

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

In the Matter of	)	
	)	
Applications of AT&T Inc. and	)	WT Docket No. 15-78
Cellular Properties, Inc.	)	
	)	
For Consent To Assign Authorizations	)	

**MEMORANDUM OPINION AND ORDER**

**Adopted: January 28, 2016**

**Released: January 28, 2016**

By the Chief, Wireless Telecommunications Bureau, and Chief, International Bureau:

**I. INTRODUCTION**

1. In this Memorandum Opinion and Order, we consider the applications of AT&T and CPI for Commission consent to the assignment to AT&T from CPI of two cellular A Block licenses, associated common carrier fixed point-to-point microwave licenses, and an international 214 authorization. The proposed assignment of licenses involves eleven largely rural counties in all or parts of two local market areas in Illinois. In addition, CPI’s subscribers, along with network equipment and other assets, would be transferred to AT&T as part of the proposed transaction. The Commission determined in the *Mobile Spectrum Holdings Report and Order* that increased aggregation of below-1-GHz spectrum would be treated as an “enhanced factor” under its case-by-case review of license transfers if post-transaction the acquiring entity would hold approximately one-third or more of the suitable and available spectrum below 1 GHz.<sup>1</sup> In the proposed transaction, AT&T would increase its low-band spectrum holdings in these two local market areas, and in particular, would hold post-transaction more than one-third of the currently suitable and available below-1-GHz spectrum in a portion of one of the areas at issue. Based on the record before us, and after carefully evaluating the proposed transaction, including the likely competitive effects of increased market concentration, as well as the increased aggregation of below-1-GHz spectrum, we find that the potential public interest benefits are likely to outweigh limited potential public interest harms. Thus, overall, we find that the proposed assignment of licenses is in the public interest, and therefore we approve the proposed assignment.

**II. BACKGROUND AND PUBLIC INTEREST FRAMEWORK**

2. *Description of the Applicants.* AT&T Inc. (together with its subsidiaries, “AT&T”), headquartered in Dallas, Texas, is a communications holding company that ranks among the leading providers of telecommunications services in the United States.<sup>2</sup> Cellular Properties, Inc. (“CPI,” and

<sup>1</sup> See Policies Regarding Mobile Spectrum Holdings; Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions, WT Docket No. 12-269, GN Docket No. 12-268, *Report and Order*, 29 FCC Rcd 6133, 6238-40 ¶¶ 282-88 (2014) (“*Mobile Spectrum Holdings Report and Order*”), *recon. denied*, *Order on Reconsideration*, FCC 15-79 (rel. Aug. 11, 2015).

<sup>2</sup> See AT&T Inc., SEC Form 10-K, at 1 (filed Feb. 20, 2015), available at [http://www.sec.gov/Archives/edgar/data/732717/000073271715000016/ye14\\_10k.htm](http://www.sec.gov/Archives/edgar/data/732717/000073271715000016/ye14_10k.htm).

together with AT&T, the “Applicants”) offers wireless services to its customers in parts of Illinois.<sup>3</sup> CPI’s sole spectrum license holdings are the 25 megahertz of Cellular A Block spectrum covering all eight counties in CMA 400 (Illinois 7 – Vermilion) and Clay, Lawrence, and Richland counties in CMA 402 (Illinois 9 – Clay), and associated microwave licenses.<sup>4</sup>

3. *Description of the Transaction.* On February 11, 2015, AT&T and CPI filed applications pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended (the “Act”),<sup>5</sup> seeking Commission consent to the assignment of two cellular A Block licenses, associated common carrier fixed point-to-point microwave licenses, and an international 214 authorization to Centaur Acquisition Company LLC, which will be an indirect, wholly-owned subsidiary of AT&T.<sup>6</sup> In the instant transaction, CPI proposes to assign to AT&T 25 megahertz of cellular spectrum in eleven counties covering all of Illinois 7 – Vermilion and part of Illinois 9 – Clay, two contiguous rural markets in Southeastern Illinois. Post-transaction, AT&T would hold 101 megahertz to 173 megahertz of spectrum in total, and 31 megahertz to 68 megahertz of below-1-GHz spectrum, in these eleven counties in Illinois.<sup>7</sup> In Illinois 9 – Clay, AT&T would end up having an interest in more than one-third of the below-1-GHz spectrum in three counties (Clay, Lawrence, and Richland counties) that comprise approximately 32 percent of the population of this market. In addition, CPI’s approximately [REDACTED] subscribers, along with network equipment and other assets, would be transferred to AT&T.<sup>8</sup>

4. *Standard of Review.* Pursuant to sections 214(a) and 310(d) of the Act,<sup>9</sup> we must determine whether the Applicants have demonstrated that the proposed assignment of licenses and authorizations would serve the public interest, convenience, and necessity.<sup>10</sup> In making this

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<sup>3</sup> See Application for Assignment of Licenses from Cellular Properties, Inc. to Centaur Acquisition Company LLC, ULS File No. 0006664937 (filed Feb. 11, 2015, amended Mar. 26, 2015, Jan. 27, 2016) (“Application”), Exhibit 1 – Description of the Transaction and Public Interest Statement at 2 (“Public Interest Statement”); Response of CPI to the General Information Request Dated May 20, 2015, WT Docket No. 15-78, at 3 (June 3, 2015) (“CPI Information Request Response”).

<sup>4</sup> See CPI Information Request Response at 3.

<sup>5</sup> 47 U.S.C. §§ 214, 310(d).

<sup>6</sup> See Public Interest Statement at 2. For the application to assign the international section 214 authorization, see Application for Assignment of International Section 214 Authorization from Cellular Properties, Inc. to Centaur Acquisition Company LLC, IBFS File No. ITC-ASG-20150424-00099 (filed Apr. 24, 2015).

