile February 4th, 2019 commitment
14 letter."

15 Q So that is the February 4th
16 commitment letter, not the February 12th?

17 A It is what it says in the footnote.

18 Q And if you can turn to the second
19 tab, sticky note tab part of that order,
20 which is I believe Exhibit G, Attachment G,
21 which includes a T-Mobile's commitments under
22 the FCC order. Could you show me where the
23 February 12th letter shows up in that
24 section?

25 A I'm confused about your question.

26 MS. TOLLER: As an I, your Honor.

27 BY MR. GOODMAN:

28 Q Your testimony cites to commitments

1 made in the letter filed with the Commission
2 on February 13th?

3 ALJ BEMESDERFER: Let's go off the
4 record for a minute.

5 (Off the record.)

6 ALJ BEMESDERFER: Back on the record.

7 Mr. Goodman, go ahead.

8 MR. GOODMAN: Thank you.

9 Q So, Mr. Sievert, your testimony
10 refers to the September 12th letter, which
11 contains a number of pricing commitments by
12 T-Mobile; is that correct?

13 A I'm sorry. Which testimony are you
14 referring to?

15 Q Your supplemental testimony. I can
16 give you a page number.

17 A Yes. Please give me the page
18 number.

19 Q It is page 5 Footnote 9. I
20 apologize. It is September 13th.

21 A Okay. I see that. What is your
22 question?

23 Q If you look at the FCC order it
24 would be I believe Attachment G, which is
25 the -- T-Mobile's commitments.

26 MS. TOLLER: Mr. Goodman, could you
27 give us a page cite for that?

28 MR. GOODMAN: I gave Mr. Sievert my

1 copy. I'm sorry. It is Appendix G, it is
2 page 224.

3 A Thank you. I see it.

4 Q Can you show me anywhere in that
5 attachment that reflects the commitments you
6 made in your September 13th letter, in the
7 September 13th letter?

8 A Well, let me make it clear. On
9 February 4th I believe we sent a letter to
10 the FCC regarding pricing, which we then
11 commented upon on September 12th.

12 Then we remade commitments in this
13 exhibit that you are referring to on May 20th
14 of 2019 that made further reference to those
15 things. And that reference is on page 229
16 under Pricing Commitment, where we make
17 reference to the February 4th, 2019 Pricing
18 Commitment letter.

19 In my supplemental testimony filed
20 more recently we have updated that, and I
21 made reference to a later letter that makes
22 it clear that the commitments don't directly
23 apply to Boost, because the Boost divestiture
24 has been now contemplated in the transaction.

25 Q Thank you.

26 Would you agree that the contents
27 of that September 12th letter are not
28 reflected in the FCC letter?

1 A Let me --

2 (Crosstalk.)

3 MS. TOLLER: I need to object.

4 ALJ BEMESDERFER: Ms. Toller.

5 MS. TOLLER: There is no September 12th
6 letter. So I'm confused about what
7 Mr. Goodman is referring to.

8 MR. GOODMAN: I apologize.

9 Q It is September 13th.

10 A I understand. The document you are
11 asking me about, which was created on
12 May 20th of 2019, of course makes no
13 reference to the September 2019th letter.

14 Q I'm asking you if the FCC order
15 makes any reference to that September 13th
16 letter.

17 A You are asking me about the entire
18 order? Can you be more specific?

19 Q Specifically in Appendix G.

20 A Yes. As I just stated, on
21 page 229, the Pricing Commitment makes direct
22 reference to the February 4th, 2019 Pricing
23 Commitment.

24 Q I'm not asking about the
25 February 4th, 2019 letter. I'm asking about
26 the September 13th.

27 A As I'm saying, of course it
28 doesn't. Because this document was created

1 and committed to on May 25th of 2019 and,
2 therefore, naturally it wouldn't make
3 reference to the September letter.

4 Q Thank you. I apologize for taking
5 a long way around.

6 A Thank you.

7 Q At this point are you aware whether
8 DISH intends to offer Lifeline service or any
9 low-cost services comparable to the Boost
10 plan?

11 A I'm not aware.

12 Q And so you are not aware at this
13 point whether DISH is going to be a
14 competitor in the Lifeline service?

15 A I'm not aware. What we've made
16 clear to the Commission and to stakeholders
17 is that T-Mobile directly is more than happy
18 to assume the commitments that were prior
19 made by Sprint and Boost, and we've made that
20 clear through a number of means. And by the
21 way, we made that commitment because we
22 thought it was the preference of the
23 Commission that it be from us directly to
24 take responsibility for the Assurance
25 Wireless brand, as well as potentially for
26 the Boost pilot. If you so request, we are
27 happy to do so.

28 Q Thank you.

1 Do you have a copy of the CETF MOU
2 in front of you?

3 A I don't believe so.

4 (Document handed to the witness.)

5 Thank you.

6 MR. GOODMAN: I believe it has already
7 been --

8 ALJ BEMESDERFER: Let's go off the
9 record.

10 (Off the record.)

11 ALJ BEMESDERFER: Let's go back on the
12 record.

13 My apologies on the record to the
14 reporter for that little kerfuffle.

15 Mr. Goodman, go ahead.

16 BY MR. GOODMAN:

17 Q If you would turn to page, I'm
18 sorry, page 4 of the CETF MOU.

19 A I'm on page 4.

20 Q And Section 2 capital A of that
21 paragraph states that:

22 New T-Mobile shall offer Lifeline
23 services pursuant to both federal
24 FCC Lifeline and state CPUC programs
25 indefinitely in California.

26 Is that correct?

27 A I'm sorry. Can you ask that
28 question again?

1 Q The first sentence reads:
2 New T-Mobile shall offer
3 Lifeline services pursuant
4 to the both federal FCC
5 Lifeline and state CPUC
6 LifeLine programs
7 indefinitely in California?

8 A Yes.]

9 Q The second sentence, it says, "To
10 provide assurance of its commitment, New
11 T-Mobile guarantees the provision of Lifeline
12 in California to the end of 2024."

13 A I see that. Thank you.

14 Q I apologize for being perhaps
15 pedantic, but in that second sentence,
16 "Lifeline" has two capital L's. Is that
17 correct?

18 A Correct.

19 Q Thank you. So how familiar are you
20 with the federal and California LifeLine
21 programs?

22 A Can you be more specific?

23 Q Just do you understand how the
24 Lifeline subsidies work?

25 A Yes, generally.

26 Q And that's a federal and a state
27 subsidy?

28 A Yes.

1 Q Are you aware that California, in
2 certain instances where customers do not
3 qualify for the federal subsidy makes up that
4 federal subsidy with California funds?

5 A I have a general awareness of that,
6 yes.

7 Q So this second sentence does not
8 commit T-Mobile to offering Lifeline services
9 pursuant to the federal program until 2024,
10 doesn't it?

11 A I'm not sure if I understand the
12 question.

13 Q So in the second sentence of
14 Section II, paragraph A, does anything in
15 that second sentence commit New T-Mobile from
16 participating in the federal Lifeline
17 program?

18 A Does it commit T-Mobile to
19 participate in the federal Lifeline program?

20 Q Until 2024?

21 A Yes. That's certainly my
22 understanding of it.

23 Q That's your understanding. Is
24 there any specific language there that you
25 can point to?

26 A It says, "To provide assurance of
27 its commitment, New T-Mobile guarantees the
28 provision of Lifeline in California through

1 the end of 2024 at the minimum."

2 Q All right. I'll move along.

3 Then I also had some questions
4 about new Lifeline and low-income adoptions.
5 That would be on page 5, Section III --

6 A Okay. I see that.

7 Q -- of the commitment. I need you
8 to help me understand. That paragraph states
9 that New T-Mobile will use good-faith efforts
10 to basically add 332,500 low-income
11 households within five years of the close of
12 the transaction.

13 A Yes. I see that.

14 Q Can you explain to me what you mean
15 by new households? What would qualify as a
16 new household?

17 A Well, not specifically other
18 than -- to try and interpret the paragraph,
19 it would mean somebody that wasn't previously
20 a participant in Lifeline or at least not
21 recently a participant in Lifeline joining
22 the program and being provided services by
23 the company through the program.

24 Q Would those 332,500 households have
25 to be enrolled in Lifeline at the end of --
26 within five -- like at the end of that
27 five-year period to meet that obligation?

28 A There's a second clause a little

1 bit later that speaks to that issue. It says
2 that we would -- we would -- romanette ii, it
3 says, "low-income customers in California for
4 a total of no less than 675,000 enrolled
5 Lifeline low-income households."

6 So I believe the idea of the
7 paragraph A is to suggest that we would
8 commit to an additional 332,000 enrollees
9 that would bring the total by the end of the
10 period to no less than a total of 675-
11 understanding that people come and go -- they
12 churn -- et cetera.

13 Q Thank you. So if someone a year
14 after the transaction closed enrolled in a
15 low-cost or Lifeline program and then several
16 months later left that program, would that
17 count as one of the 332,500 households?

18 A Yes.

19 Q If that customer six months later
20 came back and reenrolled, would that count as
21 a new household, or would that still only
22 count as one new household?

23 A I don't know, but in either effect
24 it would count towards the romanette ii
25 commitment.

26 Q If you would turn to page 6, the
27 last paragraph on the page that's Section IV,
28 letter B. Take a moment to read that

1 paragraph.

2 A Thank you.

3 MS. TOLLER: Your Honor, while Mr.
4 Sievert is taking a minute to read it,
5 although obviously Mr. Sievert is doing his
6 best to look at this, this is not within the
7 scope of his direct testimony, and it has
8 nothing to do -- all that he testified to
9 with respect to the CETF MOU was it was not
10 going to change as a result of the Boost deal
11 because that was pursuant to one of the
12 questions the assigned Commissioner asked in
13 his ruling. So I think he's doing his best
14 to go through these questions on CETF MOU,
15 but this is not in the scope of his direct
16 testimony.

17 ALJ BEMESDERFER: Your objection is
18 noted, Mr. Toller. But I also note that Mr.
19 Sievert is the president of the company and
20 presumably can respond to questions of the
21 sort Mr. Goodman is asking.

22 BY MR. GOODMAN:

23 Q You finished reading that?

24 A I have. Thank you.

25 Q Thank you. So that paragraph
26 commits T-Mobile to spending a total of 5
27 million dollars on promoting Lifeline and
28 low-cost programs; is that correct?

1 A Yes.

2 Q However, if New T-Mobile achieves
3 332,500 new Lifeline and low-income customers
4 before the conclusion of five years, T-Mobile
5 can reduce its expenditures?

6 A Yes. I see that.

7 Q So given T-Mobile's commitment to
8 offer Lifeline indefinitely, why would you
9 reduce your expenditures to promote that
10 product?

11 A I don't know that we would, but
12 this is a set of commitments that we've made.
13 In other words, I want to make something
14 really clear, and I think it goes directly to
15 your question. We really like the idea of
16 New T-Mobile pursuing and engaging in
17 Lifeline. We've made this indefinite
18 commitment with -- contractual commitments
19 through at least 2024 because we support the
20 program. We like the program. We think it's
21 important. It's consistent with our values.

22 Standalone T-Mobile didn't have the
23 same opportunity. But now we get a critical
24 mass of Lifeline participation through the
25 Sprint acquisition, and we intend to continue
26 to pursuant it. So these commitments are
27 contractual commitments, but they are not
28 suggestions that T-Mobile has any intention

1 other than supporting the Lifeline program.

2 Q But those commitments are not just
3 for the Lifeline program, right? They
4 include other low-income programs?

5 A I don't know if that's the case or
6 not. I read the paragraph to be an
7 investment that's particularly focused on the
8 Lifeline.

9 Q I just have a few more questions
10 particularly about the Assurance brand. If
11 the merger closes and T-Mobile acquires the
12 Assurance brand, will it maintain Assurance
13 as a separate business unit?

14 A We haven't made those decisions
15 yet, but my current view is that we probably
16 would. Our intention is to have that
17 brand -- our current intention anyway is to
18 have that brand take the lead position in our
19 Lifeline programs, but branding decisions are
20 something that unfold over a period of time.

21 Q Thank you. And do you anticipate
22 any Lifeline offerings being branded as
23 T-Mobile Lifeline, or would that be a
24 separate brand?

25 A I don't know. It's too early to
26 say. I will say that we take this commitment
27 seriously, and as an example, to your
28 question, the -- in the DOJ consent decree

1 discussions, the DOJ made it very clear that
2 they intended for us to divest all of
3 Sprint's prepaid businesses and indicated
4 that to us in a term sheet.

5 And we came back to them -- I
6 personally came back to them and said,
7 "Listen, we've made commitments to Lifeline.
8 I can't divest the Assurance Wireless
9 business. I need to take responsibility for
10 that because I've told the State of
11 California we will. We believe in the
12 program. We want to pursue this program.
13 And so could you please modify this request
14 and have us agree to divest all of Sprint's
15 prepaid businesses except Assurance so we can
16 keep our commitment to the State of
17 California consistent with our values."
18 And ultimately, that was how they changed
19 their request.

20 Q One of the claims that's been made
21 about this proposed transaction is that it's
22 going to give you an unprecedented amount of
23 bandwidth and speed to offer T-Mobile
24 customers; is that correct?

25 A That's correct.

26 Q If you look at page 4 of the CETF
27 MOU, the last paragraph on the page -- that
28 would be Section II, letter A -- about

1 halfway down that paragraph, it discusses a
2 minimum requirement of three gigabytes per
3 month of data.

4 A I see that. Thank you.

5 Q It's my understanding that T-Mobile
6 sort of the standard retail offerings are all
7 unlimited data; is that correct?

8 A Not across the company, no.

9 MR. GOODMAN: Thank you. I have no
10 further questions, your Honor.

11 ALJ BEMESDERFER: Thank you, Mr.
12 Goodman.

13 Ms. Mailloux.

14 MS. MAILLOUX: Thank you, your Honor.

15 CROSS-EXAMINATION

16 BY MS. MAILLOUX:

17 Q Good morning, Mr. Sievert.

18 A Good morning.

19 Q So first I'm going to start with a
20 few clean-up questions based on cross from
21 Ms. Koss and Mr. Goodman just so they are
22 fresh in your mind.

23 So when you were talking with Ms.
24 Koss, you mentioned that none of the Boost
25 stores are corporate-owned stores; is that
26 correct?

27 A Yes.

28 Q And so just to clarify, under the

1 DOJ commitment and the PFJ, what we've been
2 calling it in the last couple of days,
3 there's a provision where you'll be
4 decommissioning retail stores and offering
5 them to DISH.

6 Is it the case that the Boost
7 stores then are not part of that
8 decommissioning offer? Like because you
9 don't own them you cannot decommission them?
10 Is that the case?

11 A It's the case in that the
12 divestiture contemplates that DISH inherits
13 all of the contractual arrangements with all
14 of the Boost dealers. So DISH will be
15 operating through its contractual
16 arrangements with Boost dealers the entire
17 Boost retail fleet from day one.

18 Q That was going to be my next
19 question. I appreciate that. And so
20 therefore, do you anticipate that DISH will
21 have to renegotiate those deals with the
22 Boost stores? Actually, let me ask a
23 two-part question. First question is you
24 also mentioned to Ms. Koss that you will be
25 providing these transition services pursuant
26 to the PFJ, correct?

27 A Yes.

28 Q Does that include continuing your

1 contractual arrangements with the Boost
2 dealers as part of that transitional service?

3 A My understanding of the situation
4 is that the entity that owns those Boost
5 relationships will go with DISH. In other
6 words, the agreements will survive, and DISH
7 will be the corporate beneficiary of those
8 and obligator of those agreements with the
9 dealers.

10 Q As part of the transitional
11 services or as part of the PF --

12 A Not as part of the -- services.
13 (Crosstalk.)

14 Q So I think also there's the
15 prepaid-assets element of the PFJ, which you
16 were suggesting. The contracts with these
17 Boost stores will go to DISH with the
18 transfer of the prepaid assets, correct?

19 A Correct.

20 Q So, therefore, as part of the
21 transitional services elements of the PFJ,
22 you won't -- New T-Mobile will not continue
23 to have a contractual obligation with those
24 Boost stores; is that correct?

25 A That's correct.

26 Q So let me ask my basic question
27 then. Is it your understanding that Boost
28 customers and the other prepaid customers

1 that will be going to DISH will have retail
2 establishments that they can go into on day
3 one, or will DISH have to renegotiate these
4 contracts with these retail entities?

5 A I believe the contracts survive and
6 remain intact completely unchanged due to the
7 transaction.

8 Q Were the other parties to these
9 retail outlet agreements part of the
10 negotiation with the PFJ and the DOJ?

11 A No.

12 Q Now, I'm going to ask a follow-up
13 question about -- with Mr. Goodman, just to
14 clarify, because I think there obviously was
15 a little confusion about the FCC order in
16 Appendix G. So if you could go back to the
17 FCC decision and page 224 of it in Appendix
18 G.

19 A Okay. I have that in front of me.

20 Q And we talked about the May 20th
21 letter obviously is in there as part of the
22 commitment. And yes, as you mention, the May
23 20th order predates the divestiture
24 agreement. If you could keep going in
25 Appendix G to page 232 in Attachment 1.

26 Do you see that?

27 A I see it.

28 Q Then page 240 in Attachment 2,

1 which discusses the Boost mobile divestiture.

2 Do you see that?

3 A Yes.

4 Q There's one more. Page 245 in
5 Attachment 3, which is the famous February
6 4th letter.

7 Do you see that?

8 A I see it.

9 Q And then one last one, which is
10 page 250 in Attachment 4.

11 A I see that.

12 Q So then, to be clear on the record,
13 in Attachment G -- I'm sorry -- Appendix G to
14 the FCC order does attempt to capture the
15 events that have occurred after May 20th
16 including the Boost divestiture deal,
17 correct?

18 A No. The commitments that were made
19 with the FCC around May 20th contemplated a
20 different divestiture process than what
21 ultimately the DOJ consent decree demanded.

22 Q So then is it your understanding of
23 this order that Appendix G merely reflects
24 the commitments that T-Mobile had made
25 earlier in the process and are not
26 necessarily the binding pricing commitments
27 that the FCC is holding New T-Mobile to
28 today?

1 A No. As we made it clear, the
2 pricing commitments that we entered stand,
3 and my testimony that I entered recently
4 simply reasserts that they stand and that
5 they hold and that we will abide by them with
6 the exception that we are no longer the
7 entity that determines pricing for Boost due
8 to the divestiture that has been required by
9 the Department of Justice.

10 Q So then in Appendix G then, just to
11 be clear, the February 12th letter, that had
12 been the subject of your conversation, and
13 the September 13th letter do not appear then
14 in Appendix G or -- nor do they appear as an
15 attachment anywhere in the FCC order; is that
16 correct?

17 A I don't know.

18 Q Thank you. Then -- clarification
19 question. All right. If you could turn to
20 page 11 of your testimony -- your
21 supplemental testimony -- that's today --
22 page 11.

23 A Okay.

24 Q As you noted earlier, DISH has
25 requested and New T-Mobile will provide these
26 transition services for what I believe you
27 said was, at least at this point, two years;
28 is that correct?

1 A Can you tell me which section you
2 are looking at?

3 Q My first question is just what you
4 had testified to earlier about the transition
5 services that you will be -- indeed DISH has
6 requested and you will be providing for the
7 first two years; is that correct?

8 A For the first two years and a third
9 year if requested by DISH.

10 Q So on page 11 of your testimony,
11 lines 20 through 24 --

12 A I'm sorry. Page 11 in mine --

13 Q Supplemental testimony, lines --

14 A -- ends at line 17. Well, wait a
15 minute here. I'm looking at the wrong one.

16 ALJ BEMESDERFER: I think we're looking
17 at JA-34.

18 THE WITNESS: Now I'm the one with the
19 document confusion. I have the proper
20 document now. Page 11. Thank you.

21 BY MS. MAILLOUX:

22 Q Basically, what you are
23 acknowledging here is that indeed the
24 customers that will be divested to DISH have,
25 on line 21, no long-term service agreements
26 and thus have the ability to avail themselves
27 of other competitive services if they so
28 choose, which includes, but is not limited

1 to, the ability to return as a customer of
2 New T-Mobile, correct?

3 A That's correct.

4 Q So is it your testimony that while
5 at one point -- at the same time, you'll be
6 helping DISH to try to keep these customers,
7 there's also entirely possible that these
8 customers will decide that T-Mobile is the
9 right service for them and indeed T-Mobile
10 may be marketing to these customers to try to
11 win them back over?

