

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

*In the Matter of*

**APPLICATION OF CELLCO PARTNERSHIP D/B/A  
VERIZON WIRELESS AND SPECTRUMCO LLC  
FOR CONSENT TO ASSIGN LICENSES**

WT Docket No. 12-4

**APPLICATION OF CELLCO PARTNERSHIP D/B/A  
VERIZON WIRELESS AND COX TMI WIRELESS,  
LLC FOR CONSENT TO ASSIGN LICENSES**

**COMMENTS OF DIRECTV, LLC**

DIRECTV, LLC (“DIRECTV”) submits these comments on the proposed transactions between the nation’s largest wireless carrier, Cellco Partnership d/b/a Verizon Wireless (“Verizon Wireless”), and entities controlled by four of the nation’s largest cable system operators (Comcast Corporation, Time Warner Cable, Inc., Bright House Networks, LLC, and Cox Communications, Inc. (collectively, the “MSOs”)). These parties have entered into a series of agreements under which (1) Verizon Wireless would acquire Advanced Wireless Services licenses held by the MSOs in markets across the nation, and (2) Verizon Wireless and the MSOs would, among other things, be able to act as agents selling one another’s services under a series of Joint Marketing Agreements and engage in ongoing development of ways to integrate their wireless and wireline services under a Technology Joint Venture Agreement. With these arrangements, Verizon Wireless would further enhance its market-leading position in spectrum especially suitable for mobile services; moreover, it would gain access to the increasingly dominant bundled wireline service in key markets nationwide, while providing those dominant

wireline incumbents the ability to bundle their services with the dominant wireless incumbent's network.

The Commission should carefully evaluate the potential impact of the arrangements among this cartel of service providers on competition in the various markets in which they operate. For example, Verizon Communications Inc. ("Verizon"), majority owner of Verizon Wireless, competes head-to-head with the MSOs in certain markets. It provides its FiOS bundle of fiber optic voice, video, and broadband services in markets throughout the Northeast and Mid-Atlantic region, as well as in California, Florida, Texas, Oregon, and Washington. It also provides voice and broadband digital subscriber line services outside of its FiOS territories using its legacy telephone lines. It is not at all clear how these competing products and services would be affected by far-reaching arrangements between a Verizon subsidiary and the MSOs. By creating strong incentives for what had been fierce rivals to collaborate rather than compete, the proposed transactions could radically alter the competitive dynamic in a variety of services in markets across the country. Given the far-reaching implications, it is no wonder that one analyst characterized the arrangements between Verizon Wireless and the MSOs as "The End of the World as We Know It."<sup>1</sup>

Indeed, although announced just two months ago, these arrangements are already having direct effects that are beginning to reorder the market. For example, Verizon Wireless had been working with DIRECTV to develop a bundle of satellite video and next-generation fixed wireless broadband services for the home. Even though Verizon's Chief Financial Officer described these trials as "extremely successful," Verizon terminated that project soon after the

---

<sup>1</sup> See Craig Moffett, Bernstein Research, "The End of the World As We Know It" (Dec. 6, 2011).

transactions at issue in this proceeding were announced.<sup>2</sup> In the words of Verizon’s Chief Executive Officer, “we’re focused on getting Comcast up and running and I can’t do both so we made our choice.”<sup>3</sup> Similarly, the MSOs had been working with Clearwire Corporation (“Clearwire”) to provide a bundled next-generation wireless service, but discontinued that effort upon gaining access to the Verizon Wireless network.<sup>4</sup> Given that some of the MSOs continue to hold minority ownership interests in Clearwire despite their new arrangement with Verizon Wireless,<sup>5</sup> it is reasonable to wonder whether they would have the incentive and ability to hamper further development of Clearwire’s network and services. If so, the outcome could reverberate in many ways because Clearwire not only markets its 4G service through its own brand (called CLEAR), but also has wholesale capacity arrangements with a range of market participants that wish to offer consumers a wireless broadband product.<sup>6</sup> If Clearwire is compromised due to continued MSO ownership, a potential input to competing services would be lost and valuable spectrum resources would go underutilized. The Commission must explore

---

<sup>2</sup> See, e.g., “Verizon Parts with DirecTV on LTE, to Focus on AWS License,” COMMUNICATIONS DAILY, Vol. 31, No. 236, at 8 (Dec. 8, 2011) (describing discontinuance of trials with DIRECTV as “one of the first signs of fallout” from the proposed transactions).

<sup>3</sup> *Id.*

<sup>4</sup> See, e.g., “Comcast to Discontinue Clearwire Wireless Service in Six Months,” BLOOMBERG (Dec. 2, 2011) (available at <http://www.bloomberg.com/news/2011-12-02/comcast-to-discontinue-clearwire-wireless-service-in-six-months.html>).