<sup>7</sup> See AT&T Inc. and Cellular Properties, Inc. Seek FCC Consent to the Assignment of Two Cellular A Block Licenses, Point-to-Point Microwave Licenses, and an International Section 214 Authorization, *Public Notice*, WT Docket No. 15-78, 30 FCC Rcd 4867, 4867-68 (WTB 2015) (“*Accepted for Filing Public Notice*”). See generally Public Interest Statement at 1, 7. As set out in the docket, the Bureau accepted the Applications for filing and established a pleading cycle, released a public notice announcing that Numbering Resource Utilization and Forecast (“NRUF”) reports and local number portability (“LNP”) data would be placed into the record and adopted the associated protective order, adopted a protective order covering the submission of confidential and highly confidential information, and sent the Applicants information requests seeking further specific information relating to the proposed transaction.

<sup>8</sup> See *Accepted for Filing Public Notice*, 30 FCC Rcd at 4867; CPI Information Request Response at 1. See also Public Interest Statement at 2.

<sup>9</sup> 47 U.S.C. §§ 214(a), 310(d).

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

determination, we first assess whether the proposed transaction complies with the specific provisions of the Act,<sup>11</sup> other applicable statutes, and the Commission's rules.<sup>12</sup> If the proposed transaction does not violate a statute or rule, we next consider whether the proposed transaction could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes.<sup>13</sup> We then employ a balancing test weighing any potential public interest harms of the proposed transaction against any potential public interest benefits.<sup>14</sup> The Applicants bear the burden of proving, by a preponderance of the evidence, that the proposed transaction, on balance, would serve the public interest.<sup>15</sup>

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

6. *Qualifications of the Applicants.* As a threshold matter, the Commission must determine whether the applicants to a proposed transaction meet the requisite qualifications requirements to hold and transfer licenses under section 310(d) and the Commission's rules.<sup>20</sup> We note that no issues were raised with respect to the basic qualifications of CPI or AT&T, and in addition, AT&T previously and

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Licenses and Authorizations, WT Docket No. 13-193, *Memorandum Opinion and Order*, 29 FCC Rcd 2735, 2741-42 ¶ 13 (WTB, IB 2014) (“*AT&T-Leap Order*”).

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

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

<sup>13</sup> *See id.*

<sup>14</sup> *See id.*

<sup>15</sup> *See id.*

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

<sup>17</sup> *See id.*

<sup>18</sup> *See, e.g., AT&T-Consolidated Order*, 30 FCC Rcd at 9800 ¶ 7; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111-12 ¶ 9; *AT&T-Leap Order*, 29 FCC Rcd at 2743-44 ¶ 16.

<sup>19</sup> 47 U.S.C. § 309(e). *See also, e.g., AT&T-Consolidated Order*, 30 FCC Rcd at 9800 ¶ 7; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111-12 ¶ 9; *AT&T-Leap Order*, 29 FCC Rcd at 2743 ¶ 15; Application of EchoStar Communications Corp., General Motors Corp. and Hughes Electronics Corp., CS Docket No. 01-348, *Hearing Designation Order*, 17 FCC Rcd 20559, 20574 ¶ 25 (2002).

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

repeatedly has been found qualified to hold Commission licenses.<sup>21</sup> We therefore find there is no reason to reevaluate the requisite citizenship, character, financial, technical, or other basic qualifications under the Act and our rules, regulations, and policies, of CPI or AT&T.<sup>22</sup>

### III. POTENTIAL PUBLIC INTEREST HARMS

7. *Competitive Overview.* In its examination of a proposed transaction, the Commission evaluates the potential public interest harms and undertakes a case-by-case review of the competitive effects of any increase in market concentration or in spectrum holdings in the relevant markets.<sup>23</sup> The Commission's competitive analysis of wireless transactions focuses initially on markets where the acquisition of customers and/or spectrum would result in significant concentration of either or both, and thereby could lead to competitive harm.<sup>24</sup> In the past, the Commission has used a two-part screen to help identify those markets that provide particular reason for further competitive analysis, but has not limited its consideration of potential competitive harms solely to markets identified by its screen if it encounters other factors that may bear on the public interest inquiry.<sup>25</sup>

8. In the *Mobile Spectrum Holdings Report and Order*, the Commission found that it is in the public interest to continue to use its spectrum screen and case-by-case review,<sup>26</sup> and, in addition, to require that any increase in spectrum holdings of below 1 GHz be treated as an "enhanced factor" in its review if post-transaction the acquiring entity would hold approximately one-third or more of such spectrum.<sup>27</sup> The Commission stated that it anticipated "that any entity that would end up with more than one third of below-1-GHz spectrum as a result of a proposed transaction would facilitate our case-by-case review with a detailed demonstration regarding why the public interest benefits outweigh harms."<sup>28</sup> The Commission further stated, however, that when the other factors ordinarily considered indicate a low potential for competitive or other public interest harm, the acquisition of below-1-GHz spectrum resulting

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

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

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

<sup>24</sup> See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5113 ¶ 12; *AT&T-Leap Order*, 29 FCC Rcd at 2745 ¶ 20.

<sup>25</sup> See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5113 ¶ 12. See also *USCC-McBride Order*, 30 FCC Rcd at 9902-3 ¶ 9; *AT&T-Consolidated Order*, 30 FCC Rcd at 9800-1 ¶ 9; *AT&T-Leap Order*, 29 FCC Rcd at 2752 ¶ 39, 2753 ¶ 41, 2755-56 ¶ 147.

<sup>26</sup> See *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6223-24 ¶ 231.

<sup>27</sup> See *id.*, 29 FCC Rcd at 6240 ¶¶ 286-88. See also, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9902-3 ¶ 9; *AT&T-Consolidated Order*, 30 FCC Rcd at 9800-1 ¶ 9; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5108 ¶ 2.