12 A Yes. That's the nature of
13 competition.

14 Q That's the nature of competition.
15 Although offering these transitional services
16 as part of this regulated deal clearly is not
17 in the nature of competition, is it?

18 A Well, it is. In fact, the kinds of
19 services that we will be providing are in
20 many cases consistent with the services that
21 we provide to other MVNOs, and they are also
22 very conventional in a divestiture situation
23 like this.

24 Q Thank you, Mr. Sievert, but is it
25 the case -- is it your understanding of the
26 FCC's approval and your testimony here today
27 that indeed the goal is to have DISH be not
28 an MVNO but to be a fourth facilities-based

1 wireless competitor that will actually impose
2 some competitive pressure on New T-Mobile?

3 A DISH has the unique benefit in this
4 arrangement of being all those at the same
5 time. They start out as an MVNO but an MVNO
6 with unprecedented rights, the lowest prices
7 in our history as well as the unconventional
8 ability to combine their network with ours.
9 So we refer to it colloquially as an
10 infrastructure MVNO.

11 But at day one, while they are
12 setting out to build their network, it's an
13 MVNO service, and we are providing broad
14 transitional services to make sure that the
15 effects on customers are completely seamless,
16 and they are contractually obligated
17 services.

18 We are motivated to provide them
19 because we need to comply with the orders of
20 the DOJ. But to be clear, and to the premise
21 of your question, DISH will be our
22 competitor. And that's obviously the case
23 already with MVNOs, for example, such as
24 Tracfone.

25 Q Thank you. Let's turn to page 6 of
26 your testimony, please. And some of these
27 are in the nature of follow-up to Mr.
28 Goodman's questions, and some are not.

1 So you've clarified your New
2 T-Mobile's commitment through the Assurance
3 brand to Lifeline and to low-income customers
4 with your testimony to Mr. Goodman, which I
5 appreciate. And indeed, on page 6, going on
6 to page 7, you have committed to grow that
7 customer base. It's line 1 at the top of
8 page 7.

9 Do you see that?

10 A I see that.

11 Q Just to clarify, that is both
12 Lifeline and, more generically, for lack of a
13 better term, low-income customer base,
14 correct?

15 A I have to read the sentence again.

16 Q Okay. Please do.

17 A My reading of the sentence is that
18 it refers to Lifeline services.

19 Q And so you're committing to --
20 well, let me ask you your plans then to grow
21 that customer base. Is that through the
22 entire New T-Mobile service territory?

23 A I believe it makes reference to
24 California.

25 Q I'm sorry. To clarify, I'm only
26 asking about your business plans for Lifeline
27 California?

28 A Yes.

1 Q Thank you. Now, I believe you've
2 testified previously, probably the last time
3 you were here, that your Lifeline service
4 through Assurance, at least not right away,
5 it will not be offering 5G services; is that
6 correct?

7 A Well, back at that time, we didn't
8 offer 5G. Now we do. And one of the things
9 that we are very proud of is that on December
10 6, last Monday, when we launched 5G, we not
11 only launched it on post-paid but we launched
12 it on prepaid. Every single customer of
13 T-Mobile including, for example, Metro by
14 T-Mobile customers are eligible for 5G if
15 they have a compatible handset.

16 Now, it's not common for
17 customers -- and I don't expect it to be
18 common for a while -- for customers with the
19 tightest means to actually have 5G handsets
20 because in the early-going they will be very
21 high-end handsets.

22 Q So for -- specifically for the
23 Assurance services that you'll be offering
24 and the Lifeline program participation, I'm
25 assuming -- and I think you testified
26 earlier -- that the terms and conditions of
27 Lifeline will essentially remain the same
28 including the free handset, correct?

1 A Yes.

2 Q So I understand what you're
3 suggesting about the 5G handsets being fairly
4 high-end. So I guess is it safe to assume
5 that at least for a while that the Lifeline
6 service and the free handset that comes with
7 that Lifeline service will not be 5G capable?

8 A Yes, that's correct.

9 Q So Mr. Sievert, as you roll out 5G
10 throughout California, do you anticipate then
11 that the Lifeline service offering -- the
12 geographic area where the Lifeline service
13 offering will be available will get smaller
14 and smaller?

15 A No. No. In fact, through the
16 entire planning period and beyond, 4G LTE and
17 Legacy services will continue to be
18 available. And we've made very specific
19 predictions and forecasts as to the quality
20 of that service, which will be terrific. But
21 there will be no reduction in the geographic
22 coverage of 4G LTE.

23 Q No reduction in the current
24 geographic coverage of 4G LTE, correct? Is
25 that what you're saying?

26 A Right.

27 Q As you expand 5G coverage, there
28 will be parts of California where both 5G and

1 4G LTE will be available at the same time?

2 A That will be the case everywhere 5G
3 is available.

4 Q Thank you.

5 A Complete overlap of the coverage
6 footprints.

7 Q Okay. So if you could turn to page
8 5 of the CETF MOU. I want to clarify
9 something that you had said earlier to Mr.
10 Goodman. I think you, and he agreed, that on
11 paragraph -- Section III, paragraph A, Goal
12 For New Adoptions, the first sentence is,
13 "The goal is to increase Lifeline adoptions
14 in California."

15 Do you see that?

16 A Yes.

17 Q And then the second sentence,
18 however, is "Within five years of the close,
19 New T-Mobile shall use good-faith efforts to
20 achieve a combined goal of 332,500 new
21 additional low-income households through
22 either Assurance, Lifeline and/or low-income
23 customers in California for a total of no
24 less than 675,000 enrolled Lifeline
25 low-income households."

26 Do you see that?

27 A Yes.

28 Q So is it your understanding of this

1 paragraph that the -- ultimately 675,000
2 customers could be Lifeline or some other
3 type of low-income household that may not
4 necessarily be signed up for Lifeline
5 specifically?

6 A No. That's not my reading of it.

7 Q Okay. Great. So then that goes to
8 my next question, which is, beyond Boost,
9 which we'll get to, and then I was going to
10 ask about the Boost pilot in a minute. Do
11 you know -- either pursuant to the CETF MOU
12 or on its own, as New T-Mobile, whether you
13 anticipate any additional low-income programs
14 that would require some sort of eligibility
15 requirement in addition to Lifeline?

16 A Well, the Commission has what's
17 known as the Boost pilot.

18 Q Right.

19 A And this is something that was
20 explained to us when the transaction began
21 some months ago. And we, right away,
22 indicated that the Boost pilot is something
23 that we embrace and endorse and would be
24 happy to take on directly.

25 Our understanding was that the
26 Commission preferred that it be from us as
27 opposed to an MVNO or even the new provider,
28 but we're happy either way. If the

1 Commission says they don't want us to take it
2 directly, we're happy with that. If the
3 Commission says they'd like us to take on the
4 responsibility of the Boost pilot through one
5 of our brands, we're totally happy with that.
6 We really like the idea of it, and we're
7 ready support it fully.

8 Q Let me ask you about that in a
9 minute. But in my previous question, which
10 was in addition to the Boost pilot, and your
11 participation in Lifeline, does New T-Mobile
12 anticipate any additional low-income targeted
13 program particularly that would have specific
14 eligibility requirements?

15 A Not that have eligibility
16 requirements, but yes, to the first part of
17 the question.

18 Q Okay.

19 A And we launched an announcement
20 earlier this month on the 2nd of December
21 that we called Uncarrier 1.0 for the New
22 T-Mobile, and a key feature of that was the
23 commitment that we would offer something
24 called T-Mobile Connect, which is a new
25 dramatically low-priced offer for -- targeted
26 at low-income households but without
27 eligibility requirements, meaning less red
28 tape, available to everyone.

1 And these offers are just -- are
2 exciting. They are unprecedented. We
3 announced that we would launch a \$15 talk,
4 text and data offer targeted to low-income
5 households with talk, text and two gigs of
6 data and further announced that that data per
7 month would increase each year over the next
8 five years automatically with no action
9 required by the customer whatsoever. Now \$15
10 is less than half of our conventionally
11 lowest price offer. \$30. Half. We are
12 cutting the lowest priced offers in our
13 history in half and committing that they will
14 stay at that price for five years.

15 Because people have asked us, "Wait
16 a minute. What does the same or better rate
17 plans mean?" And our pricing commitment, I
18 think, is quite clear on that. But in
19 addition, we've announced offers that are
20 below our lowest prices. \$15 for 2 gigs
21 growing each year as well as \$25 for 5 gigs,
22 which we can all agree is a very mainstream
23 usage profile. Again, \$25 being lower than
24 our previous low-price offer. So we were
25 very excited about those.]

26 Q That sounds great, Mr. Sievert.
27 And I will admit to not being familiar with
28 that so I appreciate that. I guess I have

1 two questions as a follow-up.

2 Mr. Goodman asked you about your
3 current commitment in the CTEF MOU as the
4 three gigs of data as part of Lifeline. In
5 light of this very exciting and new offer,
6 would you be then revising your Lifeline
7 offering?

8 A Well, already there's a promotion
9 available for Lifeline that makes five gigs
10 available for Lifeline participants between
11 now and sometime in the Spring. I believe
12 it's in May. And we intend to honor that
13 promotion. And there may be other promotions
14 as well.

15 So, again, the offer I talked about
16 has two gigs this year, whereas Lifeline
17 customers get three gigs this year or in many
18 cases if they take advantage of the
19 promotion, five gigs.

20 We support all of the offers that
21 are out there and obviously want to make sure
22 that the Lifeline program continues to be
23 attractive for low-income consumers over
24 time.

25 Q To clarify, though, you don't
26 currently offer Lifeline as New T-Mobile so
27 the current promotion you are talking about
28 will only be in effect after the merger

1 closes?

2 A No. This is a promotion offered by
3 Sprint through its Assurance brand. And we
4 are simply saying we will honor all of the
5 current offers including promotions even
6 after the close of the merger.

7 Q And then my other follow-up
8 question to this new uncarrier deal that
9 you're talking about is in the CETF MOU
10 Mr. Goodman also asked you about the
11 promotion investment schedule and the amount
12 of money you have committed to promote?

13 A Right.

14 Q And you were suggesting that this
15 \$5 million over the course of five years is
16 Lifeline-specific?

17 A Yes.

18 Q So then the amount of money that
19 you would be spending to promote this
20 targeted low-income package that you're
21 presenting, won't -- this \$5 million won't go
22 towards that market?

23 A That's correct.

24 Q Thank you. All right. Let me ask
25 about the Boost pilot quickly.

26 So you are committing to that, if
27 the Commission wishes, New T-Mobile will be a
28 participant in the Boost pilot. Just to be

1 on the same page, my understanding is that
2 the current participants in the Boost pilot
3 will be divested to DISH; is that correct?

4 A Yes.

5 Q So you would need to market and set
6 up an entirely new customer base that will
7 begin to participate in the Boost pilot;
8 that's true?

9 A Not necessarily.

10 Q We won't call it the Boost pilot
11 anymore.

12 A I understand. Not necessarily. My
13 understanding is if we take no action, that
14 those customers would be divested to Boost as
15 I previously responded; however, we are very
16 happy to take responsibility for those
17 customers. We have had discussions with
18 DISH, including with the Chairman of DISH and
19 he's comfortable if we would like and if we
20 are asked by the Commission to take direct
21 responsibility for those customers and not
22 divest them, we would probably need to have a
23 letter agreement with the FCC and DOJ because
24 they have required us to divest all of the
25 Boost customers. However, there's plenty of
26 precedent in our FCC and DOJ agreements since
27 they willing agreed that we didn't have to
28 divest Assurance Wireless a Lifeline brand.

1 I don't have a lot of doubt that they would
2 object if we entered a letter saying we would
3 not divest those customers and we would
4 instead keep them.

5 And so if it's the Commission's
6 wish, we'll take direct responsibility for
7 all of the existing Boost pilot quote,
8 unquote "customers."

9 MS. MAILLOUX: All right. Thank you.
10 I do have an exhibit, your Honor. Do you
11 want to go off the record?

12 ALJ BEMESDERFER: Let's go off the
13 record.

14 (Off the record.)

15 ALJ BEMESDERFER: Back on the record.
16 BY MS. MAILLOUX:

17 Q So, Mr. Sievert, I have handed you
18 the Commission Decision 19-04-021 dated
19 April 25, 2019. Actually, it wasn't issued
20 until May 3, 2019, for the record. And it is
21 entitled Decision Authorizing Pilot Programs
22 of Boost Mobile and iFoster in the California
23 LifeLine program. Do you see that?

24 A I see.

25 Q Are you familiar with the decision?

26 A Only in the broadest of terms.

27 Q Let me just ask you a couple of
28 questions.

1 If you could turn to page 9 of the
2 Decision and of course no line numbers, but
3 about halfway down, there's really only one
4 paragraph that starts, "Sprint's Boost brand
5 cells..." Do you see that?

6 A Yes.

7 Q About halfway down, the sentence
8 starts:

9 Approved customers in the
10 pilot program can purchase
11 any of the plans offered by
12 Boost, giving them the
13 freedom to choose service
14 plans that are similar to
15 the plans offered to other
16 customers.

17 Do you see that?

18 A I see that.

19 Q Do you know at this time,
20 Mr. Sievert, whether that will be the case
21 for the New T-Mobile participation in this
22 pilot? We won't call it the Boost pilot, but
23 in this pilot and whether it will be an
24 Assurance participation or a New T-Mobile
25 participation and which plans might be
26 available to these customers?

27 A I don't know, only in that I am not
28 aware that we have received input from the

1 Commission on that. But what we have
2 indicated as best we can to the Commission is
3 that we are happy to support it how the
4 Commission wants.

5 My prediction and expectation since
6 it was previously the Boost pilot is that it
7 would be on MetroPCS which is the most
8 comparable competitive brand. If that was
9 the case, yes, the program features would be
10 the same. We really like the idea of the
11 program and our understanding is that part of
12 the intention of the program is that
13 customers with low income can benefit from
14 the kinds of subsidies that have always been
15 inherent in Lifeline without being limited to
16 Lifeline-specific types of plans. So we
17 would support it in a similar method, if the
18 Commission, for example, asked us to support
19 it in our MetroPCS brands which would be our
20 prediction.

21 Q So if you could turn to page 33 of
22 the Commission decision. It starts with
23 Section 4, iFoster Pilot Program Proposal?

24 A 33?

25 Q Page 33, yes.

26 A Okay. I am there.

27 Q And I guess this is just a
28 clarification more than anything and I tend

1 to slip into this as well. We talked about
2 the Boost pilot, but are you aware there's
3 actually two different pilots under this one
4 pilot?

5 A Yes.

6 Q And are you committing to
7 participating in both?

8 A Yes.

9 Q Okay. I just wanted to clear that
10 up.

11 And then finally if you could turn
12 to page -- wait. Sorry. I am looking at my
13 notes. Finally if you could turn to page 31
14 and the paragraph that starts "D.17-12-009."
15 Do you see that?

16 A I see it.

17 Q You could take a look at that
18 paragraph if you want. I really just have a
19 general question. I will give you a second
20 to take a look at it. Page 31.

21 A Okay. I see it.

22 Q So the last I guess full sentence,
23 do you see that the Commission is essentially
24 committing \$6 million to do Outreach to CARE
25 participants about this pilot?

26 A I see that.

27 Q And Lifeline in general, actually.
28 It's this pilot and Lifeline in general. Do

1 you see that?

2 A Yes.

3 Q And is it your testimony that
4 T-Mobile will participate and cooperate in
5 this Outreach campaign?

6 A Yes.

7 Q Okay. Finally let me ask you about
8 the DISH divestiture. Right now we are
9 assuming with this cross that DISH will not
10 elect itself to participate in this pilot
11 program with the customers that it will be
12 receiving.

13 We'll talk to Mr. Blum about that
14 later this afternoon, but I guess if they do
15 elect to participate in the Boost pilot, do
16 you anticipate that part of your transition
17 services will be to support this pilot?

18 A Yes.

19 Q Thank you. I have just one last
20 question now about back to the CETF MOU.

21 A Back to the CETF MOU. Okay.

22 Q Actually, I have two more
23 questions, but I will ask you about the CETF
24 MOU first. And we're on page -- sorry. I
25 skipped ahead on my Boost pilot when you got
26 so excited about it. So let me go back to my
27 -- okay. Page 7 of the MOU, section 5, talks
28 about material changes in the Lifeline

1 program? Do you see that?

2 A I see that. Let me just read it.

3 Q Sure.

4 A I see it okay.

5 Q So your testimony earlier to
6 Mr. Goodman is that you are at least a fairly
7 detailed level, maybe with not all the
8 specifics, familiar with both the federal and
9 state Lifeline programs?

10 A Yes.

11 Q So are you aware then that really
12 both the -- both the FCC's Lifeline program
13 and the California Commission LifeLine
14 program seem to be an ever-changing set of
15 terms and conditions of these two programs
16 and indeed the FCC has built in changes over
17 time to the terms and conditions and
18 requirements and the subsidies of the
19 program?

20 A I am not aware of all the history.

21 Q But I guess I am not asking you
22 about the history. Are you aware of the
23 current structure of the FCC's federal
24 Lifeline program that has built into it time
25 frames that then change the required minimum
26 service standards and the amounts of
27 subsidies that go to different services?

28 A Yes.

1 Q So just to clarify then, is it your
2 understanding of this material changes in the
3 Lifeline program section of the MOU that
4 specifically calls out changes in eligibility
5 criteria, mandatory service standards and
6 subsidy amounts that these -- that the
7 current structure of these two programs,
8 state and federal, including the
9 already-anticipated and announced changes
10 that will be made over time to the subsidy
11 minimum service standards, even eligibility
12 criteria would not then qualify as a material
13 change in the program that would then have
14 you seek relief?

15 A Well, I am not expert enough in it
16 to answer that. My reading of this paragraph
17 is just plain and simple. It's just a
18 common-sense ask that if there was something
19 that was material that we would be able to
20 come back and engage in a discussion about
21 relief.

22 And there are three state
23 categories here, right? One is what's the
24 eligibility requirement? Two is what do we
25 need to give for free to the people who are
26 eligible? And three is what's the
27 reimbursement scheme for the things that
28 we're getting for free?

1 Now without a common-sense ask,
2 such as, hey if there are material changes,
3 theoretically any of those things could
4 change without limitation.

5 Taken to the extreme, of course, it
6 would be absurd that the Lifeline program
7 could require all customers to have
8 completely unlimited service without
9 reimbursement, with a requirement would be
10 T-Mobile please -- as long as we call it
11 Lifeline, please give everyone completely
12 free service indefinitely.

13 So this is simply an ask. It
14 doesn't give us a right to walk away or to
15 absolve ourselves of our obligations, but if
16 there was something that was material for us
17 to be able to engage in a discussion with the
18 Commission or with the FCC as to whether or
19 not relief is appropriate, such relief would
20 be in the discretion of those governmental
21 agencies.

22 Q I appreciate that, Mr. Sievert. I
23 am actually not taking issue with the
24 existence of this clause. Quite honestly, I
25 would have insisted on the same thing if I
26 were you and if I were your attorneys. I am
27 actually trying to understand the scope of
28 the clause, however, in light of the fact

1 that it's not theoretical that there will be
2 material changes to these two programs. It's
3 been happening over the course of several
4 years.

5 So what I am trying to understand
6 is as of the date that you entered into this
7 agreement with CETF, are you looking at -- I
8 don't know how to say this. There were
9 already changes anticipated by the FCC, for
10 example. In 2016, the FCC's decision had a
11 whole timeline of changes that it was going
12 to make over time to the minimum service
13 standards and the subsidy amounts that
14 carriers would be given. When those changes
15 take effect, would that qualify in your mind
16 as a material change that would allow you to
17 then go to CETF, go to the Commission and
18 say, "Oh, well now we're going to get less
19 subsidy for the specific service offering
20 that we had when we entered into the CETF
21 MOU. We believe we need to make changes to
22 our commitment."

23 A I can't answer the hypothetical but
24 I can provide an example.

25 Q Okay.

26 A Recently the FCC came out with an
27 indication that they wanted to change the
28 data provided in plans from two gigabytes per

1 month to something north of eight gigabytes
2 per month. And petitions were made asking
3 the FCC to reconsider that. The FCC, my
4 understanding, did reconsider that and
5 ultimately ordered that the program would
6 change from two gigabytes per month to three
7 gigabytes per month. T-Mobile continues to
8 support and stand by our commitment under a
9 scenario like that.

