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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of
Sprint Communications Company L.P.
(U-5112) and T-Mobile USA, Inc., a Delaware
Corporation, For Approval of Transfer of
Control of Sprint Communications Company
L.P. Pursuant to California Public Utilities
Code Section 854(a).

Application 18-07-011
(Filed July 13, 2018)

And Related Matter.

Application 18-07-012

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the category, issues to be addressed, and schedule of the proceeding pursuant to Public Utilities (Pub. Util.) Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.

Procedural Background

These related applications were filed on July 13, 2018. They arise from the same underlying transaction, a proposed merger between Sprint Communications Company, L.P. and T-Mobile, USA Inc., two of the four largest national wireless service providers. The applications were protested by the Commission's Public Advocate's Office, The Utility Reform Network, and the Greenlining Institute. On September 11, 2018 the assigned Administrative Law Judge (ALJ) issued a ruling consolidating the proceedings. A prehearing

conference was held on September 13, 2018 to discuss the issues of law and fact and determine the need for hearing and schedule for resolving the matter. After considering the applications and protests and discussion at the prehearing conference, I have determined the issues and schedule of the proceeding to be as set forth in this scoping memo.

Issues

The fundamental issue presented by these applications is whether the proposed merger of two of the four largest national wireless service providers is in the public interest of the residents of California. This is the standard historically employed by the Commission to evaluate proposed transactions involving public utilities subject to its jurisdiction. A determination of the public interest requires a consideration of significant factors implicit in the proposed transaction. Below I list some of the factors that the Commission will consider in making a public interest determination regarding the effects of the proposed merger on the residents of California.

1. Would the merger result in reduced competition in any metropolitan area or other geographically distinct market for wireless services?
2. What are the relevant markets?
3. Would the merger give the merged company monopsony power or increase the tendency to monopsony power including market power over equipment suppliers?
4. What merger-specific and verifiable efficiencies would be realized by the merger?
5. Would the merger promote or constrain innovation?
6. How would the merger affect the market for special access services?

7. How would the merger affect the market for special access backhaul services?
8. How would the merger affect the ability of independent competitive wireless carriers to obtain backhaul services?
9. Would the merger increase the market power of the incumbent local exchange carriers and their wireless affiliates?
10. Would the merger maintain or improve the quality of service to California consumers?
11. What California utilities would operate the merged properties in the state?
12. Would the merger preserve the jurisdiction of the Commission to effectively regulate those utilities and their operations in California?
13. Would the benefits of the merger likely exceed its detrimental effects?
14. Should the Commission impose conditions or mitigation measures to prevent significant adverse consequences and, if so, what should those conditions or measures be?

Need for Evidentiary Hearing

Obtaining satisfactory answers to the above questions will require consideration of multiple factual issues. These include, but are necessarily limited to, issues related to innovation, service quality, customer satisfaction, pricing policies, pre-paid services, wholesale markets, the roll-out of 5G services (particularly in rural markets), system integration, device compatibility, customer migration, net neutrality, customer privacy and mandatory arbitration clauses. Accordingly, evidentiary hearing is needed on these issues.

Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the consolidated proceeding.

EVENT	DATE
Public Participation Hearings	November-December 2018
Intervenor testimony served	January 7, 2019
Rebuttal testimony served	January 29, 2019
Evidentiary Hearing	February 6-9, 2019 in Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94012
Opening Briefs	March 1, 2019
Reply Briefs & submission date	March 15, 2019
Proposed Decision	April 12, 2019
Opening Comments	May 10, 2019
Reply Comments	May 24, 2019
Commission Decision	June 2019

The proceeding will stand submitted upon the filing of reply briefs unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Pub. Util. Code § 1701.5.

Category of Proceeding/Ex Parte Restrictions

This ruling confirms the Commission’s preliminary determination that this is a ratesetting proceeding. (Resolution ALJ 176- 3421.) Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Commission’s Rules of Practice and Procedure.

Public Outreach

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission's website.

Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by October 15, 30 days after the prehearing conference.

Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TYY), or send an e-mail to public.advisor@cpuc.ca.gov.

Service of Documents on Commissioners and Their Personal Advisors

Rule 1.10 requires only electronic service on any person on the official service list, other than the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Karl J. Bemesderfer is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. The schedule of this proceeding is as set forth above.
3. Evidentiary hearings are needed.
4. The presiding officer is Administrative Law Judge Karl J. Bemesderfer.

Dated September 28, 2018, at San Francisco, California.

/s/ CLIFFORD RECHTSCHAFFEN

Clifford Rechtschaffen
Assigned Commissioner