<sup>28</sup> *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240 ¶ 286. The Commission also set out a heightened standard of review for cases in which the proposed transaction would result in an entity that already holds approximately one-third or more of below-1-GHz spectrum in a market acquiring additional below-1-GHz spectrum in that market, especially with regard to paired low-band spectrum. In these cases, the Commission stated that the required demonstration of the potential public interest benefits of the proposed transaction would need to clearly outweigh the potential public interest harms associated with such additional concentration of below-1-GHz spectrum, irrespective of other factors. See *id.*, 29 FCC Rcd at 6240 ¶ 287. See also *Application of AT&T Mobility Spectrum LLC and Club 42CM Limited Partnership for Consent To Assign Licenses*, WT Docket No. 14-145, *Memorandum Opinion and Order*, 30 FCC Rcd 13055, 13057-58 ¶ 7, 13062 ¶ 15, 13072-73 ¶ 37, 13077-78 ¶ 48, 13078-79 ¶ 51 (2015) ("*AT&T-Club 42 Order*"). See also, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9903 n.31; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801 n.34; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5111 ¶ 8 n.31, 5113 ¶ 13, 5114 ¶ 15, 5123 ¶ 36 n.114, 5130 ¶ 56.

in holdings of approximately one-third or more would not preclude a conclusion that a proposed transaction, on balance, furthers the public interest.<sup>29</sup>

9. The Commission stated in the *Mobile Spectrum Holdings Report and Order* that low-band spectrum is less costly to deploy and provides higher quality coverage than higher-band spectrum,<sup>30</sup> and that the leading two nationwide service providers hold most of the low-band spectrum available today.<sup>31</sup> The Commission found that if they were to acquire all, or substantially all, of the remaining low-band spectrum, they would benefit, independently of any deployment, to the extent that rival service providers are denied its use.<sup>32</sup> As the Commission found, without access to this low-band spectrum, rival service providers that may lack a mix of low-band and higher-band spectrum would be less able to provide a robust competitive alternative, and may not be able to quickly expand coverage or provide new services.<sup>33</sup> We consider below whether there would be an increased likelihood as a result of the proposed transaction that rival service providers or potential entrants would be foreclosed from expanding capacity, deploying mobile broadband technologies, or entering the market, and whether rivals' costs would be increased to the extent that they would be less likely to be able to compete robustly.<sup>34</sup>

#### A. Market Definitions

10. We begin our competitive analysis by determining the appropriate market definitions for the proposed transaction,<sup>35</sup> including a determination of the product market, the geographic market, the input market for spectrum suitable and available for the provision of mobile wireless services, and the market participants.

11. *Product and Geographic Markets.* Consistent with recent transaction orders, we find that the relevant product market is a combined “mobile telephony/broadband services” product market that comprises mobile voice and data services, including mobile voice and data services provided over advanced broadband wireless networks (mobile broadband services).<sup>36</sup> In addition, we find that the relevant geographic market is local.<sup>37</sup> The Applicants are seeking Commission approval of the proposed assignment of 25 megahertz of cellular spectrum that covers eleven counties in all or parts of two local contiguous rural markets that account for well under one percent of the population of the United States.

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<sup>29</sup> See *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240 ¶ 286.

<sup>30</sup> See *id.*, 29 FCC Rcd at 6164 ¶ 60.

<sup>31</sup> See *id.*, 29 FCC Rcd at 6156-57 ¶ 46, 6162 ¶ 58, 6164 ¶ 60.

<sup>32</sup> See *id.*, 29 FCC Rcd at 6164 ¶ 60.

<sup>33</sup> See *id.*, 29 FCC Rcd at 6164-65 ¶¶ 60-61; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5113-14 ¶ 14. See also *USCC-McBride Order*, 30 FCC Rcd at 9903 ¶ 10; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-2 ¶ 10.

<sup>34</sup> See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9903 ¶ 10; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-2 ¶ 10; Applications of AT&T Mobility Spectrum LLC and KanOkla Telephone Association, WT Docket No. 14-199, *Memorandum Opinion and Order*, 30 FCC Rcd 8555, 8559-60 ¶ 10 (WTB 2015) (“*AT&T-KanOkla Order*”).

<sup>35</sup> See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9904 ¶ 11; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5114-15 ¶ 16; *AT&T-Leap Order*, 29 FCC Rcd at 2746 ¶ 22.

<sup>36</sup> See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9904 ¶ 12; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5115-16 ¶ 18; *AT&T-Leap Order*, 29 FCC Rcd at 2746 ¶ 23.

<sup>37</sup> The Commission has found that the relevant geographic markets for certain wireless transactions generally are local, but has held that a transaction's competitive effects should also be evaluated at the national level where a transaction exhibits certain national characteristics that provide cause for concern. See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5116 ¶ 19. See also *USCC-McBride Order*, 30 FCC Rcd at 9904 n.40; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-2 n.43; *AT&T-Leap Order*, 29 FCC Rcd at 2748 ¶ 27.

12. *Input Market for Spectrum and Market Participants.* For our analysis, we include the spectrum bands, or portions thereof, found in recent Commission orders as the input market.<sup>38</sup> Similarly, we apply recent Commission precedent and consider facilities-based entities providing mobile telephony/broadband services using cellular, PCS, SMR, 700 MHz, AWS-1, BRS, WCS, AWS-4, H Block, EBS, and AWS-3 and 600 MHz spectrum (as both the latter become available) to be market participants.<sup>39</sup>

### B. Competitive Effects of the Proposed Transaction

13. *Initial Review.* As discussed above, to help identify those local markets in which competitive concerns are more likely, initially we apply a two-part screen, and if the acquiring entity would increase its below-1-GHz spectrum holdings to hold approximately one-third or more of such spectrum post-transaction, we apply enhanced factor review.<sup>40</sup> The first part of the screen is based on the size of the post-transaction Herfindahl-Hirschman Index (“HHI”) and the change in the HHI.<sup>41</sup> Horizontal transactions such as the proposed transaction, in which firms in the same market are combining, raise potential competitive concerns when the merged entity has the incentive and the ability, either unilaterally or in coordination with other service providers, to raise prices, lower quality, or otherwise harm competition in a relevant market.<sup>42</sup> The second part of the screen, which is applied on a county-by-county basis, identifies local markets where an entity would hold approximately one-third or more of the total spectrum suitable and available for the provision of mobile telephony/broadband

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<sup>38</sup> See, e.g., *AT&T-Plateau Wireless*, 30 FCC Rcd at 5117 ¶ 22; *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6169-70 ¶¶ 70, 72. See also *USCC-McBride Order*, 30 FCC Rcd at 9904 ¶ 13; *AT&T-Consolidated Order*, 30 FCC Rcd at 9801-2 ¶ 13; *AT&T-Leap Order*, 29 FCC Rcd at 2749-50 ¶ 32.

