

**Responses of Eric Graham, Senior Vice President – Strategic Relations
C Spire Wireless**

to

Questions for the Record

of the

**Senate Committee on Judiciary, Subcommittee on Antitrust, Competition Policy and
Consumer Rights February 26, 2014, hearing:**

“An Examination of Competition in the Wireless Market”

Response to Question from Senator Klobuchar

Question #1: In addition to being the largest wireless carriers, Verizon and AT&T are also the two largest wireline providers. Competing wireless carriers rely on access to Verizon and AT&T’s wireline networks through “special access” to connect calls from their own cell towers to the intended recipient. Does the fact that your competitors control wireline facilities that you need access to have any impact on your ability to provide wireless services? Do they have any incentive to increase your costs of providing wireless service? Have you seen increasing costs for this service?

Response: Yes. The vertical integration of the Twin Bells, AT&T and Verizon, gives them each control over both critical wireless and wireline facilities and has a direct, negative impact on smaller wireless operators’ ability to provide competitive wireless services.

Each wireless cell site must be connected back to a voice network switch and the internet via a landline circuit we call “backhaul” or “special access.” To optimize today’s 4G LTE deployments, backhaul generally means a fiber-optic based Ethernet connection. In most instances and because of the incumbents pre-existing wireline network monopolies, competitive wireless operators are limited to purchasing backhaul circuits from the incumbent Bell in the given area – either AT&T or Verizon. Of course, both AT&T and Verizon also have their own wireless operations. This vertical integration of wireless and wireline services gives the Bells an incentive to overcharge competitors for backhaul services or to delay competitive wireless operators’ access to backhaul.

Several years ago, in part as a result of this basic failure in the special access market, reasonable access to backhaul became such an issue for C Spire that we created our own backhaul company to provide an alternative to the Bell network in our wireless operating area.

Response to Question from Senator Franken

Question #1: We need a comprehensive strategy for fighting mobile device theft, which is a growing problem in my state. Part of that strategy is the “blacklist” of stolen phones, which the wireless industry created in cooperation with the federal government. But the black market for stolen phones extends beyond state and national boundaries. The black market is global, but the blacklist is not. What role did your company play in the creation of the blacklist, and how do you think it can be improved?

Response: C Spire Wireless, which is not a member of CTIA, did not play a role in the development of the stolen phone database known as the “blacklist.” It is my understanding that creation of the “blacklist” was negotiated among the Federal Communications Commission, CTIA and Major City Policy Chiefs without input from competitive wireless operators or their association, the Competitive Carriers Association (“CCA”).

C Spire remains a vocal proponent of competition and innovation in the wireless industry. We believe that a competitive marketplace provides the best means of advancing wireless consumers’ interests. Restoring competition in the wireless industry will provide consumers with greater choice and will force wireless operators to be more responsive to consumer demands and more innovative in solving industry problems, including better and more effective means of deterring cell phone theft.