10 I don't know in a hypothetical if
11 that petition had failed to go suddenly from
12 two gigs to 8.5 gigs whether or not it would
13 trigger something like this and be considered
14 material and ask us if we would have the
15 opportunity to raise our hands and say, "Wait
16 a second. This is totally different."

17 But that didn't happen. The FCC
18 put a reasonable order in that I would say we
19 continue to support as I indicated earlier in
20 my testimony at three gigs, we continue to
21 support wholeheartedly the program.

22 Q Thank you, Mr. Sievert.

23 One last hopefully very concrete
24 question. You, under the FCC -- sorry, under
25 the DOJ PFJ, right now DISH is anticipated to
26 get approximately 9 million prepaid
27 customers; is that about right nationwide?

28 A Yes, a little over 9 million.

1 Q Do you have a California-specific
2 number and is that not confidential of how
3 many prepaid customers in California will go
4 to DISH? And is that confidential? I don't
5 know.

6 MS. TOLLER: Let me caution the witness
7 that if you have that number, I don't know if
8 you do, it would be confidential.

9 THE WITNESS: I don't.

10 MS. MAILLOUX: All right. That's all I
11 have, your Honor. Thank you.

12 ALJ BEMESDERFER: All right. We'll
13 take a brief break at this point and go off
14 the record.

15 (Recess.)

16 ALJ BEMESDERFER: All right. Back on
17 the record.

18 I believe that completes the
19 cross-examination of this witness.

20 Ms. Toller, you have some redirect?

21 MS. TOLLER: I do, your Honor, just to
22 clarify one brief area.

23 REDIRECT EXAMINATION

24 BY MS. TOLLER:

25 Q Do you remember being asked
26 questions about whether or not the
27 February 12, 2019 letter from T-Mobile to the
28 FCC regarding the pricing commitment which

1 has previously been marked and admitted as
2 Exhibit 26 was in the FCC order?

3 A I remember that question.

4 Q And setting aside whether it's in
5 the FCC order or not, could I ask you to turn
6 please to page three of that letter?

7 A I'm there.

8 Q And do you see, Mr. Sievert, where
9 it is describing what is a same or better
10 plan?

11 A I see that.

12 Q And can you tell us what your
13 understanding is of what a better plan is and
14 also your understanding of what T-Mobile's
15 obligations are with respect to the pricing
16 commitment?

17 A Yes. The price commitment says
18 that we will keep our current plan in
19 existence as of the reference date in place
20 for three years following consummation of the
21 merger unless they're replaced by the same or
22 better plan. And what that means to us is
23 the plan that would replace the one that's in
24 existence on the reference date would have to
25 be strictly better, not just better in
26 interpretation. And to us what that means is
27 it would need to be the same plan with the
28 same benefits at a lower price. Or at the

1 same price as the reference plan strictly
2 better benefits like more data at the exact
3 same price or both; the same plan with a
4 lower price and more data.

5 Any of those things would be what I
6 would call strictly better or meeting the
7 definition of same or better rate plan as
8 described in the pricing commitment.

9 Q And so, for example, Mr. Sievert,
10 if you had a plan that was offered at \$30,
11 two gigabytes of data, could you eliminate
12 that plan if you offered a plan for \$35 that
13 offered 10 gigabytes of data because
14 obviously that would be better deal for
15 customers. They would be getting more
16 gigabytes of data, but the plan would be more
17 expensive.

18 A No. We would keep both plans in
19 place if we contended to offer such a plan.

20 Q And is it your understanding that
21 your commitment to the FCC requires your use
22 of the -- requires this definition so that
23 you are bound to this definition, the same or
24 better?

25 A Yes.

26 MS. TOLLER: No further questions.

27 ALJ BEMESDERFER: All right. Thank you
28 very much. Mr. Sievert, thank you for your

1 testimony and you are excused.

2 THE WITNESS: Thank you, your Honor.

3 I believe Mr. Blum is here. In fact
4 I know he is because I met them.

5 ALJ BEMESDERFER: Please come up. We
6 can go off the record for a minute.

7 (Off the record.)

8 ALJ BEMESDERFER: Let's go back on the
9 record.

10 Before we proceed to the examination
11 of this witness, Ms. Toller, would you like
12 to move into the record the testimony of
13 Mr. Sievert?

14 MS. TOLLER: I would, your Honor. The
15 Joint Applicants would move into the record
16 the testimony of Mike Sievert which has been
17 marked for identification as Joint Applicants
18 34. There is no confidential version of that
19 testimony.

20 ALJ BEMESDERFER: Objection?

21 (No response.)

22 ALJ BEMESDERFER: Hearing none, it is
23 in the record.

24 (Exhibit No. JA-34 was received into
25 evidence.)

26 ALJ BEMESDERFER: Ms. Koss, would you
27 like to move in your cross-exhibit?

28 MS. KOSS: Yes. Thank you, Your Honor.

1 CWA would like to move into the
2 record CWA-19 which is the excerpt from the
3 Memorandum, Opinion and Order of the FCC.

4 ALJ BEMESDERFER: Objection?

5 (No response.)

6 ALJ BEMESDERFER: Hearing none, it's
7 admitted. All right.

8 (Exhibit No. CWA-19 was received
9 into evidence.)

10 MS. MAILLOUX: Your Honor.

11 ALJ BEMESDERFER: Yes.

12 MS. MAILLOUX: TURN also had a
13 cross-exhibit.

14 ALJ BEMESDERFER: Thank you. Go ahead,
15 please, Ms. Mailloux.

16 MS. MAILLOUX: No problem. TURN would
17 like to move in TURN-7 which is the
18 Commission Decision 19-04-021, Decision
19 Authorizing Pilot Programs of Boost Mobile
20 Inc., and iFoster, Inc., in the California
21 LifeLine Program.

22 ALJ BEMESDERFER: Objection?

23 (No response.)

24 ALJ BEMESDERFER: Hearing none, it's
25 admitted.

26 (Exhibit No. TURN-07 was marked for
27 identification.)

28 (Exhibit No. TURN-07 was received
into evidence.)

1 ALJ BEMESDERFER: All right. Good
2 afternoon, Mr. Blum.

3 THE WITNESS: Good afternoon, your
4 Honor.

5 JEFF BLUM, called as a witness by
6 DISH Network, having been sworn,
7 testified as follows:

8 THE WITNESS: I do.

9 ALJ BEMESDERFER: Ms. Taff-Rice, I
10 believe your witness.

11 MS. TAFF-RICE: Thank you, your Honor.

12 DIRECT EXAMINATION

13 BY MS. TAFF-RICE:

14 Q Mr. Blum, would you please state
15 your name for the record?

16 A Jeff Blum.

17 Q And your title for the record?

18 A Senior Vice President of Public
19 Policy and Government Affairs at DISH.

20 Q Do you have in front of you what
21 has been marked as DISH Exhibit Number 3?

22 A I do.

23 Q That is a copy of your testimony,
24 is it not?

25 A It is.

26 Q Do you have any corrections to your
27 testimony?

28 A I don't.

Q Was your testimony prepared by you

1 or under your direction?

2 A It was.

3 Q If I were to ask you the same
4 questions this morning live, would your
5 answers be the same?

6 A They would be.

7 MS. TAFF-RICE: Thank you, your Honor.
8 The witness is available for
9 cross-examination.

10 ALJ BEMESDERFER: Thank you,
11 Ms. Taff-Rice.

12 Ms. Schaefer.

13 MS. SCHAEFER: The Public Advocates
14 Office requests a small recess while we wait
15 for printers to finish printing, if that's
16 okay.

17 ALJ BEMESDERFER: Let's go off the
18 record for a second.

19 (Off the record.)

20 ALJ BEMESDERFER: Let's go back on the
21 record.

22 CWA will be the first to cross this
23 witness. Ms. Koss, go ahead.

24 CROSS-EXAMINATION

25 BY MS. KOSS:

26 Q Good morning, Mr. Blum. My name is
27 Rachael Koss. I am here on behalf of
28 Communication Workers of America, District 9.

1 How are you today?

2 A Good. I am fine. Thank you.

3 Q Thank you for being here.

4 A Of course.

5 ALJ BEMESDERFER: Please move your mic
6 a little closer.

7 MS. TOLLER: There's a mic. Turn it
8 on.

9 THE WITNESS: Is it on now?

10 ALJ BEMESDERFER: Yes.

11 THE WITNESS: Better?

12 ALJ BEMESDERFER: Better.

13 MS. KOSS: Okay. Good.

14 Q Mr. Blum, I am looking at your
15 testimony that has been marked DISH-3 on
16 page 2.

17 A Okay.

18 Q And in your answer to Question 5,
19 you state that DISH has committed to a number
20 of service obligations in California. And
21 then further down in your response, you state
22 that DISH anticipates offering a prepaid
23 mobile wireless service in California after
24 closing -- after the closing of the
25 divestiture assets. Do you see that?

26 A I do.

27 Q Would you agree that it is
28 important for low-income customers,

1 especially those with limited-transportation
2 options to be able to easily access a diverse
3 selection of wireless retail options in their
4 communities?

5 A You mean stores?

6 Q Yes.

7 A It depends on the customer. Stores
8 are part of how wireless services are sold
9 today. So some -- I got my phone by getting
10 it from Apple, but stores are an important
11 part of wireless service for some people.

12 Q And specifically we're talking
13 about low-income customers and especially
14 those that don't have many transportation
15 options. So thinking of those customers, do
16 you think that having a diverse selection of
17 retail providers, wireless retail providers
18 is important?]

19 A I think it is. One of the reasons
20 why, your Honor, as part of the DOJ remedy we
21 are getting rights to about 7400 independent
22 Boost dealers that are in the Sprint
23 footprint today. And our team has met with
24 the dealers, communicated with those dealers,
25 and they are excited about the opportunity to
26 continue as Boost dealers.

27 Q Would you agree that one important
28 component of good customer service is

1 adequate staffing of retail stores with well
2 trained and well compensated employees?

3 A Generally.

4 Q You just mentioned the number 7400
5 Boost dealers. Just so that I'm really
6 clear, how many Boost branded retail stores
7 are there currently in California?

8 A I don't know that specific number.

9 Q Do you know how many Boost branded
10 retail stores in California are operated by
11 authorized dealers?

12 A All of them are authorized dealers.

13 Q Do you know how many Boost branded
14 stores in California will be transferred to
15 DISH?

16 A All of them.

17 Q Do you know what that number is?

18 A I don't know that specific number.

19 Q Do you know if DISH will assume the
20 existing contractual terms that Sprint has
21 with these Boost authorized dealers, or does
22 DISH plan to renegotiate terms?

23 A I think initially we, as part of
24 the remedy, we are acquiring all those
25 contracts and communicating to the dealer
26 network, "Do you want to come work for DISH
27 and be with DISH as part of our wireless
28 services?" I don't know the specifics of the

1 details of the contracts today. I think -- I
2 know we are acquiring all the contracts, and
3 we met with dealers and want them to come and
4 be part of the DISH team.

5 Q You said initially you would -- you
6 said initially that you would have the
7 existing contractual terms. What do you mean
8 by "initially"? Do you have a time frame in
9 mind?

10 A So we have a transition team that
11 is working hard to prepare to be selling
12 Boost services from day one merger closes and
13 having ongoing communications with those
14 Boost dealers. When it comes to specific
15 details about the status of the contract, the
16 assumption, I just don't know.

17 Q So you don't know whether DISH will
18 assume contractual terms?

19 A I believe we are acquiring all of
20 those contracts as part of the divestiture.

21 Q Has DISH made any commitments to
22 ensure that employees at these Boost
23 authorized dealer stores will not experience
24 loss of employment as a result of the DISH
25 acquisition of the Sprint prepaid assets?

26 A We've not made specific
27 commitments. But as I said, we communicated
28 with the team that we are excited about

1 bringing the dealers aboard. We have about
2 800 satellite dealers here in California,
3 some have been with us for decades.

4 So part of DISH's history is
5 relying upon mom and pop small dealers to
6 sell our satellite services to seller
7 over-the-top services. We see the
8 opportunities for partnership with those
9 Boost dealers.

10 Q But DISH has not made any
11 commitments, right?

12 A No specific commitments.

13 Q Has DISH made any commitments to
14 ensure that employees at these Boost
15 authorized dealer stores will not experience
16 reduction in compensation as a result of the
17 DISH acquisition of the Sprint prepaid
18 assets?

19 A Not specifically, because it is the
20 Boost dealers who are the employees. We are
21 partnering with them as an authorized dealer.
22 But they are not our employees.

23 Q And has DISH made any commitments
24 to ensure that employees at these Boost
25 authorized dealer stores will not experience
26 forced relocation as a result of the DISH
27 acquisition of the Sprint prepaid assets?

28 A Again, those are the Boost dealers'

1 employees, and they have to make those
2 decisions.

3 Q Has DISH made any commitments to
4 maintain retail customer service levels for
5 Boost customers in California following the
6 proposed divestiture?

7 A So our plan, your Honor, is from
8 day one to offer a competitive service, lower
9 prices, improved quality than what Boost has
10 today in California and throughout the
11 country. That is what we are working hard on
12 day one to be able to do. So we will offer
13 lower price service for the Boost prepaid
14 customers and market it working through the
15 dealers, working through our own team from
16 the very beginning.

17 Q Has Boost -- sorry, has DISH made
18 commitments?

19 A We haven't made specific
20 commitments, but that is our plan. That is
21 why we are part of this remedy to enter the
22 wireless business to offer competitive
23 services. This is what we've done for
24 satellite and what we've done for
25 over-the-top product Sling. And we see a
26 tremendous opportunity with our experience,
27 with our spectrum, with 5G, which I'm sure
28 your Honor has heard about, we can talk about

1 more. And with all the tools that we were
2 able to obtain from the Department of Justice
3 as part of the divestiture.

4 Q And what about customer service
5 level commitments for customer service
6 levels, meaning customer service at the
7 retail stores?

8 A We actually will be offering a
9 better quality service from day one, because
10 one of the things that was important to DISH
11 and was important to the Department of
12 Justice was the divestiture won't happen
13 until we are able to provision all new
14 customers on T-Mobile's network. So --

15 Q Sorry. Let me just interrupt.
16 I'm not talking about network
17 services. I'm talking about retail service,
18 customer service, at retail locations.

19 A So we will be acquiring those Boost
20 dealers. And in our due diligence, I think
21 Boost has done a really nice job of servicing
22 their customers. And we have learned the
23 score, it is called "net promoter's score,"
24 is the reflection of customer service, is
25 actually quite high amongst Boost. And so to
26 be able to get that and improve it is
27 something that we are experienced in.

28 We are number one in customer

1 service today from J.D. Power for our
2 satellite business. And for Sling we have
3 thousands of customer service employees, and
4 will supplement the retailer customer service
5 experience with our DISH owned and operated
6 customer service experience.

7 Q And have you made any specific
8 commitments to maintain those customer
9 service levels that you speak so highly of,
10 that currently exist for Boost customers?

11 A We haven't made specific
12 commitments. But in our experience, if you
13 are offering high-quality customer service,
14 that is how you grow as a business and grow
15 subscribers. And Boost has good quality
16 service today that we plan to improve upon at
17 closing.

18 Q And has DISH made any commitments
19 to maintain the Boost retail footprint
20 following the proposed divestiture?

21 A We haven't made specific
22 commitments. But we actually plan to expand
23 the footprint, because Sprint's network is
24 more limited than T-Mobile's. So because we
25 get to on day one have access to T-Mobile's
26 network immediately, there are opportunities
27 to sell Boost in areas that Sprint doesn't
28 today. And we also have thousands of

1 independent satellite retailers across the
2 country. So beyond where the Sprint network
3 is, that immediately we are going to be able,
4 because we are going to be on T-Mobile's
5 network, to expand where Boost has offered
6 than what Sprint is doing today.

7 Q But DISH has not made any
8 commitments to maintain the retail footnote
9 of Sprint, correct?

10 A No specific commitments.

11 MS. KOSS: Your Honor, may I have just
12 one moment off the record, please?

13 ALJ BEMESDERFER: Off the record.

14 (Off the record.)

15 ALJ BEMESDERFER: Back on the record.

16 MS. KOSS: Thank you, Mr. Blum. I have
17 no more questions.

18 ALJ BEMESDERFER: Thank you, Ms. Koss.

19 Let's go off the record again for a
20 moment.

21 (Off the record.)

22 ALJ BEMESDERFER: Back on the record.

23 Ms. Schaefer.

24 CROSS-EXAMINATION

25 BY MS. SCHAEFER:

26 Q Yes. It is still morning. So good
27 morning.

28 A Good morning.

1 Q Do you have your testimony in front
2 of you from November 7th?

3 A I do.

4 Q Okay. I'll be starting there. But
5 first I have a couple of initial questions.

6 First, what was your role in
7 negotiating the terms for the acquisition of
8 Sprint's prepaid assets with the Justice
9 Department?

10 A I was very involved in that
11 process.

12 Q Could you be a little more
13 specific, like the terms?

14 A Sure. So I'm in charge of public
15 policy, regulatory affairs for DISH. I
16 report to our Chairman and Founder Charlie
17 Ergen. I've been since 2005. So I was
18 leading our effort opposing the merger before
19 the FCC and the Department of Justice.

20 And our position was that absent
21 the proposed merger of just four to three
22 would harm consumers and would hamper our
23 desire to enter into the wireless market, and
24 throughout a year had numerous meetings at
25 the Department of Justice and the FCC. And
26 in May of 2019 the DOJ approached us about
27 thoughts of a potential remedy of how can the
28 merger be restructured to facilitate the

1 entry of a number four to replace Sprint
2 being acquired by T-Mobile by giving T-Mobile
3 and Sprint the spectrum and the benefits that
4 they are claiming, but to ensure there would
5 be disruptive (sic) for competitors.

6 So I was, over an very intense
7 2-1/2 month period, negotiating with
8 T-Mobile, with Sprint, with the Department of
9 Justice on a consent decree negotiating at
10 the FCC, and was intimately involved in that
11 entire process from May until July 26th when
12 the Department of Justice announced the
13 settlement.

14 Q Thank you.

15 Turning to your current satellite
16 TV business, does DISH currently own any
17 brick and mortar retail stores for its
18 satellite TV?

19 A We don't. As I've mentioned, we've
20 relied upon independent dealers for the
21 39 years that we've been in business. And so
22 we have thousands of them across the country
23 that sell DISH, sell Sling or over-the-top
24 product have -- do insulations, sell TVs. So
25 they've really been the backbone of our
26 success, these independent dealers.

27 Q Do you know whether any of the
28 current four facilities-based national

1 wireless providers do not operate a network
2 of company-owned retail stores?

3 A I believe all four incumbents have
4 their own retail stores, but they also have,
5 like in Boost, thousands of independent
6 dealers.

7 Q Thank you.

8 Would you agree that it is normal
9 business practices of the four
10 facilities-based national providers to sell
11 their service principally through the
12 company-owned retail stores? I'm referring
13 most to postpaid business.

14 A I think traditionally that has been
15 the case. I think with 5G, and there is
16 reasons for it, I think there is going to be
17 less reliance upon storefronts. But today
18 for the incumbents -- that is why there is
19 7500 Boost storefronts that we will be
20 acquiring to sell Boost services and postpaid
21 when we do that within a year, and then
22 opportunities with our own independent
23 satellite dealers.

24 Q So for clarification, would you say
25 that once 5G is wildly available, you think
26 storefronts would not be as prominent, that
27 it would be -- how would people get their 5G
28 cell phone service?

1 A Sure. One of the big advantages,
2 what the Department of Justice did, your
3 Honor, was require T-Mobile and DISH to do
4 what is called eSIM.

5 THE REPORTER: I'm sorry, e?

6 THE WITNESS: Little case e-S-I-M.

7 And today if you want to change cell
8 phone service you have to go through a store,
9 a brick and mortar store, wait an hour. And
10 it is frustrating to switch service. And the
11 Department of Justice required that T-Mobile
12 and DISH provide eSIM. So what this will
13 permit is you will be able to, either online,
14 in 5 or 10 minutes, to switch services
15 without having to go into a store or call.