<sup>39</sup> See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9904 ¶ 13; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5117 ¶ 23; *AT&T-Leap Order*, 29 FCC Rcd at 2751 ¶ 35.

<sup>40</sup> See, e.g., *AT&T-Club 42 Order*, 30 FCC Rcd at 13065-66 ¶ 23; *USCC-McBride Order*, 30 FCC Rcd at 9904-5 ¶ 15; *AT&T-KanOkla Order*, 30 FCC Rcd at 8561 ¶ 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118 ¶ 24; *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240 ¶ 286. The current total amount of below-1-GHz spectrum that is suitable and available is 134 megahertz, approximately one-third of which is 45 megahertz. See *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6156-57, 6240 ¶ 46, ¶¶ 286-88. As with our application of the initial total spectrum screen, we evaluate increases in below-1-GHz spectrum concentration on a county-by-county basis. See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9904-5 n.45; *AT&T-KanOkla Order*, 30 FCC Rcd at 8561 n.48; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5121 ¶ 31, 5123 ¶ 35.

<sup>41</sup> The initial HHI screen identifies, for further case-by-case market analysis, those markets in which, post-transaction: (1) the HHI would be greater than 2800 and the change in HHI would be 100 or greater; or (2) the change in HHI would be 250 or greater, regardless of the level of the HHI. See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118 ¶ 24; *AT&T-Leap Order*, 29 FCC Rcd at 2753 ¶ 41 n.140.

<sup>42</sup> See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5114 ¶ 16; *AT&T-Leap Order*, 29 FCC Rcd at 2744-46 ¶ 21. Unilateral effects arise when the merged firm finds it profitable to alter its behavior following the merger by increasing its price or otherwise harming competition. See, e.g., Horizontal Merger Guidelines, U.S. Department of Justice and the Federal Trade Commission, August 19, 2010, at § 6, p. 20 (“*2010 DOJ/FTC Horizontal Merger Guidelines*”). In the case of the provision of mobile wireless services, in addition to increasing prices, this might take the form of delaying improvements in service quality, adversely adjusting the features of a service offering without changing the price of the plan, or reducing the rate of new product development or other innovation in a relevant market. See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5119 ¶ 26; *AT&T-Leap Order*, 29 FCC Rcd at 2756-57 ¶ 49. Coordinated effects arise when firms take actions that are profitable for each of them only as a result of the accommodating reactions of others. A merger may diminish competition by enabling or encouraging post-merger coordinated interaction among firms in the relevant market that harms customers. *2010 DOJ/FTC Horizontal Merger Guidelines* at § 7, p. 24. See also *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5119 ¶ 26; *AT&T-Leap Order*, 29 FCC Rcd at 2756-57 ¶ 49. Either or both unilateral and coordinated effects may arise from a proposed transaction, and the distinction between them is not always clear cut. See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5119 ¶ 26; *AT&T-Leap Order*, 29 FCC Rcd at 2757 ¶ 49.

services, post-transaction.<sup>43</sup> In instances where an applicant is gaining spectrum below 1 GHz, we also carefully examine the possible competitive effects resulting from an increase in below-1-GHz spectrum holdings that would be above the threshold identified in the *Mobile Spectrum Holdings Report and Order*.<sup>44</sup>

14. In our application of the two-part screen, we note first that the HHI screen is triggered in both Illinois 7 – Vermilion and Illinois 9 – Clay, while the total spectrum screen is not triggered in either market. Further, AT&T currently holds 43 megahertz of below-1-GHz spectrum in Clay, Lawrence, and Richland counties in Illinois 9 – Clay, comprising approximately 32 percent of the population in that CMA. With this proposed transaction, AT&T would increase its low-band holdings to 68 megahertz in these three counties. Thus, in addition to triggering the HHI screen, Illinois 9 – Clay is subject to enhanced factor review as set forth in paragraph 286 of the *Mobile Spectrum Holdings Report and Order*.<sup>45</sup>

15. *Record.* The Applicants claim that the transaction will not result in any competitive harms either nationally or at the local level.<sup>46</sup> The Applicants further claim that the nature and dynamics of the marketplace render the post-transaction spectrum holdings inconsequential.<sup>47</sup> In addition, CPI claims that it faces market changes that prevent it from remaining an effective competitor.<sup>48</sup> In particular, CPI describes skyrocketing data usage, heavy customer demand for off-network services, and the need to upgrade to 4G LTE technology.<sup>49</sup> CPI contends that it does not own, and cannot economically acquire, the spectrum or the equipment necessary to upgrade to LTE.<sup>50</sup> No petitions to deny or comments were received.

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<sup>43</sup> See, e.g., *AT&T-Club 42 Order*, 30 FCC Rcd at 13065-66 ¶ 23; *USCC-McBride Order*, 30 FCC Rcd at 9904-5 ¶ 15; *AT&T-Consolidated Order*, 30 FCC Rcd at 9803 ¶ 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118 ¶ 24.

<sup>44</sup> See *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6233 ¶ 267, 6240 ¶¶ 286-88. See also, e.g., *AT&T-Club 42 Order*, 30 FCC Rcd at 13065-66 ¶ 23; *USCC-McBride Order*, 30 FCC Rcd at 9904-5 ¶ 15; *AT&T-KanOkla Order*, 30 FCC Rcd at 8561 ¶ 15; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5118 ¶ 24.

<sup>45</sup> See *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240 ¶ 286.

<sup>46</sup> The Applicants argue that the Commission previously has found that an acquisition of a small non-national wireless service provider like CPI does not have “significant effects . . . at the national level.” See Public Interest Statement at 8 (citing Applications of AT&T Inc. and Atlantic Tele-Network, Inc. for Consent To Transfer Control of and Assign Licenses and Authorizations, *Memorandum Opinion and Order*, 28 FCC Rcd 13670, 13683 ¶ 26 (WTB, IB 2013)). They also argue that the proposed transaction would not concentrate spectrum holdings in a way that could result in an increased ability or incentive to engage in anti-competitive behavior. See Public Interest Statement at 6-7.

