



Telus' Quest for Spectrum Continues

Description

By Cameron Conway

The deal

Back in November, **Telus** ([TSX: T](#)) quietly bought Public Mobile for an undisclosed amount. While the terms of the deal were not released, around the same time Telus had a \$800 million [debt offering](#). Telus claimed that the \$800 million was going to be “used to repay outstanding commercial paper, if regulatory approval is obtained, to fund the acquisition of 100 per cent of Public Mobile Inc. (a Canadian mobile carrier), and the balance for other general corporate purposes.”

In this deal Telus absorbed Public Mobile's 280,000 customers (that will continue to receive the same Public Mobile service) and something much more important to Telus, their [G-band](#) spectrum

The G Spectrum

In 2008 Public Mobile was one of the participants in the auction for this G-band spectrum and won the rights for Ontario and Quebec at a cost of \$52.4 million. Back in 2008, the G spectrum was considered an “orphan” or “garbage” part of the spectrum because, well, none of the phone manufacturers were using it. So start-ups like Public Mobile and Novus Wireless Inc were able to use this unused frequency to build their networks, with out interference from the “Big 3”

But something happened in 2011 when **Sprint** announced plans to build a nationwide 4th generation LTE network in the U.S. using the G-band. Not long after Sprint's announcement, wireless experts and manufacturers agreed to include this “orphan” spectrum in the next generation of phones. Phones that are now in peoples pockets today, such as the new Iphone 5S and 5C, are calibrated to take advantage of this G-band spectrum.

Biding their time

As the ability for consumers to unknowingly take advantage of this frequency has increased, Telus has been biding their time and waiting to make their move. Public Mobile gives Telus the G-band in

Ontario and Quebec. However, Telus has already been on the hunt as the company acquired Novus Wireless Inc. who possessed the same G-band spectrum in B.C. and Alberta, earlier this year.

The Foolish Dial-Tone

Without dabbling in the upcoming spectrum auction, through these transactions, Telus has enhanced its position in Canada's wireless space. These moves have effectively allowed the company to jump ahead of Rogers and Bell which do not support G-Band frequencies. Now that this frequency is no longer a gamble and more and more manufactures continue to include the G-band into their "ecosystems", Telus hopes to lure more customers to take advantage of this bandwidth investment.

CATEGORY

1. Investing

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1. TSX:T (TELUS)

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