16 And so as eSIM develops, as 5G
17 develops, we think there will be less
18 reliance upon storefronts than there is
19 today.

20 BY MS. SCHAEFER:

21 Q Is there a general time frame of
22 when we think eSIM and 5G will be widely
23 adopted and implemented?

24 A eSIM in the rest of the world has
25 been adopted, is actually in I-Watches today.
26 The technology is there. The problem with
27 eSIM has been the incumbents, particularly
28 AT&T, Verizon don't like it because they want

1 to make it hard for people to switch.

2 And so I think under the consent
3 decree we have a time frame of when we need
4 to be offering eSIM technology and make it
5 easy for customers to be able to make the
6 switch.

7 As a new entrant, it is something
8 that is really important to us. Because we
9 are going to be offering lower prices, we are
10 going to be offering the first stand-alone 5G
11 network. So we want to make it easy for
12 someone to switch from T-Mobile to DISH.
13 Also, if we are not doing a good job, people
14 can switch from DISH to T-Mobile. We also
15 think T-Mobile and DISH will be marketing
16 eSIM technology. If you don't like us, we
17 are going to make it easy for you to switch.

18 Q Do you have a general time line
19 when --

20 (Crosstalk.)

21 (Reporter raises hands.)

22 THE WITNESS: Sorry.

23 BY MS. SCHAEFER:

24 Q Sorry, ma'am.

25 A I think it will be in the next few
26 years as consumers -- because the technology
27 exists. It is more of implementing what
28 needs to happen on sort of the back end to do

1 that. Today you can do it through your
2 watch. So I don't think it is going to be
3 very long. We want to do it as quickly as
4 possibly.

5 Q So it will still be a few years
6 before DISH can start offering these
7 competitive services?

8 A No. I said I think it is going to
9 happen sooner than two years. Under the
10 consent decree we have certain obligations,
11 and the specific time I need to look at of
12 when we have to first start deploying eSIM.

13 Q And ultimately does DISH intend to
14 become a facilities-based provider?

15 A Absolutely. We plan to deploy our
16 first city late next year, your Honor, and
17 very aggressively build out in 2021.

18 Q So DISH currently owns a number of
19 blocks of mobile wireless spectrum, correct?

20 A We do.

21 Q Roughly, how much has DISH invested
22 in its current mobile wireless spectrum
23 holdings, including capitalized interest on
24 its carried and long-term assets on your
25 balance sheet?

26 A We've invested over \$20 billion in
27 spectrum assets and investments.

28 Q And when did DISH start acquiring

1 this mobile wireless spectrum?

2 A We've been in the wireless business
3 for 39 years. We launched our first
4 satellite, which is wireless, in December of
5 1995. We participated in the first FCC
6 option 24 years ago. But of current spectrum
7 holdings, we first acquired our 700 megahertz
8 holdings in 2008.

9 Q Thank you.

10 Absent the PFJ, which licenses will
11 be set to expire in each of the next
12 five years?

13 A Do you want to go through all of
14 them? We have a lot of spectrum, that is
15 what is going to allow us to deploy the best
16 network in the United States. We can go
17 through all of them, but they have different
18 buildout deadlines.

19 Q Generally speaking, what percentage
20 of your holdings will expire within the next
21 five years, absent the PFJ?

22 A It is not really expiring. So
23 there is -- when you -- when we get spectrum,
24 there is buildout deadlines. Some of our
25 buildout deadlines were March of next year.
26 Those now have been paused pending the
27 outcome of the merger.

28 Q Until?

1 A Until June of 2023. We have other
2 spectrum, for example, our 600 megahertz
3 spectrum had a deadline of 2029 that as a
4 part of this merger we agreed to deploy in
5 rural America four years earlier. So 2025
6 rather than 2029. We have other spectrum
7 called H Block that has 2024 deadlines. We
8 just completed a buildout for 500 megahertz
9 of our 12 gigahertz spectrum this summer, so
10 that has been satisfied. It varies.

11 Q Thank you.

12 And if you don't meet the buildout
13 commitments will your licenses then be
14 forfeited?

15 A So, yes. If we failed to comply
16 with our -- whatever the specific terms are,
17 there are different terms, then as the FCC
18 licensing, we could lose our licenses.

19 Q So yesterday, I'm not sure if you
20 were listening by phone?

21 A I was not.

22 Q So yesterday when Dr. Selwyn was on
23 the stand Counsel Lui during his
24 cross-examination of Dr. Selwyn suggested
25 that DISH could use its spectrum as
26 collateral as a means of raising funds to
27 build out its 5G network. Is using spectrum
28 as collateral under consideration by DISH?

1 A It is one of the options, if we
2 decide to raise additional capital for our
3 buildout. Today we have not incumbered any
4 of our spectrum. We have raised over
5 \$30 billion since we've been in business just
6 in the markets. We've never missed a debt
7 payment, and we've never had to secure any of
8 our debt with our spectrum. My understanding
9 I think Sprint has. But right now none of
10 our spectrum is encumbered in any financing
11 transaction, but it is something --

12 Q But it is --

13 A Sorry.

14 Q But it is an option for the future?

15 A It is under consideration. We have
16 various means of financing our buildout.

17 Q Okay. Are you familiar with DISH's
18 most recent quarterly 10-Q filing with the
19 Securities and Exchange Commission?

20 A I am.

21 MS. SCHAEFER: The Public Advocates
22 Office would like to hand that out as an
23 exhibit. If we could go off the record while
24 we are handing that out?

25 ALJ BEMESDERFER: Off the record.

26 (Off the record.)

27 ALJ BEMESDERFER: Let's go back on the
28 record.

1 Ms. Schaefer.

2 BY MS. SCHAEFER:

3 Q Thank you.

4 Do you have your most recent 10-Q
5 in front of you?

6 A I do.

7 Q Where, if any, location in the 10-Q
8 is there a reference to using DISH's lease
9 spectrum as collateral to borrow money to
10 build out your 5G network?

11 A Because we haven't decided whether
12 to do that, that is not in here, because we
13 today have not secured any loans through
14 collateralizing our spectrum.

15 Q But the 10-Q does discuss potential
16 further maintenance?

17 A It does. We have said I think in
18 this document and publicly that we believe
19 overall it will be about \$10 million for us
20 to build this Greenfield stand-alone 5G
21 virtualized network, and there are various
22 ways to get that money.

23 Q Yes.

24 A One of them is going to the debt
25 markets and either raising money without
26 collateral, and we've done that; one of the
27 ways is raising money with collateral, we
28 haven't done that yet. We also will be

1 receiving revenue from operating our wireless
2 business, so that revenue comes in. We also
3 earn about a billion dollars a year from our
4 satellite business today. So there is
5 various options that we are evaluating in
6 terms of getting the money we need to build
7 out our network.

8 Q To go to my question though, under
9 your list of options that you have for future
10 capital fundraising, does DISH anywhere in
11 its 10-Q specifically list spectrum as
12 collateral?

13 A I don't know. I reviewed this
14 document before it was filed, but I don't
15 know sitting here.

16 Q If you could please turn to page 99
17 of your 10-Q.

18 A Okay.

19 Q Could you read the chunk under
20 Obligations and Future Capital Requirements.
21 You don't need to read it out loud, just in
22 your head.

23 A Okay.

24 (Witness complies)

25 Okay.

26 Q Thank you.

27 So in this paragraph DISH lists a
28 range of funding points, but it does not

1 mention using spectrum as collateral,
2 correct?

3 A Specifically on this page it does
4 not.

5 Q Given the expirations of your
6 licenses that we previously discussed just a
7 few minutes ago, and that are also listed on
8 page 37 of the 10-Q, if you want to flip to
9 that.

10 A What page?

11 Q 37.

12 A Okay. And then there is also
13 another limitation on your spectrum licenses
14 at the bottom of page 35.

15 Q Has DISH investigated whether it
16 could find a lender to accept that spectrum
17 as collateral given those limitations?

18 A We have not, as I said, made a
19 decision on the financing sources. We are
20 very confident that there is a range of
21 options, as I've described, to get the money
22 that we need to build out our network. And
23 that \$10 billion estimate is the full 50,000
24 tower build that we are projecting, you know,
25 2024-2025. There is a host of things. It
26 could be a combination of money that we are
27 receiving from programming our wireless
28 business, money receiving from operating our

1 satellite business. Stock, for example, your
2 Honor, we just did a stock repurchase
3 offering two weeks ago where our Chairman
4 Charlie Ergen backed up a billion dollars,
5 some collateralized, some not. It may not
6 even be necessary to raise any money.

7 Q Has it been presented to your
8 shareholders and investors that there is a
9 possibility that you could use full spectrum
10 as collateral or has that been internal?]

11 A Yeah. I mean, it's -- as a
12 publicly-traded company, you have a host of
13 financing options at your disposal, and one
14 of those options is do you want to
15 collateralize assets that you have to get --
16 to raise debt?

17 We, as I said, have invested 20
18 billion dollars of spectrum purchases, and
19 we've never collateralized any of those
20 spectrum licenses to date. So we may not or
21 we may. We haven't made that determination.

22 Q And those have not yet been
23 disclosed in your 10-Q then?

24 A The pages you point out, I have --
25 I did not mention collateralizing, but this
26 SEC document, financial markets, one way to
27 raise debt is will you collateralize the
28 assets. But the specific pages you've

1 referenced do not mention that expressly.

2 MS. SCHAEFER: May we go off the record
3 while we hand out our next exhibit?

4 ALJ BEMESDERFER: Off the record.

5 (Off the record.)

6 ALJ BEMESDERFER: We're back on the
7 record.

8 While we were off the record, I
9 received two documents that I'm going to mark
10 for identification. The first is the DISH
11 Network Corporation Form 10-Q for the quarter
12 end of September 30, 2019, which is marked
13 next in order, Public Advocates-16. And the
14 second is data request DISH network response
15 to Public Advocates Office Data Request 2.1
16 and 2.10 marked for identification next under
17 Public Advocates-17.

18 (Exhibit No. PAO-16 was marked for
19 identification.)

20 (Exhibit No. PAO-17 was marked for
21 identification.)

22 ALJ BEMESDERFER: Ms. Schaefer, go
23 ahead.

24 MS. SCHAEFER: Thank you so much.

25 Q To briefly go back to the financing
26 line of questioning, if you were to encumber
27 20, 25 billion in licensed assets, would that
28 have any impact on your cost of debt or

1 equity generally?

2 A I don't know if I understand your
3 question. If we -- it's like a home equity
4 line of credit. So typically, you could
5 potentially get a lower rate if you're
6 willing to collateralize something than not.
7 So it depends on what we decide to do.

8 Q Okay. Uncollateralize?

9 A Right. That if -- as I said, we've
10 raised 30 billion dollars of debt. We have
11 not, to date, collateralized any of our
12 spectrum. So lenders may be willing to give
13 you a lower interest rate if you're willing
14 to collateralize. So it just -- it depends.

15 Q Okay. So if we could turn to -- I
16 already lost count of what exhibit I just
17 handed you -- 17. If you could turn toward
18 the end on page 13. So it's the last
19 physical page.

20 A I see it.

21 Q You'll see our Data Request 2.10,
22 and in that, you state that DISH does not
23 currently have mobile retail wireless
24 customers in California.

25 How many mobile retail wireless
26 customers does DISH currently have
27 nationwide?

28 A In terms of mobile cellular, none.

1 Q So no mobile cellular?

2 A Correct.

3 Q Okay. Thank you for that
4 clarification. What do you expect will be
5 DISH's total operating revenues for the
6 current year, 2019?

7 A For our entire business or for
8 wireless?

9 Q The entire.

10 A So projections about revenue,
11 that's highly confidential information. So I
12 can't disclose that in open court.

13 Q Okay. And roughly what percentage
14 of the highly confidential revenue number
15 will come from the mobile retail cellular
16 services?

17 A So we have a business plan that has
18 been presented to the board. And again, the
19 details of that, which I'm happy to discuss,
20 but are highly confidential.

21 Q But currently for 2019, is that
22 percentage zero?

23 A Oh. No. We have two terrestrial
24 wireless projects. So one I already
25 mentioned with our 12 gigahertz spectrum
26 where we deployed nationwide terrestrial
27 service and met our buildout deadlines. The
28 second is for the past two years, your Honor,

1 we have been deploying terrestrial Internet
2 of Things network and have spent money on
3 that.

4 But in terms of your -- if your
5 question is revenue --

6 Q And just for the mobile retail
7 wireless. Not for terrestrial services.

8 A So since we are not offering a
9 mobile cellular service yet, we have zero
10 revenues associated with that.

11 Q Thank you. How much has DISH spent
12 in 2019 so far marketing its retail wireless
13 services?

14 A None.

15 Q So going back to earlier in that
16 document that we just handed you, No. 17.

17 A Okay.

18 Q If you could go to Data Request
19 2.1, which is on page 3.

20 A Okay.

21 Q You describe DISH's transition
22 services agreement with T-Mobile?

23 A Yes.

24 Q You explain that under this
25 agreement T-Mobile, quote, "will provide
26 certain transition services for us," being
27 DISH --

28 A Right.

1 Q -- "for the prepaid business for a
2 period of two years from the closing of the
3 prepaid business asset sale and that this may
4 be extended with DOJ approval."

5 What specific transition services
6 does DISH expect to have to be relying upon
7 T-Mobile to provide?

8 A So there's a host. This is --
9 there's a whole team of about a hundred
10 people at DISH. There's 12 separate teams
11 that since the July 26 announcement have been
12 working very closely with the Boost folks,
13 T-Mobile and Sprint on these transition
14 services.

15 So initially, it will be billing --
16 we're requiring Boost employees and the
17 dealers, as I said -- so in the first
18 instance, on day one, we will be relying upon
19 many transition services pursuant to the TSA.

20 In parallel, we are working on
21 systems to get off the transit business
22 services as quickly as possible. It's in our
23 interest to do that because we are paying
24 money to T-Mobile. We do a lot of these
25 things today as part of our satellite and
26 Sling business. So we have IT and billing
27 and customer service and logistics and supply
28 chain, and the teams are working in parallel

1 to build out our own systems and also to be
2 able to hit the ground running on day one to
3 make sure we don't miss a beat.

4 Q So you just mentioned your existing
5 internal infrastructure for customer service
6 and whatnot for your television customers.

7 Do you outsource any of the
8 customer service or tech support to
9 third-party providers?

10 A I mean, we have vendors that
11 support us, but we have -- we have about
12 17,000 employees, thousands of them doing
13 customer service, thousands of them doing
14 installations that we -- they are our
15 employees. So doing satellite installations
16 and in-home services. We have an extensive
17 IT department. We have thousands of
18 engineers including hundreds of wireless
19 engineers. So -- but we do have vendor
20 relationships with, like, billing platforms
21 that we're using people's billing platforms,
22 for example, as all the incumbents are doing
23 as well.

24 Q How long do you expect that DISH
25 will require the New T-Mobile to provide
26 customer service to the divested prepaid
27 customers?

28 A The specific time has not been

1 determined. Our goal is to get off of the
2 transition services agreement as quickly as
3 possible so things are completely under our
4 control and we save money. And that is a
5 priority for the company that we have teams
6 of people working on right now.

7 Q What specific customer service
8 functions will be supported by New T-Mobile
9 during this time?

10 A So most of the Boost functions will
11 actually be the 7400 Boost dealers that will
12 come with us as part of the divestiture. So
13 they are the ones doing the selling, the
14 provisioning, when people come in with
15 issues, payments. So they will be part of
16 the DISH team. And we have, as I said, our
17 own customer service centers and employees.
18 But the timing of when all that will happen
19 we don't know for sure yet.

20 Q Do you anticipate providing mobile
21 service to your -- customer service to your
22 mobile consumers out of the same customer
23 service organization that currently supports
24 your television services?

25 Or will you be creating an entirely
26 separate organization to deal with your
27 mobile wireless customers?

28 A I think we'll be having separate

1 teams. Like that's what we do today. We
2 have a sales team. We have a technical team.
3 We have a customer complaint team. So I
4 think it will be bucketized, but these agents
5 that have been selling satellite and Sling --
6 In some ways, satellite is complicated. And
7 we anticipate training our agents to deal
8 with any wireless issues as well, but I think
9 it will be hiring more employees. Like, for
10 example, in Colorado as part of the
11 settlement that we did with the Attorney
12 General there, we committed to bring 2000
13 wireless jobs to Colorado.

14 Q Do you expect to provide any of
15 your mobile customers with service billing
16 and collection using the same IT organization
17 that you use for your satellite and Sling
18 television businesses?

19 A Yes. That organization will be
20 responsible for the wireless side, the Sling
21 side and the satellite side.

22 MS. SCHAEFER: Could we go off the
23 record really quick?

24 ALJ BEMESDERFER: Off the record. It's
25 12 noon. Why don't we be back here at 1:00
26 o'clock?

27 (Whereupon, at the hour of 11:43
28 a.m., a recess was taken until 1:09
p.m.)]

1 * * * * *

2 AFTERNOON SESSION - 1:09 P.M.

3
4 * * * * *

5 JEFF BLUM,

6 resumed the stand and testified further as
7 follows:

8
9 ALJ BEMESDERFER: Let's go back on the
10 record.

11 Ms. Schaefer.

12 BY MS. SCHAEFER:

13 Q I hope everybody had a lovely
14 lunch. So earlier we had discussed your
15 spectrum licenses.

16 A Yes.

17 Q Are all of your spectrum licenses
18 involved in your planned 5G buildout?

19 A All of our terrestrial spectrum
20 licenses -- we have satellite licenses that
21 are spectrum licenses.

22 Q So your terrestrial. What about
23 your mobile wireless spectrum, just for
24 clarity?

25 A So our terrestrial licenses we will
26 deploy as wireless facilities-based carrier.

27 ALJ BEMESDERFER: May I interrupt you
28 for just a second, Ms. Schaefer. If it's not

1 confidential, could you give me an idea of
2 what spectrum you hold?

3 THE WITNESS: Of course. That is
4 public. So as I said, we've invested over 20
5 billion dollars in spectrum. So the last
6 auction -- the major auction that we
7 participated in is called 600 megahertz. You
8 may have heard about it in testimony. It's
9 really good for going through walls and
10 covering rural America. We paid 6 billion
11 dollars for those spectrum licenses, and
12 those are licenses that we're going to put to
13 use, as I said, in the plan starting late
14 next year.

15 Those licenses we're going to deploy
16 in rural America including California four
17 years earlier than we had the right to do.
18 As part of this remedy, we voluntarily agreed
19 to do that because it's something that we
20 want to do as a business. So that's one of
21 our major holdings.

22 We have what's called AWS-4, which
23 is 40 megahertz, which is a lot of spectrum,
24 nationwide unencumbered that we actually
25 purchased from satellite companies who are in
26 bankruptcy in 2011 for 3 billion dollars that
27 we asked the FCC to make for terrestrial use.
28 We participated in an FCC auction in 2014

1 called H-Block where we paid 1.56 billion
2 dollars. H-Block is next to our AWS-4, and
3 we're deploying that for our 5G network.

4 I had mentioned earlier in 2008 we
5 spent about a billion dollars for our 700
6 megahertz licenses. Low bands are really
7 good for rural and going through walls. We
8 spent about several hundred million dollars
9 on this 12 gigahertz spectrum that we just
10 met our buildout on this summer.

11 So those are our spectrum assets.
12 Then we've invested in some companies that
13 also participate in auctions.

14 ALJ BEMESDERFER: Thank you very much.
15 It's helpful to me to know what your spectrum
16 holdings actually are.

17 I'm sorry to have interrupted, Ms.
18 Schaefer. Go ahead.

19 MS. SCHAEFER: No problem.

20 Q Do you have your November 7th
21 testimony in front of you still?

22 A I do.

23 Q I don't see a copy with page
24 numbers. So I'm just going to ask you to
25 find Question 7, your answer to that.

26 A Okay. Yes, I have that.

27 Q Okay. So you state that DISH has
28 committed to deploy 5G broadband service to

1 at least 20 percent of the U.S. population by
2 2020 into at least 70 percent of the U.S.
3 population by 2023 using its AWS-4 700
4 megahertz E-Blocks and AWS H-Block licenses;
5 is that correct?

6 A Correct.

7 Q I don't see any reference to the
8 800 megahertz spectrum that DISH will have
9 the option to acquire from Sprint under the
10 terms of the PFJ. Why is that?