The Applicants further claim that at a local level, the proposed transaction affects only two CMAs, and that in one of those CMAs, Illinois 9 – Clay, the proposed transaction would not reduce the number of competitors because CPI does not cover 70% of the population and 50% of the geography. See Public Interest Statement at 8. See also n.56 *infra*.

<sup>47</sup> The Applicants claim that AT&T’s attributable spectrum holdings would remain well below the Commission’s 194 megahertz screen in the current CPI license area. See Public Interest Statement at 7-8. With regard to low-band spectrum aggregation, AT&T points to Verizon Wireless as the largest holder of low band spectrum in the current CPI license area, with its holdings averaging 43 megahertz on a population-weighted basis, which it contrasts to the 37 megahertz that AT&T would hold post-transaction on a population-weighted basis. See *id*.

<sup>48</sup> See Public Interest Statement at 1; see also CPI Information Request Response at 1 (stating that these challenges have been [REDACTED]).

<sup>49</sup> See Public Interest Statement at 1.

<sup>50</sup> See CPI Information Request Response at 1.

16. *Market-Specific Review.* Generally, in undertaking our analysis, we consider various competitive variables that help to predict the likelihood of competitive harm post-transaction. These competitive variables include, but are not limited to: the total number of rival service providers; the number of rival firms that can offer competitive service plans; the coverage by technology of the firms' respective networks; the rival firms' market shares; the combined entity's post-transaction market share and how that share changes as a result of the transaction; the amount of spectrum suitable for the provision of mobile telephony/broadband services controlled by the combined entity; and the spectrum holdings of each of the rival service providers.<sup>51</sup>

17. We begin with our review of Illinois 7 – Vermilion, which is a rural market of approximately 231,000 people with a population density of 55 people per square mile.<sup>52</sup> Illinois 7 – Vermilion triggers the HHI screen but is not subject to enhanced factor review, as AT&T would increase its low-band spectrum holdings from its current 6 megahertz of unpaired spectrum to 31 megahertz post-transaction, well under our threshold of 45 megahertz. This proposed transaction would reduce the number of service providers with a significant market share from four to three.<sup>53</sup> Currently, AT&T, CPI, Sprint, and Verizon Wireless respectively hold approximately [REDACTED] percent of the market. Post-transaction, AT&T's market share would be approximately [REDACTED] percent. As proxied by porting data, AT&T and CPI are not particularly close substitutes in Illinois 7 – Vermilion.<sup>54</sup>

18. Post-transaction, AT&T would hold 101 megahertz to 121 megahertz of spectrum in this CMA, while Sprint holds 112 megahertz to 175 megahertz of spectrum, and Verizon Wireless holds 97 megahertz to 102 megahertz of spectrum.<sup>55</sup> In terms of population and land area coverage, in addition to AT&T, Verizon Wireless has significant 3G coverage, while Sprint has close to significant coverage.<sup>56</sup> Specifically, AT&T covers approximately 90 percent of the population and 88 percent of the land area with its 3G network, while the comparable 3G network coverage percentages are approximately 100 percent and 99 percent for Verizon Wireless, and approximately 69 percent and 48 percent for Sprint. According to our analysis of CPI's submitted shapefiles, CPI has significant HSPA+ coverage, covering approximately [REDACTED] percent of both the population and the land area in Illinois 7 – Vermilion,

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<sup>51</sup> We derive market shares and HHIs from our analysis of data compiled in our June 2015 NRUF and LNP database, network coverage from July 2015 Mosaik data and 2010 U.S. Census data, and spectrum holdings from our licensing databases and the Applications. We also utilized and analyzed additional data as provided by the Applicants through our information requests. *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9905 n.51; *AT&T-KanOkla Order*, 30 FCC Rcd at 8562 n.54; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5120 ¶ 29, n.98.

<sup>52</sup> The population density is measured by the number of people per square mile using Census 2010 data. Rural markets are generally characterized by fewer than 100 people per square mile. *See Facilitating the Provision of Spectrum-Based Services to Rural Areas and Promoting Opportunities for Rural Telephone Companies To Provide Spectrum-Based Services*, WT Docket Nos. 02-381, 01-14, 03-202, *Report and Order and Further Notice of Proposed Rulemaking*, 19 FCC Rcd 19078, 19086-88 ¶¶ 10-12 (2004).

<sup>53</sup> The post-transaction HHI is [REDACTED] and the change in the HHI is [REDACTED].

<sup>54</sup> Approximately [REDACTED]% of CPI's subscribers who ported out ported to AT&T and approximately [REDACTED]% of AT&T's subscribers who ported out ported to CPI in 2014. *See* 2014 LNP Data; CPI Information Request Response, Exhibit 5; Response of AT&T to the General Information Request Dated May 20, 2015, WT Docket No. 15-78, at Exhibit 8.1 (June 3, 2015) ("AT&T Information Request Response").

<sup>55</sup> In addition, T-Mobile holds 50 megahertz to 72 megahertz of spectrum, including 12 megahertz of low-band spectrum in two counties covering approximately 16% of the population of Illinois 7 – Vermilion, USCC holds 24 megahertz to 56 megahertz of spectrum, including 24 megahertz to 36 megahertz of low-band spectrum, and DISH holds 56 megahertz of spectrum, including 6 megahertz of unpaired spectrum below 1 GHz.

<sup>56</sup> It has previously been found that coverage of 70% or more of the population and 50% or more of the land area is presumptively sufficient for a service provider to have a competitive presence in the market. *See, e.g., USCC-McBride Order*, 30 FCC Rcd at 9906 n.54; *AT&T-KanOkla Order*, 30 FCC Rcd at 8562 n.59; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5121 n.102; *AT&T-Leap Order*, 29 FCC Rcd at 2770 n.279.



and has no LTE coverage.<sup>57</sup> In addition, AT&T covers approximately 89 percent of the population and 87 percent of the land area with HSPA+, and approximately 59 percent of the population and 48 percent of the land area with LTE. The comparable LTE network coverage percentages are approximately 100 percent and 99 percent for Verizon Wireless, and approximately 62 percent and 41 percent for Sprint.<sup>58</sup>

19. Based on our analysis of the market-specific factors for Illinois 7 – Vermilion, we find that the increased market concentration in this market is unlikely to result in significant competitive harm. Illinois 7 – Vermilion is a rural market. We note that, post-transaction, three nationwide service providers, Sprint and Verizon Wireless as well as AT&T, would have a significant market share. In addition, the same three nationwide service providers would have significant (or nearly significant) 3G and LTE population and land area coverage.<sup>59</sup> In addition, there are no particular spectrum concentration issues. Thus, although this market triggers the HHI screen, we conclude that given the ability of other rival service providers to offer competitive services, combined with the spectrum and capacity of rival service providers, the proposed transaction is unlikely to materially lessen their ability to respond to any anticompetitive behavior on the part of AT&T in this local rural market.

