

California AG drops challenge to T-Mobile-Sprint merger

March 11 2020, by Tali Arbel



This photo shows signage a T-Mobile store in New York, Monday, April 30, 2018. On Wednesday, March 11, 2020, California's Attorney General Xavier Becerra said that the state will not appeal a judge's decision approving the merger of T-Mobile and Sprint. (AP Photo/Bebeto Matthews)

California's attorney general said Wednesday that the state will not appeal a judge's decision approving T-Mobile's \$26.5 billion purchase of Sprint, bringing the companies closer to creating a new wireless giant on par with AT&T and Verizon in size.

Attorney General Xavier Becerra and New York Attorney General

Letitia James led a coalition of 14 state attorneys general who sued to stop the deal. They had argued that eliminating a major wireless company would harm consumers by reducing competition and adding billions of dollars to phone bills.

The companies said the deal would benefit consumers by helping the companies build a better next-generation, 5G wireless network than each could do alone. The companies also said the deal would lead to lower prices, as they can better compete with the now-larger AT&T and Verizon. A federal judge in New York sided with the companies in February.

New York decided a few days later not to appeal.

Becerra said Wednesday that T-Mobile would reimburse the remaining 12 states and the District of Columbia up to \$15 million combined for the costs of investigating and litigating the antitrust case. He did not say how much the states spent.

In the settlement, T-Mobile also agreed to additional price and job protections in California beyond the deals struck with federal regulators, as the company has done in individual settlements with such states as Colorado and Texas, both of which left the state coalition before the trial began. It will freeze prices for five years for Californians rather than three years at the national level, for example.

The California settlement also requires T-Mobile to do what the company already said it would in a November announcement—offer free internet service and Wi-Fi hotspots to 10 million low-income households with kids nationwide. The internet offer is capped at 100 gigabytes for the year, or about 8 gigabytes a month. That won't last long for a family that streams video.

The Justice Department and the Federal Communications Commission approved the merger last year. As part of its deal with the federal government, T-Mobile and Sprint agreed to set up satellite TV company Dish as a new cellular competitor, though it will be a much smaller one. The states had argued that Dish was not an adequate replacement for Sprint in the wireless market.

The California Public Utilities Commission on Wednesday issued a proposal approving the deal, with conditions including backup power in emergencies. Many of the conditions are similar to what the companies already agreed to. Commissioners may vote on the proposal on April 16.

A federal judge in Washington, D.C., must still approve the Justice Department settlement.

T-Mobile has said that it expects to close the deal as early as April 1. The company did not respond to a request for comment Wednesday.

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