

**REDACTED – FOR PUBLIC INSPECTION**

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of )  
 )  
Applications of AT&T Inc. and ) WT Docket No. 11-65  
Deutsche Telekom AG )  
 )  
For Consent To Assign or Transfer Control of )  
Licenses and Authorizations )

**DECLARATION OF JOSEPH VARELLO**

I, Joseph Varello, hereby declare the following:

1. I am vice president of digital voice product management at Cablevision Systems Corporation (“Cablevision”), a position that I have held since 2004. In this capacity, I am responsible for overseeing Cablevision’s Optimum Voice services as well as the business market services, and coordinating our Optimum WiFi and Online services. I have also been involved in Cablevision’s exploration of whether to expand its mobile wireless service to include cellular broadband service.
2. Before joining Cablevision, I served as executive director for business development at Con Edison Communications. In that role, I was responsible for new revenue creation, strategic alliances, new service development and business planning. Prior to working at Con Edison, I was executive vice president of marketing and sales for Everest Broadband Networks, a provider of high-speed Internet access, long-distance telephone service, satellite TV and related broadband applications in multi-tenant commercial and residential buildings. All together, I have spent over twenty-five years working to develop and market advanced telecommunications and entertainment services.

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3. Cablevision is a leading telecommunications and entertainment company, founded on Long Island, New York in 1973. Cablevision has invested billions of dollars to construct a state-of-the-art fiber network that currently serves over three million subscribers of voice, video and Internet service in Cablevision's core service territory in the tri-state area of New York, New Jersey and Connecticut. Using this network, Cablevision was one of the first providers to market a broad-based high speed Internet service, and today we offer all of our customers in the tri-state area the fastest residential broadband service in the nation (101 mbps) through our Optimum Online service. Through our recent acquisition of Bresnan Communications, Inc., Cablevision is also a leading provider of high-speed data, voice, and video service in the states of Colorado, Montana, and Wyoming.

4. Cablevision recognized a number of years ago that consumers demand access to the same video, broadband and voice services not only at home or work, but also while commuting, socializing outside the home, and traveling, to name only a few examples. To meet this new demand for mobile access, Cablevision has invested hundreds of millions of dollars to develop our Optimum WiFi network.

5. Optimum WiFi is available without charge to Cablevision's broadband Internet subscribers. We believe it to be the largest contiguous WiFi network in North America. It comprises tens of thousands of access points that provide an instant connection to Cablevision's high-speed fiber infrastructure in urban and suburban public places – such as parks, main streets, train stations, airports and retail spaces – throughout Cablevision's tri-state service territory.<sup>1</sup> Customers can access Optimum WiFi using a variety of mobile devices, including laptop and

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<sup>1</sup> Cablevision also has agreements with Time Warner Cable and Comcast that provide Optimum WiFi customers access to those providers' WiFi networks in certain areas of New York and New Jersey, respectively, to ensure coverage across the greater New York area.

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tablet computers, and handheld devices such as smartphones. As of this filing, Optimum WiFi has served more than 50 million customer logons, is enjoyed regularly by hundreds of thousands of users, and has transported more than 3 petabytes – 3 quadrillion bytes – of broadband data. This network has made Cablevision a significant player in the mobile broadband market in the New York metropolitan area, although the network is limited geographically.

6. Cablevision is committed to continuing to develop Optimum WiFi and to maximizing the use of public spectrum. To meet customer demand for mobility, and also develop new markets for our products and services, Cablevision has been exploring expanding our mobile WiFi service to incorporate traditional cellular broadband service as a canopy to complement our existing WiFi service. Cablevision envisions offering a complete package of mobility services that would employ WiFi and cellular broadband interchangeably and seamlessly.

7. Cablevision could accomplish expansion into cellular broadband in two ways: first, by partnering with a creative licensed wholesale partner to lease access to the Radio Access Network to supplement our regional WiFi service; and second, in the longer-term, by securing additional licensed or unlicensed spectrum of our own and “building out” the WiFi network to compete directly with the mobile voice and data offerings of existing cellular incumbents.

8. There are high barriers to entering the cellular broadband market on a pure facilities-based model. For example, there is currently no spectrum available for a new cellular broadband service provider in the New York market at prices that make entry viable, and new auctions may not occur for some time. Partnering with an existing provider thus comprises the most viable means of near-term entry into the cellular broadband market. Cablevision has explored this kind of partnership with an array of providers, and has learned that there are currently very limited options. AT&T and Verizon are unwilling to engage in a meaningful wholesale partnership with

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providers like Cablevision, which would compete head-to-head against those companies in areas where they also provide landline service. To our knowledge, neither company provides retail competitors wholesale access to their highest speed mobile data networks, and, despite our attempts, AT&T has thus far declined to provide such access to Cablevision.

9. Of the national carriers, only two – T-Mobile and Sprint – have shown any interest in providing access to their high-speed data networks to providers that might compete with them in the retail market. Both providers have incentives to facilitate entry that AT&T and Verizon do not, because their networks, which provide coverage to the vast majority of geographic locations, cannot reach the same scale economies as the larger two carriers if the only traffic they carry is from their own retail customers. **[BEGIN HIGHLY CONFIDENTIAL]**

**[END HIGHLY CONFIDENTIAL]**

10. T-Mobile would be an ideal partner for a company like Cablevision, seeking wholesale wireless capacity to enter or expand its market presence. T-Mobile is the only national GSM-based carrier in the U.S. other than AT&T. The GSM air interface, and its evolving technology, is the standard used by most of the rest of the world, and it is supported by a massive eco-system of carrier equipment, handsets, and other customer equipment. Entering the wireless market using GSM-based technology is therefore cheaper and easier than entering via the CDMA standard, as the use of GSM-based technology allows for a wide range of choices of input suppliers and greater flexibility in designing the customer experience with the wireless network.

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11. From Cablevision's perspective, no provider can fill the gap that would be left by the disappearance of an independent T-Mobile. Sprint is a potential alternative, but without an independent T-Mobile, we would expect Sprint to compete less vigorously for wholesale business. Also, Sprint is not a GSM-based carrier.

12. Cablevision also has concerns about the long-term viability of Clearwire and LightSquared. Moreover, because of the spectrum bands used by these companies, neither company can offer many popular devices that consumers desire. And serious questions remain about the potential for LightSquared's service to interfere with GPS devices.

13. As for regional carriers, all rely on competitive access to the national carriers' networks for wholesale roaming service, the pricing of which would be controlled by AT&T and Verizon following the proposed transaction.

14. In sum, elimination of T-Mobile as an independent competitive force would greatly reduce Cablevision's opportunities to obtain a partnership with a cellular broadband provider and thereby inhibit Cablevision's ability to offer cellular broadband service to its customers.

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on May 31, 2011 in BETHPAGE, N.Y.

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Joseph Varello