20. We next turn to our review of Illinois 9 – Clay, which triggers the HHI screen and is also subject to enhanced factor review as set forth in paragraph 286 of the *Mobile Spectrum Holdings Report and Order*.<sup>60</sup> We note first that this market is a smaller rural market of approximately 145,000 people, with relatively few people per square mile (its population density is 32). In terms of market shares, currently, AT&T, CPI, and Verizon Wireless respectively hold approximately [REDACTED] percent of the market. Post-transaction, the number of service providers with a significant market share anywhere in this CMA would be reduced from three to two, and AT&T's market share would be approximately [REDACTED] percent.<sup>61</sup> As proxied by porting data, AT&T and CPI are not at all close substitutes in Illinois 9 – Clay.<sup>62</sup>

21. Post-transaction, AT&T would hold 113 megahertz to 173 megahertz of spectrum in this CMA, while Verizon Wireless holds 72 megahertz to 117 megahertz of spectrum.<sup>63</sup> The two other nationwide service providers, Sprint and T-Mobile, hold 130 megahertz to 193 megahertz, and 50 megahertz to 80 megahertz, respectively, on a county-by-county basis. With respect to below-1-GHz spectrum, as noted above, AT&T would acquire 25 megahertz of cellular spectrum in three counties whose population accounts for approximately 32 percent of the population of the CMA, and would hold 43 megahertz to 68 megahertz of below-1-GHz spectrum in Illinois 9 – Clay post-transaction. Verizon Wireless holds 22 megahertz to 47 megahertz of low-band spectrum in this CMA, while Sprint holds 14 megahertz of low-band spectrum, T-Mobile holds 12 megahertz of low-band spectrum covering

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<sup>57</sup> See CPI Information Request Response, Exhibit 3. We note that according to Mosaik, July 2015, CPI had deployed a 3G or better network to approximately 98% of the population and 94% of the land area.

<sup>58</sup> T-Mobile covers approximately 36% of the population and 23% of the land area with its 3G network, and its respective LTE coverage percentages are approximately 24% and 15%.

<sup>59</sup> In addition, while T-Mobile does not currently have a market presence, it covers over 35% of the population with 3G and close to 25% of the population with HSPA+ and LTE, and could potentially enter the market on a timely basis in response to any material increase in the quality-adjusted price on the part of AT&T.

<sup>60</sup> See *Mobile Spectrum Holdings Report and Order*, 29 FCC Rcd at 6240 ¶ 286.

<sup>61</sup> The post-transaction HHI is [REDACTED] and the change in the HHI is [REDACTED].

<sup>62</sup> Approximately [REDACTED]% of CPI's subscribers who ported out ported to AT&T and approximately [REDACTED]% of AT&T's subscribers who ported out ported to CPI in 2014. See 2014 LNP Data; CPI Information Request Response, Exhibit 5; AT&T Information Request Response, Exhibit 8.1.

<sup>63</sup> In addition, USCC holds 12 megahertz to 44 megahertz of spectrum, and DISH holds 56 megahertz of spectrum, including 6 megahertz of unpaired low-band spectrum.

approximately 57 percent of the CMA's population, and USCC holds 12 megahertz to 24 megahertz of low-band spectrum in the CMA.

22. In terms of population and land area coverage, AT&T and Verizon Wireless have significant 3G coverage. Specifically, AT&T covers approximately 100 percent of the population and the land area with its 3G network, while the comparable 3G network coverage percentages are approximately 90 percent for both for Verizon Wireless. Further, Sprint covers approximately 44 percent of the population and 37 percent of the land area with 3G.<sup>64</sup> In addition, AT&T has significant HSPA+ coverage, and also covers approximately 80 percent of the population and 81 percent of the land area with LTE, while the comparable LTE network coverage percentages for Verizon Wireless are approximately 99 percent and 96 percent. According to CPI's submitted data, it does not have close to significant HSPA+ coverage in Illinois 9 – Clay, covering only approximately [REDACTED] of the population and the land area, and has no LTE coverage.<sup>65</sup>

23. Based on our evaluation of the likelihood of competitive harm, we find limited potential for competitive harm from the proposed transaction in Illinois 9 – Clay. We note in particular that CPI's market presence is limited to only three of the twelve counties that make up this rural market, covering less than a third of this market's population. Thus, while the number of service providers would be reduced in these three counties, for more than two-thirds of this market, the number of service providers with a significant market share would be the same post-transaction as pre-transaction, *i.e.*, AT&T and Verizon Wireless (the leading service provider in these areas). Moreover, reflecting CPI's limited presence in this market, it does not have significant population or land area coverage, and its network covers less than a third of the population with 3G or better. Thus, the number of service providers with significant population and land area coverage would not be reduced as a result of the proposed transaction. In addition, while neither T-Mobile nor Sprint currently have significant 3G or better coverage, both nationwide service providers have begun to deploy a 3G network and Sprint has also begun to deploy an LTE network, and could potentially enter or expand in the market. Finally, regarding low-band spectrum holdings, we note that Verizon Wireless holds 22 megahertz to 47 megahertz, Sprint holds 14 megahertz, T-Mobile holds 12 megahertz (covering approximately 57 percent of this CMA's population), and USCC holds 12 megahertz to 24 megahertz. We also note that 38 megahertz of paired low-band spectrum in this market remains held by parties other than the leading two nationwide service providers. We find, therefore, based on our evaluation of the particular factors ordinarily considered,<sup>66</sup> that there is some potential for competitive harm in three of the counties that make up Illinois 9 – Clay, but that any harm is likely to be limited to this enclave in the market, as competitive conditions are unchanged in the rest of the market as a result of this proposed transaction.<sup>67</sup>

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<sup>64</sup> We note also that Sprint covers approximately 21% of the population and 12% of the land area with LTE. T-Mobile's 3G coverage is quite limited, at around 10% for both the population and land area.