11 A Because that is an option. The
12 commitments that we made to the FCC were for
13 our current spectrum holdings. And your
14 Honor, the way that the FCC spectrum
15 licenses -- the licenses come with flexible
16 use where you get to use it for pretty much
17 any technology that you want as long as you
18 provide the service.

19 As part of this remedy, DISH
20 voluntarily agreed to specific requirements
21 that are not normal for licensees. Normally
22 licensees could pick what they want to do,
23 but because DISH as a business has invested
24 and wants to deploy the state of the art 5G
25 network, we voluntarily agreed to do
26 something special with the FCC for our
27 current spectrum licenses, not for 800
28 megahertz. And these obligations, I think,

1 reflect DISH's desire for -- the future of
2 our company is being able to build this
3 network. And we voluntarily gave up legal
4 rights. And if we don't make these
5 commitments, the consequences to DISH are
6 draconian, to say the least. We will lose
7 our licenses. If we did nothing, we will
8 lose our licenses, which we've invested
9 billions and billions of dollars in. We'd be
10 held in contempt of court. We would have to
11 pay 2.2 billion dollars to the government,
12 and the future of DISH would be in grave
13 doubt.

14 So we did this in addition to
15 agreeing to pay 1.4 billion dollars for the
16 Boost assets because our business goals are
17 confidence that we are going to be able to do
18 something good for consumers and build this
19 fantastic network, to put our money where our
20 mouth is by signing up with the Department of
21 Justice and the FCC as reflected in this
22 answer to Question 7.

23 Q So is it fair to say that the 800
24 megahertz spectrum was not included in these
25 commitments because you will not be acquiring
26 it until 2023 or later?

27 A No. Because it's not our spectrum
28 yet. As part of the consent decree, we have

1 the option to acquire it. And it is
2 additional spectrum. It's low-band spectrum.
3 But one of the issues with it today that
4 Sprint has to deal with it's using old
5 technology, the CDMA technology. So it's not
6 ready for 5G, but it's something that in
7 three years from now when Sprint has cleared
8 the CDMA technology we have the right to
9 acquire. And there's penalties that we will
10 have to pay if we don't acquire it.

11 Q And to confirm, Sprint's
12 divestiture of the 800 megahertz spectrum
13 will play no role in helping DISH to fulfill
14 the 20 percent and 70 percent population
15 coverage commitments with the 70 percent
16 being by 2023?

17 A It's not part of the FCC
18 commitments, but our plan is when we're
19 deploying our 5G network their radios that we
20 will put on towers will be 800 megahertz
21 compliant. So if Sprint is able to clear
22 that spectrum and we purchase it, it will be
23 just like a switch. The radios would be
24 compatible.

25 Q So a couple of pages later, in
26 further response to Question 7 in your
27 testimony --

28 A Yes.

1 Q -- I think it's about 2 pages
2 later -- there is the bullet points that
3 discuss 600 megahertz?

4 A I see that.

5 Q Okay. You state that using the 600
6 megahertz licenses DISH commits to offer 5G
7 broadband service to at least 70 percent of
8 the U.S. population no later than June 14th,
9 2023 and to at least 75 percent no later than
10 June 14th, 2025.

11 A I see that.

12 Q Isn't it also true that under the
13 terms of the PFJ, the proposed final
14 judgment, that DISH is obligated to negotiate
15 in good faith to reach an agreement to allow
16 New T-Mobile to lease some or all of DISH's
17 600 megahertz spectrum licenses for a
18 sufficient period of time for New T-Mobile to
19 make adequate commercial use of the 600
20 spectrum licenses?

21 A So let me clarify that. So, yes,
22 we have to negotiate good faith to lease on a
23 short-term basis our 600, because T-Mobile
24 has a need for it now as they are trying to
25 transition to their new network. So it will
26 help them in that transition period. But
27 once we meet that spectrum -- so when we
28 deploy in San Francisco, your Honor, we're

1 going to want to use our 600 megahertz. So
2 we would have the ability to take it back.

3 So there's not really any tension
4 between the leasing in the short-term and the
5 obligations that we committed to the FCC.
6 And this is a spectrum that we spent 6
7 billion dollars on.

8 What's important about this
9 spectrum is absent this remedy we would have
10 had until 2029 to do this. Now if we don't
11 do it by 2025 -- this is rural broadband
12 deployment -- including in California, then
13 we lose our licenses.

14 Q Could you define what "short period
15 of time" means or approximate?

16 A So as I said, we are planning to
17 launch our first cities late next year then
18 aggressively deploy into 2021. So it's going
19 to be city-by-city community-by-community.
20 We're in the process of negotiating that with
21 T-Mobile. We have not reached agreement yet
22 with them.

23 Q What if New T-Mobile wants all of
24 your 600 megahertz spectrum? How would that
25 affect the 5G buildout commitment you
26 describe?

27 A It would have affected because one
28 of the important terms of any lease agreement

1 we entered into is we would be able to take
2 it back when we need it when we've lit up a
3 city. There is not going to be a situation
4 where we're giving up 600 and then we can't
5 use it for our deployment. It is separate.
6 The lease is a way for T-Mobile to make their
7 transition work quick and also to give us
8 additional revenue to assist with our
9 buildout. But once we meet 600 megahertz for
10 a city, we're going to be able to take it
11 back.

12 MS. SCHAEFER: Okay. I'm going to now
13 pass out another exhibit. So I'm going to
14 request that we go off the record.

15 ALJ BEMESDERFER: Off the record.

16 (Off the record.)

17 ALJ BEMESDERFER: Back on the record.

18 While we were off the record, I was
19 handed an exhibit entitled DISH Response to
20 Public Advocates Office Data Request 2.4,
21 which will be marked next in order as PA-17.

22 Ms. Schaefer.

23 MS. SCHAEFFER: 18, your Honor.

24 ALJ BEMESDERFER: 18. PA-18.

25 (Exhibit No. PAO-18 was marked for
26 identification.)

27 MS. SCHAEFFER: Keeping track this
28 time.

1 Q Do you have the new data request
2 with you?

3 A I do.

4 Q Great. So in this data request, we
5 asked you to provide a set of maps for each
6 California county in a format similar to that
7 used for Attachment D to the January 29, 2019
8 rebuttal testimony of Neville Ray, which
9 showed coverage -- the coverage areas for the
10 800 megahertz licenses that DISH will be
11 acquiring from Sprint under the terms of the
12 PFJ and the existing 600 megahertz spectrum
13 currently held by DISH, correct?

14 A Yes.

15 Q You did not provide the maps as we
16 requested; is that correct?

17 A We did provide maps on the license
18 areas. So we provided to you the list of all
19 our licenses, and then all of our licenses
20 are publicly available. So the license areas
21 we provided a map as attachments that
22 showed -- they are called partial economic
23 areas or economic areas. So that was
24 provided in our last data request, two sets
25 of maps.

26 Q But the specific maps we asked for
27 were not produced?

28 A I don't know what you mean by a

1 coverage map like -- because we are deploying
2 our network, the maps we gave you are the
3 license areas where we intend to deploy.

4 Q So this data request only referred
5 to 600 megahertz and 800 megahertz spectrum.
6 It did not include AWS-4 700 megahertz
7 E-Block and AWS H-Block licenses.

8 Would you have been unable or
9 unwilling to respond to our Data Request 2.4
10 had these additional spectrum bands been
11 included in the request?

12 A No, but we could all go on the FCC
13 website and get them right now because the
14 license areas are the same. So you would
15 have a list of our licenses for 700 and
16 AWS-4, and then the FCC -- it's the same
17 license areas for different spectrum. Like
18 they are called economic areas. There's 176
19 of them, and they are identical to the map
20 that we gave you for 600 or for 800, which
21 are economic areas.

22 MS. SCHAEFER: Okay. So we have one
23 final exhibit that we'd like to present, and
24 I'm going to request again that we go off the
25 record to hand those out.

26 ALJ BEMESDERFER: Off the record.

27 (Off the record.)

28 ALJ BEMESDERFER: Back on the record.

1 While we were off the record, I was
2 handed an exhibit entitled Excerpts from
3 Attachment D to Mr. Ray's Rebuttal Testimony,
4 which will be marked next in order PA-19.

5 (Exhibit No. PAO-19 was marked for
6 identification.)

7 ALJ BEMESDERFER: Ms. Schaefer.

8 MS. SCHAEFFER: Thank you, your Honor.

9 Q Are you familiar with this
10 attachment?

11 A I'm not.

12 Q Would you like to take a minute
13 just to review the information provided?]

14 MS. TOLLER: Your Honor, may we go off
15 the record so I can ask a clarifying question
16 of counsel?

17 ALJ BEMESDERFER: Off the record.

18 (Off the record.)

19 ALJ BEMESDERFER: We'll go back on the
20 record.

21 THE WITNESS: I have looked at it.

22 BY MS. SCHAEFER:

23 Q Thank you. Are you aware that
24 Ms. Ray had provided two sets of three maps
25 for each of the 58 counties in California?

26 A I wasn't aware of that. I see --

27 Q There's only an excerpt there.

28 A Yeah.

1 Q The first set showed the
2 anticipated 5G coverage for standalone
3 T-Mobile, standalone Sprint in the
4 post-merger New T-Mobile as of 2021, and the
5 second set provides the corresponding 5G
6 coverages for 2024.

7 Let's turn to the maps for Kings
8 County.

9 A Okay.

10 Q Would you agree that even if
11 standalone T-Mobile's 5G coverage, the map on
12 the left, is substantially greater than the
13 standalone Sprint 5-G's coverage, the map in
14 the middle --

15 MS. TOLLER: Your Honor, I would like
16 to interpose an objection because I think
17 Ms. Schaefer is asking a DISH witness to
18 characterize a T-Mobile map and say what it
19 shows and doesn't show.

20 ALJ BEMESDERFER: I think I am going to
21 overrule you. I think the maps speak for
22 themselves, at least in regard to the
23 question she is currently asking.

24 MS. TOLLER: Okay.

25 ALJ BEMESDERFER: Let's go off the
26 record for a minute.

27 (Off the record.)

28 ALJ BEMESDERFER: Let's go on the

1 record.

2 While we were off the record, I took
3 note of the fact that the maps that have been
4 distributed with this exhibit are marked
5 "Highly Confidential." Mr. Bloomfield was
6 about to respond to that remark.

7 MR. BLOOMFIELD: Thank you, your Honor.

8 When we were requested to produce
9 these maps or to provide these maps -- create
10 these maps is actually the right word --
11 create these maps for Cal PA, based on
12 confidential information, they were initially
13 marked as "Confidential" at the hearing in
14 anticipation of hearings in February. We
15 took a look at all of the materials and we
16 were trying to expedite the hearings and make
17 it easier for everyone to look at and we
18 unmarked these coverage maps.

19 ALJ BEMESDERFER: Thank you. Okay.

20 Ms. Schaefer. We're on the record.

21 Ms. Schaefer.

22 BY MS. SCHAEFER:

23 Q Would you like me to repeat the
24 question?

25 A Yes, please.

26 Q So, for the maps for Kings County,
27 would you agree that even standalone
28 T-Mobile's 5G coverage, the map on the left,

1 is substantially greater than standalone
2 Sprint's 5-G coverage, the map in the middle?

3 A Yes. That is what it appears.
4 This looks like in a non-merger world what
5 each company is projecting their coverage
6 would be in 2024.

7 And it's sort of illustrative of
8 the point I was making earlier in that we get
9 the benefit of T-Mobile's, as you described,
10 much-better coverage than Sprint has today as
11 part of the remedy from day one which allows
12 us to offer better quality service and our
13 business plan as I explained, your Honor, is
14 to actually undercut T-Mobile on price and
15 AT&T and Verizon to grow our customers, so
16 when we do our 5G network, it will be even
17 better than T-Mobile's network because we're
18 going to be doing standalone 5G.

19 Q Okay. Going to DISH's projected
20 5-G, are you able to provide any indication
21 as to DISH's projected 5G coverage for Kings
22 County as of 2021 and/or 2024?

23 A So our team is working on the radio
24 frequency design, the RF planning right now,
25 going through sites, analyzing everything,
26 working with the vendor community in terms of
27 selecting who will be the partners for our
28 network. So the specific projections are not

1 yet completed.

2 I can say that for California, so
3 we own spectrum in Kings County,
4 600 megahertz, that absent the merger, we
5 would have had until 2029 to deploy our
6 spectrum in Kings County. With the merger in
7 the remedy, DISH is obligated to deploy our
8 spectrum in Kings County four years earlier,
9 by 2025.

10 Q Would it be less than the coverage
11 for standalone T-Mobile, DISH's projected 5G
12 coverage?

13 A So our --

14 Q Facilities -- this is all regarding
15 facilities-based not MVNO coverage.

16 A Right. So our facilities-based,
17 our plan, your Honor, is to deploy 50,000
18 plus towers in pure 5G without the burden of
19 any of the legacy.

20 What gives us sort of the ability
21 to enter the market and be effective from day
22 one is we have great spectrum, I described
23 our holdings, but also what 5G allows.

24 We are not going to have to be
25 burdened by 2G, 3G, 4G. We're going to
26 support compatible handsets and I can explain
27 the reason for that, but our ability to do
28 full 5G on a standalone basis gives us

1 tremendous advantages, and then with the
2 tools that we got from the Department of
3 Justice for us to be able -- on day one, to
4 be able to compete on price.

5 So, our obligations in terms of FCC
6 is our, you know, if we don't do it, we will
7 lose our licenses by 2025. And I don't know
8 the specific obligations that T-Mobile has,
9 Ms. Schaefer, for Kings County. I don't know
10 what the obligations are. I know that
11 T-Mobile has agreed in six years to provide
12 rural broadband coverage to 99 percent, I
13 believe is the percentage. So I don't know
14 if that is what this reflects. I have not
15 seen this before.

16 Q I would actually like to move for a
17 motion to strike as nonresponsive as I asked
18 about DISH's Network and what their 5G
19 facilities-based coverage was and if it would
20 be less than the coverage for either a
21 standalone T-Mobile or a standalone Sprint as
22 of today.

23 MS. TAFF-RICE: Your honor, may I
24 respond to that?

25 ALJ BEMESDERFER: Go ahead,
26 Ms. Taff-Rice.

27 MS. TAFF-RICE: I think the questions
28 that have been asked is about the comparison

1 between Sprint and T-Mobile and what DISH is
2 planning to do in various counties including
3 Kings County. And I believe that Mr. Blum's
4 response was directly responsive to the
5 question, including what the buildout terms
6 are and if there's going to be 50,000 towers,
7 I think that is directly relevant.

8 And other witnesses have in fact
9 been asked questions about DISH. I think if
10 Mr. Blum has a condition he can help clarify
11 on what T-Mobile's plans might be, those are
12 totally within the scope of the five
13 questions that your Honor asked us to answer
14 which is how will we be a competitor that
15 will be successful.

16 ALJ BEMESDERFER: Well, I'm not
17 overruling the objection, but I'm also going
18 to direct you to reframe your questions
19 because it's possible that the witness did
20 not quite grasp what you were wanting him to
21 respond to.

22 MS. SCHAEFER: Okay. I will reword
23 these.

24 Q So based on the maps that are
25 available to you in front of you, would it --
26 would DISH's projected 5G coverage be less
27 than in Kings County; specifically because
28 that is the county we're examining right now,

1 would it be less than for standalone T-Mobile
2 per the map provided per Attachment D or the
3 standalone Sprint, facilities-based?

4 MS. TAFF-RICE: Can we have a time
5 frame specified, please?

6 THE WITNESS: I am looking at the page
7 that says 2024. Am I on the wrong page?

8 BY MS. SCHAEFER:

9 Q I'm on the projected 2121 (sic) 5G
10 coverage for 5G -- I mean for Kings County.

11 A I was on this page.

12 ALJ BEMESDERFER: There was a
13 misunderstanding of what was being asked
14 here.

15 MS. TOLLER: Every map has -- there's
16 two maps.

17 MS. SCHAEFER: There are. There's the
18 2021 and the 2024.

19 ALJ BEMESDERFER: So are you asking him
20 about the 2021 map?

21 MS. SCHAEFER: I am looking at the 2021
22 maps right now. I apologize for not being
23 clear.

24 MR. BLOOMFIELD: If this is helpful,
25 they're all Bates stamped. It's on the
26 bottom right-hand corner there are individual
27 Bates stamps. So if you want to use that,
28 that is another option to make sure you've

1 got what you want.

2 MS. SCHAEFER: I will refer to the
3 Bates stamp.

4 ALJ BEMESDERFER: Let me ask the
5 witness: Do you understand the question?

6 THE WITNESS: I think I understand it.
7 And as I said, we are working on our specific
8 RF plan. So what areas we're going to be in
9 in 2021 we have not yet determined. My
10 responses earlier were on 2024 where the FCC
11 commitments had been.

12 BY MS. SCHAEFER:

13 Q So what about for 2024 on the next
14 page which is Bates stamped 034?

15 A So, as I was saying, for Sprint
16 it's covering 15 percent projected in 2024
17 we'll be all over Kings County because we
18 have to cover with our 600 megahertz all
19 these rural areas by June 14th of 2025 or we
20 lose our licenses that we spent \$6 billion
21 for.

22 And in terms of the specific
23 percent coverage for T-Mobile, I don't have
24 that answer. We have not finalized that.
25 But, again, we will be meeting our FCC
26 obligations four years earlier for Kings
27 County and Tahoma County, all the counties
28 you have listed here, if I understand your

1 question.

2 Q Can we go off the record for one
3 second, please?

4 ALJ BEMESDERFER: Off the record.

5 (Off the record.)

6 ALJ BEMESDERFER: Back on the record.

7 BY MS. SCHAEFER:

8 Q Okay. That concludes our use of
9 that exhibit.

10 So for these 20 percent and
11 70 percent 5G coverage commitments they all
12 referred to those -- of the total U.S.
13 population; is that correct?

14 A Some of the commitments, but the
15 way it works is that if we don't hit that
16 metric, then it goes to the
17 license-by-license area. So if we, for
18 example, did nothing, your Honor, and didn't
19 hit any of the milestones by June 14th of
20 2023, we would lose all of our licenses.

21 Q Will the same 20 percent and
22 70 percent coverage commitments apply for
23 California?

24 A It's the same commitments for each
25 license area.

26 Q Do you plan on offering 5G service
27 in every California county?

28 A Yes. Because our obligation's to

1 do so. If we don't do that, we'll pay
2 billions of dollars in fines.

3 Q In which California counties will
4 DISH offer 5G service by 2023?

5 A So by 2023, we have not made the
6 specific determination. By 2025, it will be
7 all of them. Because our -- by "counties" I
8 am saying our license area, partial economic
9 areas that includes all of the counties.

10 So we have licenses all throughout
11 California. All these PEAs that we produced
12 a map to you. By June 14th of 2025 or
13 earlier, our hope is to do it earlier because
14 it is our business interest to do it earlier.
15 I can explain the reasons for that in a
16 moment.

17 If we don't do that, if we fail to
18 build out in all these California PEAs by
19 June 14th of 2025, we will lose our licenses
20 that we spent \$6 billion for.

21 Q Can we go off the record really
22 quick?

23 ALJ BEMESDERFER: Off the record.

24 (Off the record.)

25 ALJ BEMESDERFER: On the record.

26 MS. SCHAEFER: I was going to say can
27 we go back on the record, please?

28 ALJ BEMESDERFER: We are on the record.

1 MS. SCHAEFER: Thank you.

2 Q Could you specify, so in the PEA,
3 there could be several counties within one?

4 A I think that's an important
5 clarification. That's right. So, the PEA,
6 they're small areas, much smaller than the
7 typical licenses. The licenses are designed
8 by the FCC to promote rural broadband
9 appointment. Because if you have a bigger
10 license area you may not deploy. So they're
11 intentionally designed to be small, smaller
12 and more rural.

13 But you are correct that a PEA
14 license may have several counties within it.
15 And our obligation is to provide greater than
16 75 percent population coverage to each PEA by
17 June 14th of 2025.

18 Our business incentive is to deploy
19 our facilities-based network as quickly as
20 possible because even though we got a
21 superior deal with extremely favorable
22 economics from T-Mobile, when we deploy our
23 own network, it is our network and our
24 ability to even be more disruptive when we
25 build out our own network.

26 So what's going to happen is we
27 have these commitments that we made to the
28 FCC and the Department of Justice. We have

1 agreements with T-Mobile that the DOJ has
2 blessed after their review and gives us the
3 flexibility from day one.