<sup>5</sup> According to Clearwire’s latest proxy statement, Comcast Corporation, Time Warner Cable, Inc., and Brighthouse Networks, LLC are Strategic Investors in the company, and signatories to an Equityholders Agreement that gives them certain rights with respect to corporate governance, including the composition of the Board of Directors. See Clearwire 2011 Proxy Statement at 1 (dated Apr. 29, 2011) (available at [http://files.shareholder.com/downloads/CLWR/1697635622x0x463912/6E4150C0-2659-4CA1-BAC4-6D76169CAE68/2011\\_Clearwire\\_Proxy\\_Statement.pdf](http://files.shareholder.com/downloads/CLWR/1697635622x0x463912/6E4150C0-2659-4CA1-BAC4-6D76169CAE68/2011_Clearwire_Proxy_Statement.pdf)). Comcast and Time Warner Cable reportedly hold voting interests of 8.9% and 4.7%, respectively. See *id.* at 21.

<sup>6</sup> See, e.g., Press Release, “Clearwire and Simplexity MVNO Services Announce New Wholesale and MVNE Agreement” (Jan. 23, 2012) (announcing new strategic wholesale relationship, adding to a list that includes Sprint, Locus Telecommunications, Cbeyond, Mitel, United Online, and Best Buy) (available at <http://corporate.clearwire.com/releasedetail.cfm?ReleaseID=641517>).

such issues fully in order to determine the public interest implications of the proposed transactions.

In addition, the Commission should not expect that the current arrangements among the parties in this proceeding reflect the full extent of industry collaboration that will result in the near future if they are approved. Just as Cox was essentially allowed to join in on the deal originally negotiated by the other MSOs, the parties could extend the reach of their arrangements to include other large cable operators, such as Cablevision Systems Corporation and Charter Communications, Inc. Such a development would extend any competition-related concerns to areas with millions of additional wireline and wireless subscribers. Moreover, the technology joint venture among the parties provides a ready-made forum for sharing information and coordinating strategies going forward. The arrangements among the parties present a roadmap to future collaboration on an even larger scale. The Commission must investigate not only the parties' existing plans, but also the incentives and opportunities these arrangements would create for related activity down the road.

In presenting areas of concern for Commission consideration, DIRECTV has been hampered by the fact that significant portions of the Joint Marketing Agreements submitted confidentially to the Commission have been redacted. Although those materials are subject to two stringent Protective Orders entered in this proceeding,<sup>7</sup> the parties have unilaterally decided that certain key information should nonetheless be withheld from scrutiny by commenters. One can only wonder what the parties are hiding through these deletions, and why they do not want commenters to have access to that material. Without this information, DIRECTV cannot fully

---

<sup>7</sup> *Applications of Cellco Partnership d/b/a/ Verizon Wireless, SpectrumCo, LLC, and Cox TMI Wireless, LLC*, WT Docket No. 12-4, Protective Order, DA 12-50; Second Protective Order, DA 12-51 (rel. Jan. 17, 2012).

evaluate the potential competitive impact of the various arrangements among the parties.<sup>8</sup>

Unless and until those materials are made available, it will be impossible to frame fully informed comments for this proceeding. Accordingly, DIRECTV urges the Commission to require production of the Joint Marketing Agreements in full, non-redacted form, and looks forward to the opportunity to supplement these comments as necessary in light of the contents of the information currently being withheld.

\* \* \*

In light of the market power wielded by the dominant wireline and wireless incumbents involved in this proceeding, DIRECTV urges the Commission to give careful scrutiny to all aspects of the proposed arrangements among the parties. The proposed collaboration involves some of the nation's largest and best-funded companies, who could through coordinated action adversely affect competition. The proposed transactions and related arrangements raise a host of concerns that must be thoroughly investigated and resolved before the Commission can determine their public interest implications.

---

<sup>8</sup> Numerous interested parties noted these redactions and called upon the Commission to defer the comment period until the parties submitted complete and non-redacted copies of these agreements, but the Commission did not act upon those requests. *See, e.g.*, Letter on behalf of Media Access Project, Free Press, The Greenlining Institute, and Public Knowledge to Marlene H. Dortch, WT Docket No. 12-4 (dated Feb. 7, 2012); Letter on behalf of DIRECTV, Rural Telecommunications Group, Inc., Sprint Nextel Corporation, T-Mobile USA, Inc., and Rural Cellular Association to Marlene H. Dortch, WT Docket No. 12-4 (dated Feb. 8, 2012).