<sup>65</sup> See CPI Information Request Response, Exhibit 3. We note that according to Mosaik, July 2015, CPI has deployed a 3G or better network to approximately 32% of the population and 25% of the land area.

<sup>66</sup> See ¶ 16 *supra*. See also, *e.g.*, *USCC-McBride Order*, 30 FCC Rcd at 9906-7 ¶¶ 19, 21; *AT&T-KanOkla Order*, 30 FCC Rcd at 8563 ¶ 19; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5123 ¶ 36.

<sup>67</sup> See Applications of AT&T Inc. and Centennial Communications Corp. For Consent to Transfer Control of Licenses, Authorizations, and Spectrum Leasing Arrangements, WT Docket No. 08-246, *Memorandum Opinion and Order*, 24 FCC Rcd 13915, 13948 n.288 (2009); Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC For Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements and Petition For Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Communications Act, WT Docket No. 08-95, *Memorandum Opinion and Order and Declaratory Ruling*, 23 FCC Rcd 17444, 17488 ¶ 92 (2008).

#### IV. POTENTIAL PUBLIC INTEREST BENEFITS

24. We next consider whether the proposed transaction is likely to generate verifiable, transaction-specific public interest benefits.<sup>68</sup> The Commission applies several criteria in deciding whether a claimed benefit should be considered and weighed against potential harms,<sup>69</sup> and applies a “sliding scale approach” to evaluating benefit claims.<sup>70</sup> Under this sliding scale approach, where potential harms appear “both substantial and likely, a demonstration of claimed benefits also must reveal a higher degree of magnitude and likelihood than we would otherwise demand.”<sup>71</sup> Conversely, where potential harms appear less likely and less substantial, we will accept a lesser showing to approve the proposed transaction.<sup>72</sup>

25. *Potential Benefits.* As a result of the proposed transaction, the Applicants claim that AT&T’s integration of CPI’s network will include an upgrade to LTE from HSPA+ and EDGE.<sup>73</sup> The Applicants also contend that, because AT&T has no coverage in part of CPI’s service territories,<sup>74</sup> once the Applicants’ networks are integrated, AT&T customers would gain on-net service in a greater portion of the two CMAs that are implicated by this proposed transaction.<sup>75</sup> Moreover, according to the Applicants, in the areas where AT&T and CPI’s networks already overlap, AT&T would integrate complementary cell sites and certain other equipment, resulting in a denser network with improved coverage and capacity.<sup>76</sup> The Applicants contend that improved coverage and capacity means that “[c]ustomers of both companies will enjoy a better experience, particularly in areas where they may be experiencing dropped calls, dead spots, and coverage gaps.”<sup>77</sup>

26. Looking first at Illinois 7 – Vermilion, AT&T says that for the first time, it will have on-network wireless coverage across the CMA, and this coverage will include 4G LTE across this CMA.<sup>78</sup>

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<sup>68</sup> See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-8 ¶ 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805 ¶ 20; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5126 ¶ 43; *AT&T-Leap Order*, 29 FCC Rcd at 2792-93 ¶ 130.

<sup>69</sup> See ¶ 8 *supra*. See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5126-27 ¶ 44. See also *USCC-McBride Order*, 30 FCC Rcd at 9907-8 ¶ 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805 ¶ 20; *AT&T-Leap Order*, 29 FCC Rcd at 2793-94 ¶ 132.

<sup>70</sup> See *id.*

<sup>71</sup> See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-8 ¶ 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805 ¶ 20; *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5126-27 ¶ 44.

<sup>72</sup> See, e.g., *USCC-McBride Order*, 30 FCC Rcd at 9907-8 ¶ 22; *AT&T-Consolidated Order*, 30 FCC Rcd at 9805 ¶ 20; *AT&T-KanOkla Order*, 30 FCC Rcd at 8563 ¶ 20.

<sup>73</sup> See Public Interest Statement at 3.

<sup>74</sup> In Illinois 7 – Vermilion, AT&T contends that its network currently does not cover [REDACTED]% of the population and land area, respectively. See AT&T Information Request Response at 4. AT&T further maintains that its LTE network covers approximately [REDACTED]% of the population and the land area only. AT&T further claims that [REDACTED]. See AT&T Information Request Response at 4-5.

<sup>75</sup> See Public Interest Statement at 4-5; AT&T Information Request Response at 8, 9, 11. According to the Applicants, currently, when AT&T’s customers roam on the CPI network, they have more limited functionality than they enjoy on AT&T’s network. See Public Interest Statement at 4; AT&T Information Request Response at 4, 8.

<sup>76</sup> See Public Interest Statement at 4; see also AT&T Information Request Response at 8; AT&T Information Request Response, Exhibits 1.1 and 1.2.

<sup>77</sup> See Public Interest Statement at 4; see also AT&T Information Request Response at 8-9.

<sup>78</sup> See AT&T Information Request Response at 11.

