

May 10, 2011

The Honorable Herb Kohl  
United States Senator  
Chairman,  
Subcommittee on Antitrust,  
Competition Policy and Consumer Rights  
Judiciary Committee  
330 Hart Senate Office Building  
Washington, DC 20510

The Honorable Mike Lee  
United States Senator  
Ranking Member,  
Subcommittee on Antitrust,  
Competition Policy and Consumer Rights  
Judiciary Committee  
825 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Kohl and Ranking Member Lee,

As you know, innovation within the wireless industry has greatly improved the quality life in some rural and remote areas throughout this country. From telemedicine to Internet-based rural education, wireless services are playing an ever-expanding role in our lives. Small businesses in the farthest reaches of our country are using wireless technology to compete in the global marketplace – essentially leveling the playing field. All of this, in part, is due to the availability of wireless services. Wireless technology, to be sure, is directly linked to the growth and prosperity of our rural communities.

As such, we feel compelled to voice our concern over the negative impact AT&T's proposed takeover of T-Mobile will have in rural and marginalized communities, especially when poverty rates are statistically high in rural communities. Further consolidation within the wireless industry would result in reduced services to these rural areas, less consumer choice, higher prices and diminished innovation.

Consider the following: the acquisition of T-Mobile will leave AT&T and Verizon controlling approximately 80% of all wireless industry revenue. Rural carriers will struggle to stay afloat with the affordable plans they offer their small consumer bases. Additionally, prices will likely increase for all consumers since there is little reason to believe that the two larger carriers would try to compete on price. The carriers with the most clout, AT&T and Verizon, tend to set the pricing scheme for the entire industry. For example, in 2009, Verizon increased its early termination fees for smartphones to \$350. Less than a year later, AT&T also more than doubled its ETFs to \$325. Rural carriers will also be largely unable to provide new technologies, as device makers will have no incentive to create the latest handsets for carriers that only cater to rural populations.

Historically rural consumers received lower pricing on roaming services from T-Mobile when they travel to urban areas. However, the fees AT&T charges to allow other carriers to roam on AT&T's network are more than five times higher than the charges levied by T-Mobile for the same roaming services. Simply put, this takeover will hit rural consumers the hardest.

As proposed, this horizontal merger would also provide fewer partnering options for smaller, rural carriers. Ultimately, the strain on rural carriers caused by this merger will put a number of

them out of business. In the end, rural consumers could be left with only one option: AT&T, which will have little incentive to lower its prices.

By strangling the competitive environment that has enabled the wireless industry to excel even during a devastating economic recession, this acquisition would harm rural carriers, while causing prices to rise steeply for consumers.

Together, we can make sure the Federal Communications Commission and the Department of Justice understand that such ramifications for rural consumers are unacceptable. Please lend us your support by urging them to uphold the antitrust laws that were put into place for this very purpose and educating your constituency on this critical matter.

Sincerely,

Members of the **Rural Broadband Policy Group**:

**Access Humboldt**  
**Appalshop**  
**Center for Media Justice**

**Center for Rural Strategies**  
**Institute for Local Self Reliance**  
**Main Street Project**

The Rural Broadband Policy Group is a growing national coalition of rural broadband advocates with two goals: 1) to articulate national broadband policies that provide opportunities for rural communities to participate fully in the nation's democracy, economy, culture, and society, and 2) to spark and kindle collaboration among rural advocates for fast, affordable, and reliable Internet.

To learn more about the Rural Broadband Policy Group, please contact Edyael Casaperalta, Coordinator, at [edyael@ruralstrategies.org](mailto:edyael@ruralstrategies.org) or visit us at

<http://www.ruralassembly.org/working-groups/broadband>