4 Q Could I inter --

5 A May I just finish? May I just
6 finish, Ms. Schaefer? From day one, to offer
7 all of these customers on a nationwide basis
8 lower cost service on a superior network than
9 Sprint.

10 We have the business incentive to
11 grow that subscriber base as quickly as
12 possible, because one of the other things we
13 got from the Department of Justice is
14 unlimited capacities. Other MVNOs have
15 restrictions. We don't. We can grow as many
16 subscribers as we can from the very beginning
17 and we want to do that because once we start
18 building out our network late next year, it's
19 owner economics. We are facilities-based.

20 So we're going to be disruptive
21 from day one, but every city, every community
22 that we build out it's even more so and we're
23 going to go build that network on a clean
24 sheet of paper with no legacy.

25 So the timing worked out. We are
26 -- we have been acquiring spectrum. We have
27 a critical transition of 5G and we have the
28 tools from the Department of Justice from the

1 FCC that allow us to disrupt from the very
2 beginning, help consumers, lower prices and
3 build out a standalone 5G network.

4 Q Are there any enforceable
5 commitments for the state of California?

6 A Yes.

7 Q And then one more clarification
8 about the PEAs. Is it true that not all
9 California counties are in PEAs?

10 A All of California is within the
11 PEAs that we hold. We have -- our licenses
12 in California are complete. There's no
13 county in California that we do not have the
14 600 megahertz spectrum for. So we have a
15 license for all of California.

16 EXAMINATION

17 BY ALJ BEMESDERFER:

18 Q Can I interrupt? Because I got
19 confused in here.

20 Mr. Blum, does a single PEA contain
21 several counties or does the single county
22 contain several PEAs?

23 A So it could be both, but let me
24 give you an example. Let's assume --

25 ALJ BEMESDERFER: Which is larger, I
26 guess is the --

27 A The PEA can be larger.

28 Q Okay.

1 A But I think, like San Francisco
2 County, I don't know. It depends on the size
3 of the county. Some geographically are quite
4 large.

5 Q But in general, the PEA would be
6 larger than the county?

7 A Correct.

8 Q There are fewer PEAs than there are
9 counties?

10 A Correct.

11 ALJ BEMESDERFER: That's all I wanted
12 to know.

13 Go ahead, Ms. Schaefer.

14 BY MS. SCHAEFER:

15 Q I had to turn my mic back on.

16 Under the terms of PFJ, by when is
17 New T-Mobile obligated to provide DISH with
18 access to its decommissioned cell sites?

19 A So it is an ongoing period. So
20 they have to give us nine months' notice when
21 they decide to decommission a market.

22 So let's say they decide that
23 San Francisco will be the first market that
24 they decommission in order for them to move
25 to a full 5G. When they make that
26 determination, they have to give us nine
27 months' notice to do that. And so we're
28 going to get a list of sites that we have the

1 option to decide whether we want to deploy or
2 not and then it's an ongoing list.

3 But let me clarify something about
4 the towers because I read Dr. Selwyn's
5 testimony.

6 The decommissioned sites is
7 something that is nice to have for DISH but
8 it's not critical. We already, your Honor,
9 have tower agreements with dozen of tower
10 companies that we negotiated and entered into
11 as part of our internet of things buildout.
12 So we have agreements with the biggest tower
13 companies in the United States, regional,
14 small.

15 And so today if we wanted to we
16 have access to hundreds of thousands of
17 towers through our contracts with these tower
18 companies. And as part of our team, what we
19 are doing right now is identifying what
20 towers we want to deploy with that have
21 fiber, that have space and things like that.

22 And so we are able to get access to
23 towers today if we wanted to. What's nice
24 about what the Department of Justice did is
25 T-Mobile is going to have to offer us a
26 minimum of 20,000 towers. And we get to
27 decide whether the tower is in a good
28 location and it potentially could save DISH

1 money because if T-Mobile doesn't need that
2 tower and can transfer it to us, then we
3 could end up saving money.

4 But just to clarify, it is
5 something that is helpful but not necessary
6 at all because we already have the
7 contractual relationships with the tower
8 companies to get all the towers that we need
9 to meet our business plans of full 5G.

10 Q How many of Sprint's or T-Mobile's
11 decommissioned cell sites does DISH expect to
12 acquire in each of the next five years and
13 how many of these will be in California?

14 A It's tower-by-tower. Each tower
15 will get a list. We'll analyze the tower.
16 We'll look at the price. We'll see, "Hey, is
17 T-Mobile's decommissioned site better for us
18 than the other tower that we got from our
19 existing contractual relationship?" So it
20 really depends. We don't have a specific
21 estimate. We may need none in a particular
22 area. We may want some or all. It really
23 will depend on the specifics of it.

24 What's nice about it is we get nine
25 months' notice. So as we're planning what
26 cities to go to, and this is something the
27 Department of Justice actually extracted from
28 T-Mobile to give us more notice, so if they

1 say, "We're leaving San Francisco," we may
2 say, "Hey, we're going to do San Francisco as
3 well because we can save money on the
4 towers."

5 Q In formulating your plans to meet
6 the 20 percent and 70 percent coverage
7 commitments, the population-coverage
8 commitments, to what extent are you
9 specifically relying on access to Sprint or
10 T-Mobile decommissioned cell sites?

11 A We're not relying on it at all.
12 It's nice to have. It can save us money. We
13 do not --

14 Q Just a fringe benefit?

15 A It's not a fringe benefit. It's
16 helpful to us. I mean if we have the ability
17 to easily get a site from one of the
18 decommissioned and it fits within our plans,
19 we'll take it. If it's too expensive or not
20 in the right location, we won't take it. I
21 wouldn't call it a fringe benefit. It's a
22 benefit, but it's something that we don't
23 need to do, what we want to do in terms of
24 deploying 5G.

25 Q To use -- not fringe benefit, but
26 it is not a critical?

27 A Correct. It is not necessary for
28 us to do what we need and want to do in

1 deploying the 5G network and being disruptive
2 in the industry.

3 Q Can you please summarize DISH's
4 plans for acquiring cell sites other than
5 those that would potentially be made by New
6 T-Mobile, so your plans you have already in
7 existence?

8 A As I explained, your Honor, we
9 spent several months negotiating with all
10 these large tower companies, American Tower,
11 Crown. So there's like four big tower
12 companies. Then there's regional tower
13 companies. And there's a lot of small tower
14 companies that may own 20 to 50 sites. We've
15 entered into dozens and dozens of agreements
16 with tower companies. So today we have
17 access to 300,000 plus towers. There's a
18 database. And the team is going through that
19 database and determining what's the best
20 sites, fiber, availability, but we are not
21 going to have to build any towers. There are
22 sufficient towers in the United States and
23 there's tower companies that we already have
24 contractual relationships with without any of
25 the decommissioned sites, to do everything we
26 need to do to deploy a standalone 5G network
27 than disrupt this industry.

28 MS. SCHAEFER: Thank you. That

1 concludes our cross for now.

2 ALJ BEMESDERFER: Thank you,
3 Ms. Schaefer.

4 Who would like to go next?

5 MS. MAILLOUX: Your Honor, Christine
6 Mailloux from TURN. I will go next.

7 CROSS-EXAMINATION

8 BY MS. MAILLOUX:

9 Q Good afternoon, Mr. Blum or Bloom?

10 A Blum.

11 Q Blum. All right. Blum. Thank
12 you.

13 I am Christine Mailloux with The
14 Utility Reform Network. Are you familiar
15 with our organization?

16 A I am.

17 Q Great. All right then. No
18 introductions necessary.

19 So let's actually start talking
20 about cell towers. That is what I was going
21 to ask you about. And just to clarify, the
22 testimony that you submitted here for this
23 purpose of this hearing did not cover cell
24 tower issues; is that correct?

25 A It did not.

26 Q Okay. So, you were commenting on
27 the fact that you have entered into
28 agreements with various types of cell tower

1 companies that give you access, like dozens
2 of agreements, I think you said that give you
3 access to 300,000 towers. I'm assuming
4 that's a nationwide figure?]

5 A That is a nationwide figure. That
6 is approximate. It may be higher than that.

7 Q Okay. Great. All right.

8 But is it -- let me see how to ask
9 this question, because I'm trying to do it on
10 the fly here. To be clear, I suppose, let me
11 get your opinion about this. That is a
12 written piece of paper with a signature on it
13 as far as actual work done to use these
14 towers and place equipment on these
15 jointly-owned towers, or some jointly owned,
16 or towers owned by these companies. The
17 company still has work do; is that correct?

18 A True, the towers --

19 Q Thank you. I appreciate the effort
20 to --

21 (Crosstalk.)

22 MS. TAFF-RICE: Your Honor, I object.
23 Mr. Blum had not finished his answer. Let
24 the man provide the information that she
25 asked.

26 MS. MAILLOUX: Your Honor, Mr. Blum has
27 had a tendency to go on and repeat himself.
28 And I was just trying to make it easier for

1 him by asking him some specific questions.

2 ALJ BEMESDERFER: I've noticed that
3 more than one person has a tendency to go on.

4 (Laughter.)

5 MS. MAILLOUX: True enough.

6 ALJ BEMESDERFER: Ask your question.
7 And, Mr. Blum, answer it as concisely as
8 possible.

9 THE WITNESS: The contractual right to
10 be able to lease the tower, they are called
11 "master lease agreements," those are in
12 place. There are other things that need to
13 be done before a network is turned on.

14 BY MS. MAILLOUX:

15 Q Is it your understanding, Mr. Blum,
16 that either a contractor on behalf of DISH or
17 one of DISH's employees would have to visit
18 each and every tower and cell site that you
19 plan to use to provide at least some kind of
20 equipment or make some adjustments?

21 A Yes. We actually did that as part
22 of our IoT build where DISH personnel -- we
23 also have dozens of agreements with those
24 very people, the permitting, the zoning, the
25 structural teams, throughout the country.

26 So you are right that after we
27 decide the tower we want, then there is
28 analysis that needs to be done. So we did

1 that ourselves, and we also have already done
2 the contractual relationships with many
3 vendors to help us do that.

4 Recently we issued an RFP on
5 deployment for our 5G network. We even got
6 additional responses. But there are teams,
7 both DISH and others, that helped us for IoT
8 and help us for 5G.

9 Q Is it your understanding of the
10 permitting processes which do, I think we can
11 agree, vary depending on the geographic
12 location that we're --

13 A Correct.

14 Q -- talking about?

15 But in general that the permitting
16 processes vary depending on the types of
17 equipment that you are trying to place on the
18 towers?

19 A Our equipment will be cellular 5G,
20 which is what people know. But it can depend
21 on the size of the radio, and things like
22 that.

23 Q So the work that you are talking
24 about, however, that you've already done for
25 the IoT, and those kinds of things, is the
26 equipment that you will now be needing to
27 place for this 5G facilities-based network,
28 different?

1 A The radios will be of similar size.
2 Obviously, the smarts are different inside
3 because one is 5G and one is not, but the
4 concept is the same. Where we will -- our
5 teams of engineers will identify in San
6 Francisco here the towers that we want. And
7 usually it is broader, like you say we need
8 more. And we will look at fiber
9 availability, and look at the permitting, and
10 we did this for two years. So you are right,
11 varies state by state, county by county. Our
12 team, and working with the vendors, we were
13 able to shorten that time significantly.
14 Because if you know the details and who to
15 speak with, it makes it easier.

16 Q I appreciate that. In fact, one of
17 the things I was going to ask you whether you
18 are familiar with the Commission's pole
19 attachment rules and processes for placing
20 equipment on poles?

21 A Generally, although our plan is to
22 be on cellular towers. Small cells is later
23 on, where you may put a small cell on a pole.
24 But I'm generally familiar with that. It
25 varies from state to state, and the FCC is
26 trying to make it easier so there is more of
27 a uniform standard.

28 Q All right. Thank you.

1 Now, specifically on the towers of
2 the cell sites, I guess I should say, that
3 you expect to get from New T-Mobile, will
4 plan on acquiring from the New T-Mobile, the
5 decommission sites, you were talking about
6 getting a nine-month lead time, if you will,
7 nine months' notice?

8 A Correct.

9 Q Is it the case, however, is it your
10 understanding of the PFJ that these forecasts
11 only become binding with six months' notice?

12 A Correct. And that if T-Mobile is
13 not accurate, they could be penalized.

14 Q And is it your testimony that
15 six months' notice will be sufficient for you
16 to do your network planning?

17 A Yes. It depends on where we are,
18 where they are. And when we get their
19 notice, we evaluate it, whether it makes
20 sense to take over some, all, or none of the
21 towers.

22 Q So currently, however, your plan to
23 combine the decommissioned T-Mobile towers,
24 and the current access to the towers that you
25 have on paper, would then cover the entire
26 state such as it would be sufficient to allow
27 you to satisfy your FCC commitments?

28 A We are not dependent upon the

1 decommission sites. Just to be clear, it is
2 not a plan. It is something that, as we are
3 building out our 5G network, when we get
4 notice of T-Mobile decommission sites we will
5 decide, "Hey should we supplement, should we
6 take some of them, or not?" We do not need
7 any of those decommission sites to meet our
8 FCC commitments or to meet our, more
9 importantly, our business plan, which is to
10 deploy as aggressively as possible.

11 Q Okay. Then as far as building out
12 these towers, let me ask you if you have
13 plans, at this point if you can share with
14 us, for network resiliency, and backup power,
15 and emergency services equipment.

16 So let me ask you specifically.
17 What we've been referring to is cows and
18 colts, right? Are you familiar with that
19 terminology?

20 A I am.

21 Q And specifically in California do
22 you currently have any cows and colts
23 available?

24 A We actually, as part of our IoT,
25 your Honor, had cows. And but our final
26 plans of network resiliency have not been
27 finalized. Certainly it is an important
28 issue to us as actually a satellite broadband

1 provider in times of natural disasters,
2 including in California, we come to those
3 areas and get cell connections through our
4 satellite broadband system. So we are
5 familiar with the importance of that and
6 certainly areas in California that are more
7 susceptible to fires. As we are planning our
8 network that is going to be an important
9 factor as we decide what to hard in and back
10 up.

11 But uniquely, none of the wireless
12 incumbents have satellite broadband. We do.
13 We can cover anywhere. And all we need is a
14 vehicle to connect cell phones to that
15 satellite broadband system. We have
16 nationwide installation force. We can
17 quickly get to areas that have been adversely
18 affected by natural disasters to get
19 connectivity to consumers, and none of the
20 incumbents have that ability.

21 Q So to clarify, through either your
22 FCC commitments or the PFJ, have you made any
23 specifically binding commitments to provide
24 this kind of emergency services support that
25 you are talking about?

26 A Not specifically, but it is
27 something that we want to do. And whatever
28 the law, I understand there may be some

1 requirements being considered. Whatever the
2 law is, we will satisfy it.

3 Q And to clarify, for your DISH TV
4 service -- so it sounds like I'm changing
5 topics, but I'm not -- for DISH TV service
6 and internet service --

7 A Yes.

8 Q -- does DISH currently provide a
9 residential backup battery option or offer?

10 A For a satellite TV service, no.
11 For satellite broadband service it is 30,000
12 miles in space. So the satellite is
13 operational. You just need some receive
14 facility, which we've done with a truck where
15 we put a satellite DISH on top of the truck.
16 You then get WiFi so people can make phone
17 calls. For our satellite service we don't
18 have backup battery power.

19 Q I guess -- I think you've answered
20 my question, but let me clarify. So for your
21 customer, you add their house, and they are
22 relying on your service for internet access.
23 Do you supply them with any sort of backup
24 power for the equipment that is in their
25 house?

26 A No, we don't.

27 Q Thank you.

28 Then for -- specifically for the

1 cell sites that you are planning to turn up
2 and rely on again, whether they are
3 decommissioned from New T-Mobile or the ones
4 that you are requiring on your own --

5 A Yes.

6 Q -- what is your plan? Have you
7 made commitments, or what is your plan for
8 generators at those sites?

9 A We haven't finalized those plans.
10 As I said, it is something that is important.
11 We are analyzing it, to look at it. But we
12 have that unique ability for that satellite
13 broadband, and we just haven't finalized
14 those plans yet.

15 Q Thank you.

16 And then you are talking about
17 negotiating with the cell tower providers for
18 space for your equipment. Have you made
19 commitments yet, or do you have plans for
20 backhaul and transport services from these
21 towers in between?

22 A We are done negotiating with the
23 tower companies. We have what is called
24 "master lease agreements" with all of them so
25 the contractual terms are done. If we want
26 individual tower, we know the terms and
27 conditions in order to get that tower.

28 For fiber, if that is what you are

1 referring to, we issued an RFP in July to
2 request bids for fiber. And we are going
3 through the database right now, because we
4 want each of the towers have access to fiber,
5 and then we would have to do fiber leasing
6 deals for specific tower.

7 Q Okay. And that is not currently in
8 place. You've put the RFP out?

9 A Correct.

10 Q For the 500?

11 A Yeah.

12 Q Thank you.

13 So now I'm going to switch gears,
14 sorry. One other question on the emergency
15 services just so we can ask them all at once.

16 Currently does DISH have I guess
17 relations with emergency service agencies
18 within the areas where you either are
19 currently providing TV service, your internet
20 service, or where you plan to offer the 5G
21 service such that you are communicating with
22 these emergency service providers on a
23 regular basis?

24 A When there is a natural disaster we
25 do where, like Puerto Rico, for example, we
26 sent dozens of employees to the island. We
27 were there for I think several months working
28 with firefighters, policemen to make sure

1 they had connectivity. We -- so it is more
2 when there is a natural disaster we have, it
3 is called "DISH Cares" where we have the
4 resources to deploy these teams as quickly as
5 possible. It is in that context where we
6 will establish relationships with
7 firefighters and police and the mayor's
8 office in those communities where we let them
9 know we are coming. Unfortunately, some of
10 them we had to come back twice because there
11 have been fires. And that is something that
12 we plan to continue.

13 Q So does that include outage
14 reporting?

15 A So, no, because we are not offering
16 cellular service yet we do not do outage
17 reporting, but we will.

18 Q Okay. And are you familiar with
19 the process that individual cellular
20 customers receive emergency alerts on their
21 cell phones?

22 A Yes.

23 Q All right. And is DISH prepared,
24 as part of its 5G rollout, to participate in
25 that process?

26 A Yes. We have a whole team that I
27 am in charge of ensuring that all the
28 wireless requirements, so E91 outage, CALEA,

1 USF, Privacy that we are fully compliant.
2 And we are working on that. And when we
3 launch, we will be complying with the
4 obligations.

5 Q "When you launch." But you are
6 saying from day one you are out of the box to
7 provide certainly MVNO service --

8 A Correct.

9 Q -- to their Boost customers
10 would -- are you ready for --

11 A Yes. So MVNO, as you know, there
12 are different requirements. So on day one,
13 before we built our first city. So if the
14 merger closes March, for example, we will be
15 prepared being in compliance with all the
16 requirements as an MVNO. Once we build out
17 our first city, then the MNO requirements.
18 So E91 outage, we will be compliant for that.
19 And we have many people working on that. It
20 is important to us. And we have our own
21 satellite obligations that we have to comply
22 with every day. So, yes, we will be
23 complying.

24 Q And are you familiar with the, in
25 California here specifically, with the
26 experiences we've been having with Public
27 Service Power Shutoffs?

28 A I read about it.

1 Q You have experience?

2 A No. Fortunately, I have not
3 experienced it. But that is...

4 Q Mr. Blum, what do you expect to be,
5 with your cows or colts, your generators for
6 the cell sites, going to be turning up? What
7 do you anticipate you will have to engineer
8 or create, design in order to ensure that
9 your customers continue to have service in a
10 Public Service Power Shutoff?

11 A It is something we are working on.
12 It is important to us. We haven't finalized
13 those specific plans.

14 Q Thank you.

15 And have you as DISH become a party
16 to any of the current proceedings happening
17 at this Commission right now in the emergency
18 services, the Public Service Power Shutoff,
19 the emergency services backup?

20 A No, we have not.

21 MS. TAFF-RICE: Your Honor, I want to
22 object and ask for clarification. Perhaps if
23 Ms. Mailloux could provide proceeding
24 numbers, because that is a very open-ended
25 question.

