T-Mobile enemy Dish could help save the T-Mobile/Sprint merger



Enlarge / A field service specialist for Dish Network prepares to install a satellite TV system at a residence in Denver, Colorado, on Aug. 6, 2013.
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T-Mobile US and Sprint are reportedly near a deal to sell spectrum, wholesale network access, and Sprint's Boost Mobile subsidiary to Dish as part of an attempt to gain government approval of their merger. But US antitrust officials reportedly want bigger concessions before they'll approve the

T-Mobile/Sprint combination.

T-Mobile's purchase of Sprint would leave the US with three instead of the current four major wireless carriers. The Department of Justice, which could sue to block the deal, has apparently pushed T-Mobile to make divestitures that would set up a fourth major carrier to replace Sprint. That has left T-Mobile negotiating with Dish, which opposed the T-Mobile/Sprint merger. The companies' feud is a two-way street, with T-Mobile repeatedly criticizing Dish for buying spectrum and not using it.

"[T-Mobile owner] Deutsche Telekom, Dish, and the DOJ are close to an agreement, and a deal could be finalized by next week, according to people familiar with the matter," CNBC reported yesterday.

But there are still sticking points, including on terms that would give Dish wholesale access to the T-Mobile/Sprint network. Dish would use this access to resell wireless service for several years while it builds its own network.

"The DOJ wants Deutsche Telekom to give Dish unlimited access to its network," CNBC wrote. "T-Mobile has pushed back, arguing Dish should only be given access to 12.5 percent of the network's capacity."

The T-Mobile/Dish deal would further "include a revenue-sharing agreement," and Dish would "acquire additional spectrum and prepaid wireless carrier Boost Mobile from the combined Sprint/T-Mobile," CNBC wrote. Boost is owned by Sprint and is a network reseller that offers prepaid wireless service.

The wholesale-access agreement would not be permanent. Dish would have access to the T-Mobile/Sprint network "for about six or seven years," and afterward, "Dish would be forced to move its wireless airwaves onto a network that it has built for itself," CNBC wrote.

The deal as described by CNBC would leave the US with just three major nationwide carriers that operate their own networks until Dish finally gets its own network up and running. Dish has been a vocal opponent of the T-Mobile/Sprint merger—Dish last year petitioned the FCC to block the deal, telling the commission that having only three major carriers would "likely increase prices for consumers."

T-Mobile called Dish a spectrum "hoarder"

Dish, the second-biggest satellite TV provider after AT&T's DirecTV, has been buying spectrum for years without ever launching cellular phone and data service.

"Dish has spent roughly $20 billion over the past decade to amass a significant spectrum portfolio, and has roughly 95MHz of low-band and mid-band spectrum per market," FierceWireless wrote last year.

T-Mobile in October 2018 urged the FCC to force Dish to use the spectrum quickly or give it up. The FCC "should act now to signal that the spectrum must be put to productive use or be relinquished," T-Mobile told the commission. "Spectrum is too precious a resource to be wasted on hoarders."

T-Mobile CEO John Legere again criticized Sprint for "hoarding" spectrum in February of this year.

Dish wouldn't be much of a competitor if it doesn't build a robust network. Dish itself told the FCC in its petition to deny the merger that wireless resellers "are only as effective as their facilities-based landlords choose to let them be. Only facilities-based providers, who have both access to spectrum and the infrastructure to use it, can create capacity, upgrade networks, or extend their network coverage."

FCC Chairman Ajit Pai recently signed off on the T-

Mobile/Sprint merger, with conditions including the divestiture of Boost Mobile and a guarantee that Boost will have access to the T-Mobile/Sprint network. Pai’s approval is still pending a full vote of the commission, but the other members of the agency’s Republican majority have said they support the merger.

FCC and DOJ approvals alone aren’t enough for T-Mobile and Sprint to complete their deal. Last month, nine states and the District of Columbia filed a lawsuit against T-Mobile and Sprint in an attempt to stop the wireless carriers from merging. Four more states later joined the lawsuit, meaning the merger faces opposition from California, Colorado, Connecticut, the District of Columbia, Hawaii, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nevada, New York, Virginia, and Wisconsin.

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