

MOBILE

FCC chair backs merger after T-Mobile and Sprint pledge 97% U.S. 5G coverage in 3 years

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Third- and fourth-place U.S. cellular carriers T-Mobile and Sprint have been struggling to get regulatory approval for their merger since it was announced last year, as multiple FCC review delays and scattered protests have kept the deal from happening. Today, FCC chair Ajit Pai said the carriers have won his support after promising to deliver 5G coverage to 97% of the U.S. population within three years.

“In light of the significant commitments made by T-Mobile and Sprint, as well as the facts in the record to date,” Pai said in a statement, “I believe that this transaction is in the public interest and intend to recommend to my colleagues that the FCC approve it.”



According to Pai, the carriers have offered the following specific 5G network commitments in exchange for receiving regulatory approvals for the deal.

- 97% U.S. population coverage within three years of the merger’s close, including 85% of rural Americans.
- 99% U.S. population coverage within six years of the merger’s close, including 90% of rural Americans.
- A guarantee that 90% of Americans will have mobile broadband access at 100Mbps or more, with 99% able to access speeds of 50Mbps or more.
- A guarantee that at least two-thirds of rural Americans will have access to high-speed, mid-band 5G.

- An agreement to divest Boost Mobile to retain competitiveness in the prepaid wireless segment.
- Billions of dollars in penalties to the FCC if the merged “New T-Mobile” fails to follow through on these commitments.

“This is a unique opportunity to speed up the deployment of 5G throughout the United States,” said Pai, “and bring much faster mobile broadband to rural Americans. We should seize this opportunity.”

While Pai’s backing is critically important to making the merger a reality — and arguably a de facto rubber stamp for the deal — the FCC will need to draft an order approving the merger and hold a vote with a majority of commissioners in favor. Given the commission’s voting record in recent years, there’s every reason to believe the FCC will approve the deal.

One interesting point: Pai’s statement notes two thresholds for T-Mobile’s 5G service, namely 85% rural coverage versus 66.6% “high-speed, mid-band 5G” coverage. Unlike most other carriers, T-Mobile has specifically explained that it plans to blanket the United States with a low-frequency, likely slower 5G network, which will be augmented with faster mid-band (sub-6GHz) and high-band (millimeter wave) 5G throughout cities. This commitment indicates that a supermajority of rural customers will benefit from fast 5G speeds, not just basic 5G service.

T-Mobile and Sprint previously made a deal with the California Emerging Technology Fund to guarantee 5G coverage for 99% of California homes, as well as other local benefits, if the state’s Public Utilities Commission approved the merger. It’s unclear whether other states will attempt to wean specific concessions from the carriers or will just accept the FCC’s negotiated position.

Updated at 6:55 a.m. Pacific: FCC commissioner Brendan Carr joined Pai in supporting the merger, explaining in a statement:

I support the combination of T-Mobile and Sprint because Americans across the country will see more competition and an accelerated buildout of fast, 5G services. The proposed transaction will strengthen competition in the U.S. wireless market and provide mobile and in-home broadband access to communities that demand better coverage and more choices.

Today's commitments to bring 5G to rural America are verifiable and enforceable. The proposed transaction's investment in rural 5G will help close the digital divide—this FCC's top priority. American leadership in 5G depends on giving all communities a fair shot at next-gen access. I am pleased that the parties have agreed to invest in securing the U.S.'s preeminence in 5G.

Like Pai, Carr noted that the year-long review process has yielded plenty of details on the merger, including enough commitments from the carriers to justify the commission's support. He framed the approval as an opportunity for the United States to "notch another win in the global race to 5G."