



California Emerging Technology Fund Urges Approval with Conditions for Sprint-T-Mobile

A.18-07-011, A.18-07-012

CETF was the only intervenor to reach an agreement with T-Mobile USA, Inc. (T-Mobile) to provide unique and significant public benefits for California wireless consumers relating to its acquisition of Sprint Corporation (Sprint). The agreement is in a Memorandum of Understanding (MOU) between CETF and T-Mobile. The MOU, publicly filed in the proceeding on April 8, 2019 and subject to comment, became effective on the closing of the Transaction. CETF urges approval of the Proposed Decision (PD), but requests the PD be changed to: (1) include the entire CETF MOU in an Ordering Paragraph as a condition of approval; and (2) order the MOU to be enforced by the Commission as agreed to by both parties.

Headline News

- The combined spectrum and infrastructure assets of T-Mobile and Sprint will bring **5G wireless service faster** to Californians with **significantly better coverage to much of rural California (99% of CA households)**. This commitment will be enforced by CETF, through a process including a plan, a timetable, and an independent third party wireless engineering firm to confirm the promised infrastructure build impacting over 3,000 cell sites on the state. This will help the Commission to **meet the AB1665 goal to bring broadband to at least 98% of California households**. No other major broadband provider has made this big a commitment to California, a state with unreliable Internet access in 42% of rural communities.
- T-Mobile committed to **major public safety commitments** in emergency response communications. It agreed to upgrade wireless communications at **10 rural County fairgrounds** with poor broadband service compiled by Office of Emergency Services that are used as staging grounds or evacuee camps in major disasters. This upgrade will **improve wireless communications between first responders**, emergency services providers, local agencies, and evacuees sheltered at these fairgrounds.
- New T-Mobile committed to offer low-cost **LifeLine service for at least five years**, increase **affordable broadband offers**, and greatly increase the total number of low-income and LifeLine consumers on its service.
- New T-Mobile will provide **digital literacy training programs** to help close the Digital Divide. The **negotiated public benefits for Digital Inclusion** total **\$41 million in T-Mobile commitments**.
- California is the last state left to approve the acquisition. **Urgent action on April 16th is critical, given the difficult financial markets due to the COVID-19 emergency.**

Details on the Public Benefits in the CETF-T-Mobile MOU

- Upgrades to advanced 5G wireless networks available to 99% of California households with verification of actual coverage by high-resolution coverage maps and speed by an independent third-party testing firm beginning in 2022 and until the 5G upgrades are completed.
- Installation of high-speed Internet infrastructure and service for 10 State-owned fairgrounds in rural Counties used for emergency response and evacuation sites for disasters, to improve emergency response, improve WiFi for first responders and evacuees at the fairgrounds, and expand economic development in the rural areas.
- Support for emergency first responders by retaining in California existing temporary cellular facilities owned by T-Mobile and Sprint and increasing by 50% those facilities by 2021.
- Offering of LifeLine rates for low-income households through at least 2024 with free high-speed data and complimentary handsets, plus faster broadband speeds and wider coverage areas.
- Development of a Strategic Plan to increase the number of low-income customers on LifeLine rates with free Internet access by 332,500 households for a total of no fewer than 675,000 enrolled customers and a commitment of up to \$5 million (over five years) for advertising and promotion of the affordable offers.
- Investments in Digital Inclusion programs, including
 - Increase in the number of California students benefiting from the T-Mobile and Sprint school-based programs by 52,000 for a total of 112,000 students in the state.
 - \$12.5 million for schools participating in the T-Mobile and Sprint programs to adopt School2Home, a statewide school-improvement initiative developed and managed by CETF, for 25,000 students and an additional \$1 million for participation in the Leadership Academy.
 - \$4.5 million to provide digital literacy training to 75,000 new LifeLine customers.
 - \$5 million to support development and implementation of Digital Inclusion policies and programs by counties and cities in collaboration with Regional Consortia.
 - \$13 million to support the CETF core mission and other programs (detailed in CETF Annual Report filed with Commission each year for the Legislature).
- Consultation with Regional Consortia funded by the Commission on development of deployment and adoption plans.

Other public benefits voluntarily committed by T-Mobile: Customer Experience Center in the San Joaquin Valley generating 1,000 living-wage jobs. CETF has a track record of securing significant tangible public benefit commitments from communications companies during corporate consolidations and ensuring compliance with MOUs. CETF reports annually to the Legislature through the CPUC so there is public accountability for MOU compliance that can be relied upon by policymakers and regulators.

What Community Leaders Say about the CETF-T-Mobile MOU

Eduardo Gonzalez: CSUF Office of Community & Economic Development; Program Manager, San Joaquin Valley Regional Broadband Consortium:

"Every day I see families struggling in San Joaquin Valley communities because of lack of affordable access to the Internet. T-Mobile's public benefit commitments will provide these families with free Internet service through mobile phones lifeline subscription is a "game changer" for the unconnected. And, T-Mobile's commitment to expand its school-based programs will help 52,000 more students get computing devices and free hotspots for home connectivity to achieve educational success."

Cesar Zaldivar-Motts: Executive Director, Southeast Community Development Corporation

"Access to affordable broadband at home is a critical piece of the puzzle as we seek to transform California's urban neighborhoods into model communities. Economic development, educational opportunity and civic engagement today are not possible without Digital Equity, and this agreement between T-Mobile and the California Emerging Technology Fund will help us get there."

Pete Manzo, President and CEO, United Ways of California

"We at United Ways of California and our partners who operate 2-1-1 referral services know firsthand how vulnerable low-income families are in California. We help screen callers for affordable Internet connectivity and welcome the T-Mobile commitment to provide free Internet access and data for its lifeline customers. This will be a big help for digitally-disadvantaged residents to access the Internet, especially when they are in crisis."

Trish Kelly: Managing Director, Valley Vision; Capital Area Broadband Regional Consortium

"We commend T-Mobile and the California Emerging Technology Fund for reaching agreement on an amazing array of public benefits for California. We are particularly appreciative of T-Mobile's investments in Digital Inclusion and the expansion of advanced 5G wireless networks. These advanced networks will help unleash the next wave of innovation. Digital Inclusion and innovation are both crucial elements that support the Sacramento Region's inclusive Prosperity Strategy."

Patrick Lanthier: Principal, Rivera/Lanthier & Associates; Advisor to Santa Clara University Frugal Innovation Hub and US Pacific Command 650-703-0610.

"Californians have faced terrifying natural disasters and horrific wildfires in recent years and are increasingly vulnerable in future emergencies without sufficient community-centered communications. The T-Mobile commitments to low-income customers and first responders will improve community connections during future emergencies. The CETF-T-Mobile MOU also provides a huge contribution to public safety by deploying high-speed Internet infrastructure and service to 10 rural fairgrounds that serve frequently as emergency-response staging areas and evacuation centers."

T-Mobile Pledges Long Term Partnership w/ CETF & Community Groups

Mike Sievert: President and COO, Board-announced new CEO as of May 2020, T-Mobile:

"The New T-Mobile is all about bringing accessibility to underserved communities across the country and bridging the Digital Divide. The commitments we have made to extend our Lifeline services, provide more connectivity to rural areas, and bring fast, affordable in-home broadband choice to consumers will have tremendous benefits for all Californians. We are pleased to partner with CETF in these efforts."

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