AT&T says that it currently plans, post-transaction, [REDACTED].<sup>79</sup> AT&T further says that in those parts of Illinois 7 – Vermilion [REDACTED].<sup>80</sup>

27. Turning to Illinois 9 – Clay, AT&T says that it currently plans, post-transaction, [REDACTED].<sup>81</sup> AT&T asserts that [REDACTED].<sup>82</sup> AT&T maintains that [REDACTED].<sup>83</sup>

28. According to the Applicants, CPI’s customers will gain access to the range of services available on AT&T’s nationwide 4G network.<sup>84</sup> The Applicants claim that “relatively quickly” after the proposed transaction, CPI customers would enjoy: international roaming in more than 225 countries and access to data services in more than 210 countries; use of nearly 402,000 Wi-Fi hotspots globally; an expanded choice of handsets with advanced service capabilities; a wider variety of rate plans; a more robust set of data services; rollover of unused minutes to the next month; free access to 32,000 Wi-Fi hotspots for eligible subscribers; and access to AT&T’s nationwide footprint when traveling.<sup>85</sup> In addition, the Applicants assert that the proposed transaction would result in cost savings from reduced roaming costs.<sup>86</sup>

29. Regarding the transition of CPI’s customers to AT&T post-transaction, the Applicants state that, “because CPI and AT&T are roaming partners and both use GSM and UMTS-based network technologies, CPI customers should be able to use their current devices post-integration.”<sup>87</sup> The Applicants represent that AT&T currently plans to offer CPI subscribers comparable rate plans without requiring a contract extension.<sup>88</sup>

30. *Evaluation.* We have reviewed the detailed assertions of the Applicants regarding the benefits they allege would result from the proposed transaction, as well as their detailed responses to our requests for additional information and documents. Initially, we note that CPI stated that it has concluded that it cannot remain an effective competitor in the current wireless marketplace.<sup>89</sup> The record provides general support for the Applicants’ contentions that the proposed transaction would result in some public interest benefits. We find that AT&T would likely be able to deploy the acquired spectrum and complementary cell sites to increase the coverage and quality of its 4G LTE network in these service territories and provide a better user experience to its customers. We also find that the proposed transaction would lead to certain roaming cost savings, which to the extent these are passed on to the

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<sup>79</sup> See AT&T Information Request Response at 6.

<sup>80</sup> See *id.*

<sup>81</sup> See *id.*

<sup>82</sup> See *id.*

<sup>83</sup> See *id.* AT&T states that its “present intention” is to complete the network integration and upgrades described above [REDACTED]. See *id.*

<sup>84</sup> See Public Interest Statement at 4.

<sup>85</sup> See Public Interest Statement at 4-5; AT&T Information Request Response at 8-10.

<sup>86</sup> See Public Interest Statement at 6. In particular, the Applicants claim that, by expanding AT&T’s coverage, the proposed transaction would result in more on-net usage by both AT&T’s current customers and the acquired CPI customers, thereby reducing their reliance on roaming. See Public Interest Statement at 4; AT&T Information Request Response at 9-10.

<sup>87</sup> See Public Interest Statement at 5.

<sup>88</sup> See Public Interest Statement at 5. In the event that AT&T is unable to offer a comparable rate plan to a customer, the Applicants indicate that AT&T would offer such a customer either a non-comparable rate plan or the option to terminate service without early termination fees. See *id.*

<sup>89</sup> See Public Interest Statement at 1; ¶ 15 *supra*.

customer, will likely result in some public interest benefits.<sup>90</sup> We also acknowledge the Applicants' alleged benefits to CPI customers, including access to 4G LTE technology; expanded choice of handsets; wider variety of rate plans; more robust data services; free mobile-to mobile calling to an expanded customer base; and access to AT&T's nationwide footprint when traveling. Although we note that these benefits are already available to CPI's customers in locations where AT&T is currently offering these services as a competitor to CPI, we recognize that AT&T has limited deployment in parts of CPI's service area.<sup>91</sup> To the extent that the proposed transaction would facilitate more rapid deployment of 4G LTE by AT&T in these markets, it would likely lead to discernible benefits to those CPI customers who transition to AT&T's nationwide network and AT&T customers who roam on CPI's network.<sup>92</sup>

## V. BALANCING THE POTENTIAL BENEFITS AND THE POTENTIAL HARMS

31. We have reviewed the Applicants' initial claims, as well as their responses to our requests for additional information and documents. We have carefully evaluated the likely competitive effects of increased market concentration in these two local markets, and AT&T's increased aggregation of below-1-GHz spectrum in a portion of Illinois 9 – Clay. We have also considered the potential public interest benefits, and find that the record provides general support for the Applicants' claims, as discussed above. Under our sliding scale approach, we find, therefore, that the potential public interest benefits outweigh the limited potential public interest harms. As a result, based on the record before us and our competitive review, we find that the proposed assignment would serve the public interest, convenience, and necessity.

## VI. ORDERING CLAUSES

32. ACCORDINGLY, having reviewed the Applications and the record in this proceeding, IT IS ORDERED that, pursuant to sections 4(i) and (j), 214, 303(r), 309, and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 214, 303(r), 309, 310(d), the applications for assignment of licenses and an international section 214 authorization held by Cellular Properties, Inc. to Centaur Acquisition Company LLC as owned by AT&T Inc. are GRANTED.

33. IT IS FURTHER ORDERED that the above grant shall include authority for the assignment of any applications regarding the CPI assets that are pending at the time of consummation as well as any licenses or authorizations that may have inadvertently been omitted from the application forms filed by the Applicants.

34. IT IS FURTHER ORDERED that this Order SHALL BE EFFECTIVE upon release. Petitions for reconsideration under section 1.106 of the Commission's rules, 47 C.F.R. § 1.106, or applications for review under section 1.115 of the Commission's rules, 47 C.F.R. § 1.115, may be filed within thirty days of the date of release of this Memorandum Opinion and Order.

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<sup>90</sup> See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5130 ¶ 55.

<sup>91</sup> See Public Interest Statement at 4-5; AT&T Information Request Response at 8-9. Our analysis of the Applicants' submitted data indicates that in Illinois 7 – Vermilion, the population and land area overlap is approximately [REDACTED]%, respectively, while in Illinois 9 – Clay, the population and land area overlap is only approximately [REDACTED]%, respectively. See CPI Information Request Response, Exhibit 3, AT&T Information Request Response, Exhibit 6.1.

<sup>92</sup> See, e.g., *AT&T-Plateau Wireless Order*, 30 FCC Rcd at 5129-30 ¶ 54.

35. This action is taken under delegated authority pursuant to sections 0.51, 0.131, 0.261, and 0.331 of the Commission's rules, 47 C.F.R. §§ 0.51, 0.131, 0.261, 0.331.

FEDERAL COMMUNICATIONS COMMISSION

Roger C. Sherman  
Chief  
Wireless Telecommunications Bureau

Mindel De La Torre  
Chief  
International Bureau