26 BY MS. MAILLOUX:

27 Q Okay. R.18-03-011 is the Emergency
28 Relief Docket, that is the colloquial term

1 for it.

2 A No.

3 Q And then for the Public Service
4 Power Shutoff, it is R.18-05-012?

5 A No.

6 Q Okay. Thanks.

7 All right. All right. Now I'm
8 going to switch gears to talk a little bit
9 about your plans for your prepaid customers
10 and low-income customers. So you have
11 chatted with the Public Advocates Office
12 about the -- your plans for your MVNO deal on
13 day one being prepared to service what will
14 be nationwide approximately 9 million prepaid
15 customers; is that true?

16 A Correct.

17 Q All right. Do you happen to
18 have -- full disclosure, I asked Mr. Sievert
19 this morning -- do you happen to have
20 California-specific number, which I recognize
21 might be confidential, but do you have a
22 California-specific number?

23 A I don't.

24 Q Do you know if anywhere in the
25 record there is a California-specific number?

26 A I don't know. For the PUC record,
27 I don't know. I would imagine in New York it
28 is part of litigation there is.

1 Q Okay.

2 MS. MAILLOUX: Is there a discovery
3 response?

4 MR. BLOOMFIELD: There is discovery
5 response.

6 MS. TOLLER: It may not be in the
7 record yet.

8 MS. MAILLOUX: Right. No. I
9 understand that. Thank you.

10 Q So let me point you to your
11 supplemental testimony.

12 A Okay.

13 Q All right. Question 5.

14 A Yes.

15 Q All right. The second paragraph of
16 Question 5, it starts "while DISH
17 continues..."

18 A Yes.

19 Q All right. So can you -- could you
20 just read that sentence for me?

21 A While DISH continues to
22 analyze and finalize its
23 business and deployment
24 plans at this time,
25 consistent with PFJ, DISH
26 anticipates offering
27 prepaid mobile wireless
28 service in California after

1 the closing of the
2 divestiture assets.

3 Q So let me ask about the sentence,
4 the phrase "While DISH continues to analyze
5 and finalize its business deployment plans,"
6 to me sounds like DISH isn't sure whether it
7 will -- and indeed it just says, "DISH
8 anticipates offering prepaid mobile service
9 in California after the closing of the
10 divestiture assets." Was that written
11 intentionally that way with those words, or
12 are you right out of the box planning on
13 offering prepaid service?

14 A We will be offering prepaid service
15 in California. The question was what are
16 DISH's service obligations in California.

17 But there are Boost customers in
18 California, we want to service them, and we
19 want to sign up as many new California
20 prepaid customers as soon as possible.
21 "Anticipates" is there is uncertainty,
22 because the merger needs to happen for us to
23 do this.

24 Q Okay. And so to clarify then
25 whether it is part of your FCC commitments or
26 pursuant to PFJ, is it your understanding of
27 those two documents that there is written
28 obligation for DISH to offer prepaid service

1 indefinitely?

2 A Not indefinitely, but we don't need
3 obligation to do that. This is what we want
4 to do, both prepaid and postpaid. Under the
5 consent decree we are obligated to offer
6 postpaid within a year of closing. We
7 actually want to do it sooner. We think that
8 we can. So both prepaid and postpaid, we
9 want to grow that business as quickly as
10 possible through lower prices on T-Mobile's
11 superior network to Sprint from the very
12 beginning. And separate and apart from our
13 specific commitments, it is our business
14 desire to do that, because the more
15 subscribers we can have, that we can then
16 convert to our own 5G network, that is the
17 plan. So it is both prepaid and postpaid to
18 grow as quickly as possible.

19 Q So that is your business plan?

20 A That is our business plan.

21 Q Is it a legal obligation to offer
22 prepaid at this time?

23 A No. It is not a legal obligation.

24 Q Okay. So then as far as
25 aggressively marketing to prepaid customers,
26 and you've mentioned several times this
27 morning already about your plan to undercut
28 T-Mobile and offer these new Boost customers

1 good service, have you made any public
2 commitments to what the terms and conditions
3 of this prepaid service will be?

4 A We have said publicly that what we
5 want to do is, right from the beginning, take
6 advantage of what the incumbents have been
7 doing. We see opportunities to offer lower
8 prices right from the beginning, and there is
9 several reasons behind that. The wireless
10 industry is profiting off of 60 percent
11 margins. That is what wireless is today. In
12 satellite our margin is about 10 to
13 20 percent. And we've been extremely
14 successful. We've created a billion dollars
15 over the year. Our track record has been to
16 be the low-cost provider. We did it with
17 satellite. We did it with Sling. We intend
18 to do it here.

19 The second reason is we want to
20 invest in these customers from the very
21 beginning, that we are spending \$1.4 billion.
22 It would make no sense if we would raise
23 prices. We want to recoup that, and we want
24 to offer prepaid consumers lower cost
25 services on a better network. It is what is
26 called "forward pricing." We are investing
27 in these prepaid customers to grow as quickly
28 as possible, because we have the tools to do

1 so from the Department of Justice. As we are
2 building out aggressively our 5G network, we
3 can convert them to our 5G network. So that
4 is the plan.

5 There is also in the industry today
6 a lot of pressure to have folks go unlimited,
7 where people may not need unlimited but are
8 taking unlimited service and not realizing
9 they are probably overpaying. We see
10 opportunities to be aggressive in other
11 packages besides unlimited and let customers
12 know, "Hey, you are probably overpaying in
13 your unlimited package. You could go
14 metered."

15 So for those three reasons, that is
16 what is allowing us from the very beginning
17 when we get the Boost assets to offer lower
18 prices than the incumbents do today.

19 Q So, Mr. Blum, I appreciate the
20 reasons. But, actually, it wasn't my
21 question. My question was whether you made
22 public pronouncements and descriptions of
23 specific plans that you will be offering to
24 Boost customers?

25 A Not specific plans, but the reasons
26 I have articulated we have described
27 publicly.

28 Q That is true. Okay. Thank you.

1 Now under the PFJ you also have the
2 opportunity to purchase decommissioned retail
3 sites; is that true?

4 A True.

5 Q And is it the case that if you
6 accept any of these retail sites, that you
7 will use them to sell both prepaid and
8 postpaid services?

9 A That is our current plan.

10 Q Is it your current plan to accept
11 retail sites here in California?

12 A It depends on the site. It depends
13 on the dealers, the independent Boost
14 dealers, it depends on the DISH satellite
15 dealers close by. Just like the towers, it
16 really will be store dependent.

17 Q And earlier in your testimony you
18 talked about the 7,400 Boost dealers?

19 A Authorized dealers.

20 Q Authorized dealers, right.

21 Is it your understanding under the
22 terms of the agreement that those dealers
23 currently have with New T-Mobile that they
24 are legally obligated to work with you?

25 A I don't think anyone is legally
26 obligated to work anywhere. I think they
27 have the choice --

28 Q No. I'm sorry.

1 A Sorry.

2 Q Can I clarify for you --

3 A Sure.

4 Q -- go on?

5 I mean the dealers themselves, the
6 contracts that T-Mobile has with the owners
7 of these stores, with the dealers?

8 A I don't -- T-Mobile doesn't have
9 contracts with the Boost dealers today.
10 Sprint does.

11 Q I'm sorry. You are right. My --
12 I'm getting Boost and -- I already have the
13 merged. That is bad. That is bad. Not
14 good. Not good.

15 (Applause.)

16 BY MS. MAILLOUX:

17 Q I apologize. So the Boost
18 dealers...

19 A That are today with Sprint.

20 Q Today, authorized, is it your
21 understanding that the contractual terms that
22 Sprint has with these dealers would require
23 these dealers to do business with DISH?

24 A I don't think any contract would
25 require them to do business. I think our
26 discussion with them, as I mentioned, your
27 Honor, I think they are excited for the
28 opportunity.

1 ALJ BEMESDERFER: Let me rephrase Ms.
2 Mailloux's question in a way more familiar to
3 me as an old real estate lawyer.

4 Are the leases assignable?

5 THE WITNESS: So they are not -- they
6 are -- because we are acquiring the Boost
7 brands and assets, they wouldn't be able to
8 sell Boost but with DISH, if that...

9 ALJ BEMESDERFER: I'm just asking
10 whether you know the reasons that Boost
11 currently has are assignable without the
12 consent of a landlord.

13 THE WITNESS: That is a good question.
14 I don't know the status. I think it would
15 depend the specific landlords.

16 ALJ BEMESDERFER: Thank you.

17 Sorry, Ms. Mailloux.

18 MS. MAILLOUX: No. That is fine. I
19 appreciate it.

20 Q So you reference your
21 communications with the 7400 authorized
22 dealers. Have you really talked to 7400
23 authorized dealers or --

24 (Crosstalk.)

25 A We communicated to all of them, and
26 I think there have been several
27 communications, and then our team has met
28 with some of them. We have -- there is also

1 eight major distributors that we have met
2 with. So there is ongoing communications,
3 getting feedback, what they are thinking, you
4 know, how the business could work. So
5 ongoing dialogue that, when I've spoken to
6 transition team, it is positive.

7 Q Thank you.

8 I have a question about -- I'm
9 trying to lump my questions together for you
10 here. So you talked earlier about the eSIM
11 technology, e-S-I-M, technology --

12 A Correct.

13 Q -- for handsets, correct?

14 A Correct.

15 Q Do you know whether the eSIM
16 handsets will require 5G? Are they related
17 at all?

18 A They are not.

19 Q So do you anticipate as part of
20 your Boost services the plans that you will
21 offer to these Boost customers, in addition
22 to new prepaid customers that you hope to
23 get? Are you anticipating right out of the
24 box -- you testified earlier that the eSIM
25 technology will take some years to
26 proliferate in the marketplace; is that true?

27 A The technology exists, but it sort
28 of depends on the device. We want to push it

1 out as quickly as possible, because it is
2 better for consumers. And we have
3 obligations under the descent decree not
4 to -- so if someone has an eSIM device, for
5 example, we can't discriminate right out of
6 the gate against eSIM, where AT&T and
7 Verizon, you know, are discriminating and are
8 in threat of contempt. We can't, and we
9 don't want to. Because, as I explained, we
10 like eSIM. But it depends on the device.

11 Q Have you made any commitments or
12 public commitments to whether you will offer
13 eSIM-capable handsets to your prepaid
14 customers?]

15 A We have not made specific
16 commitments because -- we have not.

17 Q All right. Thank you. Now, you've
18 testified earlier, as did the New T-Mobile
19 folks, about the transition services that you
20 will be getting in addition to the prepaid
21 assets that you will be getting for the 1.4
22 billion?

23 A Correct.

24 Q There are also transition services
25 under the PFJ that you will be contracting
26 for; is that true?

27 A Under the PFJ -- I mean, we have a
28 transition services agreement that are

1 subject to enforcement by the consent decree.

2 Q Yes. Okay. We're talking about
3 the same thing. Thank you. Has DISH done an
4 analysis or a calculation of the per customer
5 costs of these transition services?

6 A I don't know if we've done a per
7 customer. We know the cost of the transition
8 services.

9 Q I assume so. My question was more
10 so whether you've calculated a per customer
11 cost?

12 A I don't know if we have or not.

13 Q Thank you. So Mr. Blum, does DISH
14 currently have any specific low-income plans
15 particularly with specific eligibility
16 requirements that you offer for your TV or
17 internet services?

18 A We have a prepaid satellite plan
19 that we call Flex so people without credit or
20 lower credit where they are paying in advance
21 so they can get satellite service. We have a
22 lot of experience working with prepaid
23 through this Flex program. It's actually
24 been successful for us.

25 Q Do you specifically
26 market-and-outreach this plan as a low-income
27 plan as a benefit for low-income customers?

28 A No. But when an individual calls

1 for satellite service and we run a credit
2 check, we have options and here's the plan
3 and you just have to pay in advance and
4 various ways in order to do that so we can
5 help get them satellite service.

6 Q And Mr. Blum, has DISH made any
7 public commitments to have a low-income plan
8 for a wireless service?

9 A Well, we've announced that we will
10 be the low-cost provider from day one for the
11 prepaid business.

12 Q And so does -- but as far as a
13 low-income program that may have eligibility
14 requirements and a lower cost or something
15 that you might market specifically as a
16 benefit for low-income households, have you
17 made any public commitments for that for your
18 wireless service?

19 A Not public. But the Boost pilot
20 that PUC is implementing -- DISH has not made
21 any final decisions about the Boost pilot,
22 but our preference is to continue the Boost
23 pilot under the same terms and conditions or
24 additional conditions that may -- that the
25 PUC may want. But we decided not to do that,
26 to transfer those customers to T-Mobile to
27 make sure that those participating in the
28 pilot are not disfranchised.

1 Q So are you currently in discussions
2 with the Commission on this issue?

3 A No. My discussion is before his
4 Honor right now.

5 Q We are hearing it right -- because
6 I was going to ask you about the time frame
7 of your decision whether or not to commit to
8 Boost pilot?

9 A We have not had communications with
10 the PUC about that. We are happy to.

11 Q If you decide not to participate in
12 the Boost pilot, you said you would be
13 willing to transfer those customers to
14 T-Mobile?

15 A It will either be we decide to
16 continue or they go to T-Mobile to make sure
17 that the pilot subscribers continue.

18 Q Is it your understanding pursuant
19 to the PFJ that you may have to get approval
20 from the Department of Justice to not receive
21 those divested customers?

22 A Potentially.

23 Q Okay. I think that is -- let me
24 ask one last question, and this just a very
25 general question. I think you've actually
26 already answered it. Is it DISH's testimony
27 that but for these merger conditions DISH was
28 not planning to offer a prepaid wireless

1 service?

2 A But for the remedy, our 5G focus
3 would have been more on the business
4 wholesale side. But with the remedy and the
5 opportunity and the tools that we are getting
6 from T-Mobile and the Department of Justice,
7 we are excited about being able to enter the
8 wireless business sooner that we would have
9 been able to, to enter it with 9 million
10 customers, to enter it with a very unique
11 wholesale agreement that gives us access to
12 T-Mobile's network from day one on a
13 nationwide basis that allows us to build out
14 city-by-city community-by-community rather
15 that having to build out the whole thing and
16 then turn it on.

17 Q All right. So I think you answered
18 my question. So your original plan then was
19 to do more of a wholesale enterprise perhaps
20 play, but in light of the opportunity you've
21 been given, then you are excited to add to
22 your business plan more of a retail 5G
23 wireless service?

24 A Right. That's right.

25 MS. MAILLOUX: Thank you. Thank you,
26 Mr. Blum. No questions.

27 ALJ BEMESDERFER: All right. Thank
28 you, Ms. Mailloux.

1 Mr. Goodman.

2 MS. TOLLER: Did you say you were going
3 to cross?

4 ALJ BEMESDERFER: Let's go off the
5 record for a minute.

6 (Off the record.)

7 ALJ BEMESDERFER: Back on the record.
8 Let's be back here at a quarter to
9 3:00.

10 (Off the record.)

11 ALJ BEMESDERFER: Let's go back on the
12 record.

13 And Mr. Goodman, I think we are to
14 you.

15 MR. GOODMAN: Thank you, your Honor.

16 CROSS-EXAMINATION

17 BY MR. GOODMAN:

18 Q Mr. Blum, I'm Paul Goodman of the
19 Greenlining Institute. I believe you're
20 familiar with our organization?

21 A Yes.

22 Q I just had a few follow-up
23 questions for you. Just to clarify, I
24 believe you said that getting T-Mobile's
25 decommission towers was not necessary but
26 that not getting decommission towers might
27 increase your cost a little bit; is that
28 correct?

1 A There are potential savings if we
2 decide to take a decommission site.

3 Q Great. Thank you. And you sort of
4 made a lot of claims today over broad --
5 subjects including network buildout, service
6 and customer obligations all of which cost
7 money, correct?

8 A Our network will cost money, yes.

9 Q And so you mentioned having to
10 build out in every single PEA?

11 A Correct. We have 75 percent
12 population requirements in every PEA by June
13 of 2025.

14 Q And you mentioned a 2.2 billion
15 dollar fine if you failed to complete that
16 buildout?

17 A So that is the complete commitment.
18 So that if we did nothing, despite everything
19 that I testified to, if we just stopped, we
20 would lose all of our licenses. We would
21 have to pay 2.2 billion dollars to the U.S.
22 Treasury. We would be held in contempt, and
23 we wouldn't have a future as a company.

24 Q So what if you failed to build in
25 one PEA?

26 A So the consequence if we failed to
27 build in one PEA is we lose that PEA.

28 Q Might there be a business pace

1 where it made more sense to lose the PEA than
2 to -- the licenses?

3 A We've spent billion of dollars on
4 these licenses. We want to preserve them.
5 It's important for our business because even
6 in the areas where we may not be deploying --
7 because as we discussed, your Honor, there
8 may be some counties within a PEA. We see
9 opportunities for partnerships with small
10 rural carriers who don't have the spectrum
11 that we have, for example, who don't have the
12 technology.

13 So for communities that may have a
14 small carrier that lacks spectrum, lacks the
15 resources, we see opportunities for
16 partnership. We've actually had discussions
17 with some of the small carriers that were
18 part of the Competitive Carriers Association,
19 for example.

20 We're a very, very rural area, for
21 example. May have a carrier that provided 3G
22 or 4G service but doesn't have a path to 5G.
23 We see an opportunity to partner with them by
24 saying, "If you guys build out, we'll give
25 you access to our spectrum. You can have 5G
26 and offer service for those specific
27 communities, but we don't want to lose any of
28 our licenses. We purchased them, and we want

1 to use our spectrum to deploy state of the
2 art 5G network and disrupt the industry
3 because of the technology.

4 Q Thank you. And earlier you
5 mentioned that prior to this agreement that
6 DISH was planning on a more wholesale model.

7 Was contracting with those smaller
8 carriers part of that wholesale model?

9 A Potentially, yes. Yes.

10 Q Then I had some questions about
11 your authorized dealers.

12 A Sure.

13 Q Also about customer service. So I
14 assume if a customer has a problem with their
15 service, they either call DISH or they go to
16 their authorized dealer.

17 Do you have a rough idea of a ratio
18 of that?

19 A I don't. It depends on the
20 circumstances of that. As I said, some of
21 the these small dealers will do the
22 installation, and they have the relationships
23 in the community. So that customer is more
24 likely to call if there's a problem with
25 their DISH, for example. But if they want to
26 change programming and don't want to do it
27 online, they will call our customer service
28 centers.

1 Q To the extent that you know, if
2 there's a community where a large number of
3 households speak a language other than
4 English, would retailers typically hire
5 employees that spoke that language?

6 A Yes. We actually have one of the
7 first MVPDs to launch a low-priced DISH
8 Latino service, so Spanish-speaking community
9 to have retailers there speaking Spanish. We
10 have foreign language channels. Some of our
11 customer service agents are fluent in many
12 different types of languages to service those
13 communities.

14 Q Is that at the discretion of the
15 retailer, or does DISH require that?

16 A It's at the discretion of the
17 retailer to -- so it's better customer
18 service if you can communicate with
19 consumers. So it really depends upon the
20 community.

21 Q If I called DISH customer service,
22 what languages would I be able to speak to
23 customer service representatives?

24 A English and Spanish.

25 Q Is DISH planning to offer Lifeline
26 service?

27 A We are not currently. As part of
28 the remedy, the Assurance brand is going with

1 T-Mobile, and we are not retaining it. So we
2 have not made a decision in the future of
3 whether we want to participate in the
4 Lifeline program. I explained on the Boost
5 pilot, but because of Lifeline, we have not
6 made that decision.

7 Q Thank you. You just shortened my
8 line of questioning considerably. I have one
9 more set of questions. It's about your
10 outside vendors. So I believe you testified
11 that you had outside vendors that handles
12 some of DISH's -- what do you call it --
13 internal customer service; is that correct?

14 A For our satellite service or for
15 our terrestrial IoT bill?

16 Q Either one.

17 A Yes. We have relationships with
18 vendors for our business.

19 Q And would I be correct in assuming
20 that this infrastructure buildout will
21 require you to do a great deal of contracting
22 with outside vendors?

23 A It will for construction crews.
24 Although, we are training some of our
25 satellite installers to be tower climbers,
26 and we actually have dozens of them now. And
27 the incumbents are leasing out our
28 construction crews to help build towers

1 today. But, yes, we will need construction
2 crews.

3 Q Does DISH do procurement at a
4 national level or a state level, regional?

5 A I don't know for sure. I don't
6 know. We have IT needs. We have customer
7 service needs, logistics, supply chain needs.
8 So I'm not involved in that side of the
9 business. So I don't know whether -- we do
10 RFPs for specific things, and I don't believe
11 it's limited to national or regional.
12 Whoever, I think, wants to participate in it
13 is able to.

14 Q Are you familiar with the
15 California Public Utilities Commission
16 supplier diversity program?

17 A I'm generally familiar with it.

18 Q Does DISH have a supplier diversity
19 team?

20 A That, I am not sure.

21 Q I'm sorry. I have one last
22 question. You mentioned the DISH Flex
23 service?

24 A Correct.

25 Q Does that service come with a
26 monthly data cap?

27 A That's for our satellite service,
28 unlimited movies for all you want. So...

1 Q And for your post-paid service,
2 does DISH charge an early termination fee?

3 A It depends. So we give customers
4 the choice when they are signing up for DISH
5 to go month-to-month with no termination fee.
6 But if they want certain benefits, then they
7 have the option of signing up for an early
8 termination fee that's disclosed in the
9 contract, and they have the choice.

10 Q Sorry. Your response reminded me
11 of one final question. Does DISH plan to
12 offer bundled service?

13 A That's one of the things that we
14 are looking at that because we have an
15 over-the-top service called Sling, which I
16 mentioned is a live linear television service
17 you can watch on your phone. So the
18 synergies with Sling video and/or wireless
19 service is something we are exploring, yes.

20 MR. GOODMAN: Thank you. I have no
21 further questions, your Honor.

22 ALJ BEMESDERFER: Ms. Chong.

23 MS. CHONG: Your Honor, I have one line
24 of questioning, I guess, if I may.

25 CROSS-EXAMINATION

26 BY MS. CHONG:

27 Q Mr. Blum, I am Rachelle Chong. I
28 represent the California Emerging Technology

1 Fund, a nonprofit organization. CETF works
2 on digital divide issues here in the State of
3 California.

4 The one question I had was as to
5 your testimony on page 6, and that involved
6 the discussion of the 6 megahertz licenses
7 that you had and the broadband obligation
8 there to.

9 A Yes.

10 Q Are you there?

11 A I am.

12 Q Great. I just wanted to understand
13 better what the broadband obligations are
14 specifically as to the FCC. So, for example,
15 it seems to indicate that you have a coverage
16 and service to 75 percent of the population
17 no later than June 14th, 2025?

18 A Right. Correct.

19 Q And I'm trying to understand. So
20 it's the population in each -- is it a PEA?

21 A PEA, yes.

22 Q So it's a population, not
23 geographic territory?

24 A Correct.

25 Q Right.

26 A That's right.

27 Q And also, in the first bullet, it
28 talks about 70 percent by 2023.

1 A That's right.

2 Q Okay. And what are the compliance
3 provisions you have related to those
4 obligations to the FCC? I presume they came
5 with the option; is that correct?

6 A So this is -- the specific
7 requirements were part of the DOJ FCC remedy.
8 They go way beyond our obligations that we
9 just acquire the licenses at auction. So
10 when we purchased 600 megahertz, they were
11 flexible-use licenses. We could have done
12 other things besides broadband with them, and
13 the deadline for us to do it was 2029.

14 So DISH agreed to give up our
15 flexible-use rights and to commit to deploy
16 5G broadband specifically. There's in the
17 document which we produced to view specific
18 requirements of what that means and to do it
19 four years earlier than we originally got at
20 auction. So when we purchased the spectrum,
21 we had until 2029, and we could do any
22 terrestrial use with it. As part of this
23 remedy, we are doing rural broadband 5G
24 deployment four years earlier.

25 Q So, just so I understand, then for
26 the 70 and 75 percent obligation, it must be
27 with the 600 megahertz spectrum specifically?

28 A Yes. For these commitments. We

1 have other commitments for our other spectrum
2 that also require 5G broadband. But for 600
3 megahertz, which is the best for rural
4 America and rural California, we have
5 specific enforceable commitments that are
6 much more aggressive and onerous than we
7 would have had or would have in a non-merger
8 world.

9 Q Now, you say that this is very good
10 spectrum for rural coverage?

11 A Yes.

12 Q So is it in your -- is it your
13 intention as a company to focus this spectrum
14 in the more rural areas of the PEAs?

15 A So we'll use 600 everywhere because
16 it's really good for rural, but it's also
17 good for going through walls. So some
18 spectrum can't penetrate walls. 600 can. So
19 it is good for going far and going through
20 the walls.

21 Some of our other spectrum is
22 better for speed. So it's a combination.
23 Because we have both low-band and mid-band,
24 that's really what allows us to compete with
25 the incumbents. And because we get to do
26 this 5G network with no Legacy, we'll have
27 the best network that will allow us to
28 compete and be successful.

1 Q Have you determined what areas
2 you're going to focus on first in this
3 deployment -- rural deployment in the State
4 of California?

5 A We have not finalized those plans
6 yet. That's what we're looking at now.

7 Q So suppose the merger closed in,
8 say, February of 2020, when would you expect
9 to have your plans prepared for the
10 deployment?

11 A We are -- part of it is staggered
12 that we will have our first set of
13 communities where we deploy first starting in
14 late 2020 then 2021. So there will be sort
15 of a list of where we plan to go. We have
16 not finalized that, and I don't know exactly
17 when it will be finalized. But our goal is
18 not to wait for these FCC commitments. We
19 want to do it sooner than the FCC commitments
20 but the FCC commitments are sort of the
21 minimum requirement and the penalties
22 incentivizing us to do it. But we have, as I
23 explained, the independent business reason to
24 do it sooner than that.

25 Q Does DISH have a history of working
26 with community-based organizations in doing
27 outreach to communities where they don't have
28 very many customers, so, for example,

1 low-income, perhaps non-English-speaking, et
2 cetera?

3 A Yes. So our track record for
4 satellite -- we grew up in rural America. I
5 mean, that's where we were able to grow our
6 business by being the value provider, the
7 low-cost provider. Focused on rural America.
8 Focused on building our independent retailer
9 base. And then with Sling, being able to
10 offer a television service for \$25, not \$80
11 or \$90. And then our packages and our
12 programming lineup it would focus on giving
13 communities of color a choice at a good
14 value.

15 Q And would you expect that you would
16 partner with community-based organizations
17 when you enter the wireless retail
18 marketplace?

19 A Yes. We would certainly be
20 interested in doing that.

21 Q Has your company any experience in
22 digital inclusion or digital literacy
23 programs?

24 A I think as part of our DISH Cares
25 program, but in terms of the specifics, I
26 don't know. In terms of access, a digital
27 divide access, the satellite broadband
28 service that our sister company Hughes has.

1 So we have nationwide satellite broadband
2 today. So communities that have no service
3 have the opportunity to get satellite
4 broadband at their homes. And for areas
5 where companies -- and then companies have
6 decided not to build-out anything, those
7 communities have options today where they can
8 get satellite broadband. Certainly it's not
9 as good as 5G, but to connect those
10 communities for homework and for literacy, it
11 is important.

12 Q Could you give me a sense of the
13 cost of the satellite broadband services that
14 you are describing? Are they \$50 a month?
15 Are they \$80 a month?

16 A I think that's the range. It
17 depends on the amount of data that you use.

18 Q Do you have any low-cost programs
19 oriented towards low-income families?

20 A Not specifically. Although, we
21 have applied for grants. We received several
22 years ago a grant with the RUS, the Federal
23 Government, where we were able to
24 successfully sign up I think it was about
25 70,000 households through this grant program
26 where it was a low-income program through the
27 satellite service. And it was -- it was
28 successful.

1 And we want to participate in more
2 of those programs and have encouraged states
3 and the Federal Government, when they do
4 these types of subsidy programs, to consider
5 satellite as a viable alternative and look
6 for those opportunities.

7 Like for -- I went to Tennessee
8 several years ago where they had crafted a
9 bill to provide lower income broadband, and
10 the legislature was thinking of excluding
11 satellite. And we went to navigating --
12 satellite is not as good as fiber, but it's
13 better than having nothing. So we include
14 satellite in the program, and we we're able
15 to get that included. So we hope states and
16 the Federal Government do more to make these
17 communities where there's really nothing more
18 affordable.

19 Q If you were to enter the wireless
20 broadband marketplace, would you be
21 considering participating in the FCC E-Rate
22 Program for schools, libraries and the rural
23 health care program?

24 A We haven't made final decisions
25 about that, but it's something that we're
26 looking at.

27 MS. CHONG: Your Honor, that's all I
28 have. Thank you.

1 ALJ BEMESDERFER: Thank you, Ms. Chong.
2 I think that completes the cross of this
3 witness.

4 Ms. Taff-Rice, do you have any
5 redirect?

6 MS. TAFF-RICE: No, your Honor. We
7 don't.

8 EXAMINATION

9 BY ALJ BEMESDERFER:

10 Q Okay. Mr. Blum, I have just a
11 couple of questions that I'd like to ask you.

12 A Sure.

13 Q I want to follow-up on the issue of
14 this spectrum -- the terrestrial spectrum
15 that DISH owns. Do you own any
16 millimeter wave spectrum?

17 A We do. So we have -- this is a
18 spectrum I mentioned. It's called 12
19 gigahertz.

20 Q 12 gig -- yeah.

21 A So if we have about 86 percent of
22 the country -- and it's a lot of spectrum.
23 So it was like 500 megahertz. So we do have
24 millimeter wave spectrum, and we -- there are
25 old roles that we've asked the FCC, along
26 with other license holders, to make available
27 for 5G broadband. The FCC is trying to free
28 up as much spectrum for broadband, and we see

1 12 gigahertz as a real opportunity to use it
2 in denser areas.

3 Q Would you deploy that in urban -- I
4 assume you deploy in urban areas?

5 A Correct.

6 Q Yeah. Okay. Let me ask you a more
7 general question, and it's one that has
8 occurred to me as I sat through this hearing
9 for the last several days. I heard -- we all
10 heard, I think, from representatives of
11 T-Mobile, Mr. Sievert, for example, that
12 T-Mobile is going to make -- is going to be
13 an aggressive low-cost competitor.

14 A Mm-hmm.

15 Q And DISH is going to be an
16 aggressive low-cost competitor, and I look at
17 the marketplace and I see in Verizon and in
18 AT&T companies that are, in the case of
19 T-Mobile, five times as large and in the case
20 of DISH, closer to 10 times as large.

21 A Right.

22 Q I'm sitting here wondering whether
23 both DISH and T-Mobile are just assuming that
24 AT&T and Verizon are going to sit there and
25 let you eat their lunch. There's a -- this
26 is sort of a zero-sum game. There's a finite
27 universe of cellphone users, and if you're
28 going to expand -- if you're going to capture

1 users, you're going to capture them from
2 somebody else who already has them.

3 A Correct.

4 Q And if that somebody else is 10
5 times as big as you, how are you going to do
6 that?

7 A That's a great question, and we
8 have done it in the past, your Honor. So let
9 me start with satellite. When we launched
10 our satellite service, we were up against
11 General Motors.

12 MS. TOLLER: Wow.

13 THE WITNESS: We were up against Direct
14 TV, Comcast, the largest cable companies.
15 And they had all the scale in the world, and
16 the prices were astronomical, a cable
17 monopoly. And we put all -- Charlie and
18 Candy Ergen -- Charlie, who I report to
19 today, and their best friend had the
20 opportunity to build and launch a satellite
21 for the small DISHs, put all their money on
22 the back of a Chinese rocket, the one before
23 ours blew up -- two times after ours blew up,
24 ours launched. What Charlie and Candy did is
25 said, "Look, these are entrenched monopolies,
26 largest companies in the United States. We
27 are going to do something different."

28 So Comcast was charging \$500,

1 outrageous prices, Direct TV, all this money
2 for installs. So we came in and said, "We're
3 going to have digital technology." Cable was
4 analog. So we came in at the right time
5 where we had better quality channels,
6 interactive guide and lower price. And that
7 we grew from nothing to 12 million customers
8 and caused cable to react. So it was DISH
9 and Direct TV.

10 So we have a track record of
11 providing low cost, taking on the big guys
12 and being successful. And we did it and we
13 do it today with 15 percent market share.
14 And we are very successful, allowing us to
15 raise 20 billion dollars to buy spectrum so
16 we can do our next disruption in wireless.

17 And AT&T and Verizon have these
18 cushy 60 percent margins, and we are
19 surviving and being successful at 10 to 20
20 percent margins. So there's enormous
21 opportunity to be disruptive. AT&T and
22 Verizon have all this Legacy, 2G, 3G, 4G,
23 spending all this money to service their
24 existing. We get to build a brand new house
25 with the latest and greatest technology, and
26 no one's living in it. The incumbents have
27 to upgrade all their equipment in a very very
28 crowded house.

1 And just like satellite where we
2 came in when there was a paradigm shift in
3 technology, we see that with 5G. We can
4 build our network cheaper, and when we build
5 it, it will have so much capacity given our
6 spectrum that we are going to be able to
7 offer low-cost services to consumers and
8 businesses and cities and do you all the
9 great things that 5G promises.

10 Same thing in the over-top-business
11 in Sling. Customers sick of overpaying for
12 programming. So we were able to launch a
13 live linear television service for 20 bucks a
14 month that customers can cancel any time. No
15 early termination fees, Mr. Goodman. They
16 can watch it wherever they want. And now it
17 is the number one success. And Comcast had
18 tried. You Tube is trying. Big companies.

19 So we have a track record of taking
20 advantage of technology, focus on customers,
21 innovating, and we see -- with the tools that
22 we got with our spectrum in 5G, the timing is
23 right for us to do the same in wireless.

24 Q Let me ask you one other question,
25 and then I will let you go. And I certainly
26 appreciate your having flown out here for
27 this. I want to talk about the MVNO
28 agreement that you have.

1 A Yes.

2 Q And, again, without disclosing any
3 confidential information, I'm assuming that
4 you're paying a fee to T-Mobile for the use
5 of their network as an MVNO?

6 A Correct.

7 Q Has that fee already been
8 negotiated?

9 A It has. And that fee, because it's
10 confidential, and I think you would have
11 access to --

12 Q No, no, no. I don't want you to
13 disclose the fees.

14 A So, yes, it has been negotiated,
15 and DOJ helped us significantly in the
16 negotiations too. So yes. It's not only the
17 fee. There's other elements of it that are
18 very unique. So we don't really consider it
19 an MVNO agreement. There are aspects of it.
20 But there are so much flexibility in terms of
21 who we can partner with and market and bundle
22 where other MVNO deals, you know, they may
23 refer to the number of subscribers that you
24 could actually grow.]

25 And there's also a mechanism where
26 the price that we have to pay T-Mobile goes
27 down the better T-Mobile's network is. So
28 their business incentive is to build this

1 great network. They're going to be building
2 what we think is a better network, but the
3 better they are, the lower our price. And
4 the price that we negotiated with the
5 Department of Justice allows us from the very
6 beginning to undercut the incumbents,
7 independently, but because the benefits to
8 us, the economics are that much more
9 favorable when we build out, that is why we
10 want to use this unlimited capacity that we
11 have on T-Mobile's network from the beginning
12 grow the subscriber base and then convert
13 those customers to our own network. That is
14 our strategy for success.

15 ALJ BEMESDERFER: All right. Thank you
16 very much. I appreciate your answer and you
17 may step down.

18 THE WITNESS: Thank you very much, your
19 Honor.

20 ALJ BEMESDERFER: All right. Let's go
21 off the record for just a minute.

22 (Off the record.)

23 ALJ BEMESDERFER: Let's go back on the
24 record.

25 Before we conclude, I know that the
26 parties would like to move in their testimony
27 exhibits. So why don't we start with you,
28 Ms. Taff-Rice?

1 MS. TAFF-RICE: DISH would like to move
2 Exhibit Number 3.

3 ALJ BEMESDERFER: Objection?

4 (No response.)

5 ALJ BEMESDERFER: Hearing none, it is
6 admitted.

7 (Exhibit No. DISH-03 was marked for
8 identification.)

9 (Exhibit No. DISH-03 was received
10 into evidence.)

11 ALJ BEMESDERFER: Ms. Schaefer.

12 MS. SCHAEFER: Cal PA would like to
13 admit its Exhibits 16, 17, 18 and 19 into the
14 record.

15 ALJ BEMESDERFER: Objection.

16 MS. SCHAEFER: And 20.

17 ALJ BEMESDERFER: And 20. Objection?

18 (No response.)

19 ALJ BEMESDERFER: All right. Hearing
20 none, they're admitted.

21 MS. TOLLER: I think we may be off a
22 number, your Honor. I thought you were
23 starting with --

24 MS. SCHAEFER: We might not have 20
25 yet.

26 ALJ BEMESDERFER: Off the record.

27 (Off the record.)

28 ALJ BEMESDERFER: Back on the record.

1 While we were off the record, the
2 Public Advocate distributed its Exhibit PA-20
3 which is the Reply Testimony of Cameron Reed
4 for the Proposed Transfer of Control of
5 Sprint to T-Mobile and the impact of network
6 infrastructure. This is -- the public
7 version is 20 and the confidential version is
8 20-C.

9 Okay. Ms. Schaefer, would you like
10 to move your exhibits?

11 MS. SCHAEFER: Yes. I would like to
12 move our exhibits into the record.

13 ALJ BEMESDERFER: Objection?

14 (No response.)

15 ALJ BEMESDERFER: Hearing none, they're
16 in.

17 (Exhibit No. PAO-16 was received
18 into evidence.)

19 (Exhibit No. PAO-17 was received
20 into evidence.)

21 (Exhibit No. PAO-18 was received
22 into evidence.)

23 (Exhibit No. PAO-19 was received
24 into evidence.)

25 (Exhibit No. PAO-20 was marked for
26 identification.)

27 (Exhibit No. PAO-20-C was marked for
28 identification.)

(Exhibit No. PAO-20 was received
into evidence.)

(Exhibit No. PAO-20-C was received

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into evidence.)

ALJ BEMESDERFER: Okay. Who would like to go next?

MS. TOLLER: Mr. Lui is actually going to do the correction with Mr. Selwyn.

MR. LUI: Your Honor, that was the colloquy you had with Dr. Selwyn regarding the DISH model.

ALJ BEMESDERFER: I do remember that.

MR. LUI: So this was addressed in the Joint Applicants post-hearing reply brief that was filed on May 10, 2019, at pages 30 through I believe 35. So that issue was addressed in the brief.

ALJ BEMESDERFER: All right. Thank you for that.

Anyone else wants to move something into the record?

(No response.)

ALJ BEMESDERFER: All right. Unless there is something else that somebody wants to raise at this moment, this hearing is concluded. And we'll go off the record.

And thank you all.

(Whereupon, at the hour of 3:20 p.m., this matter having concluded, at San Francisco, California, the Commission then adjourned.)]

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA

CERTIFICATION OF TRANSCRIPT OF PROCEEDING
I, ANA M. GONZALEZ, CERTIFIED SHORTHAND REPORTER
NO. 11320, IN AND FOR THE STATE OF CALIFORNIA, DO
HEREBY CERTIFY THAT THE PAGES OF THIS TRANSCRIPT
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TRANSCRIPT OF THE TESTIMONY AND PROCEEDINGS HELD IN
THIS MATTER ON DECEMBER 6, 2019.

I FURTHER CERTIFY THAT I HAVE NO INTEREST IN THE
EVENTS OF THE MATTER OR THE OUTCOME OF THE PROCEEDING.
EXECUTED THIS DECEMBER 12, 2019.


ANA M. GONZALEZ
CSR NO. 11320

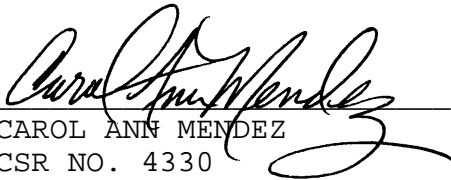
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BEFORE THE PUBLIC UTILITIES COMMISSION
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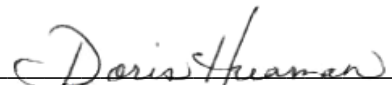

CAROL ANN MENDEZ
CSR NO. 4330

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BEFORE THE PUBLIC UTILITIES COMMISSION
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DORIS HUAMAN
CSR NO. 10538

