

**Kathleen Grillo**  
Senior Vice President  
Federal Regulatory Affairs



1300 I Street, NW, Suite 400 West  
Washington, DC 20005

Phone 202 515-2533  
Fax 202 336-7858  
kathleen.m.grillo@verizon.com

May 22, 2012

**REDACTED – FOR PUBLIC INSPECTION**

**VIA HAND DELIVERY AND ECFS**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: *Application of Cellco Partnership d/b/a Verizon Wireless and SpectrumCo, LLC for Consent to Assign Licenses and Application of Cellco Partnership d/b/a Verizon Wireless and Cox TMI Wireless, LLC for Consent to Assign Licenses, WT Docket No. 12-4*

Dear Ms. Dortch:

Cellco Partnership d/b/a Verizon Wireless submits the attached letter (“Response”) in response to the letter from Rick Kaplan, Chief, Wireless Telecommunications Bureau, dated May 15, 2012 (“WTB Letter”). The Response contains Highly Confidential Information subject to the Second Protective Order (DA 12-51) in the above-referenced proceeding.

Pursuant to the terms of the Second Protective Order, two copies of the Redacted version of the attached Response are being filed with the Office of the Secretary. The Redacted version of the Response is also being filed electronically through the Commission’s Electronic Comment Filing System. In addition, one copy of the Highly Confidential version of the Response is being delivered to the Office of the Secretary and two copies of the Highly Confidential version are being delivered to Sandra K. Danner of the Wireless Telecommunications Bureau’s Broadband Division. Also, pursuant to the terms of the WTB Letter, two copies of the Highly Confidential version and two copies of the Redacted version of the Response are being delivered to John Spencer of the Wireless Telecommunications Bureau. Electronic copies of the Redacted version of the Response are being sent via email to Sandra Danner, Joel Taubenblatt, and Joel Rabinovitz.

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Should any questions arise concerning this filing, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Grillo". The signature is written in a cursive style with a large initial 'K' and a distinct 'G'.

Attachment

cc: Jim Bird  
Sandra Danner  
Joel Rabinovitz  
John Spencer  
Joel Taubenblatt  
Best Copy and Printing, Inc.

Kathleen Grillo  
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Re: Application of Cellco Partnership d/b/a Verizon Wireless and SpectrumCo, LLC for Consent to Assign Licenses and Application of Cellco Partnership d/b/a Verizon Wireless and Cox TMI Wireless, LLC for Consent to Assign Licenses, WT Docket No. 12-4

Applications of Cellco Partnership d/b/a Verizon Wireless and Leap Wireless International Inc. for Commission Consent to the Exchange of Lower 700 MHz Band A Block, AWS-1, and PCS Licenses (ULS File Nos. 0004942973, 0004942992, 0004952444, 0004949596, and 0004949598)

Dear Mr. Kaplan:

This letter responds to your May 15, 2012 letter requesting additional information regarding Verizon Wireless' announcement that it will conduct an open sale process for its Lower 700 MHz A and B block spectrum licenses, contingent on the approval of the pending AWS license transfers.

As we have made clear throughout this proceeding, Verizon Wireless' decision to acquire additional AWS spectrum is completely consistent with the FCC's longstanding secondary market policy, and will provide the capacity customers need as they take increasing advantage of the innovative devices, applications and services available over its 4G LTE network. Verizon Wireless also has announced that it will conduct an open sale process for its existing Lower 700 MHz A and B block licenses if the AWS purchases are approved in order to rationalize its spectrum holdings while ensuring that we can provide our customers with the service they demand. The Company has retained two financial advisors, Stephens Inc. and Loop Capital

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Markets LLC, to manage the sale process, and, to date, has distributed an offering memorandum to 36 entities which have executed non-disclosure agreements.

Verizon Wireless is currently deploying its world-leading 4G LTE network, which already covers more than 200 million people, on its nationwide Upper 700 MHz C block spectrum. If Verizon Wireless is successful in acquiring the additional AWS spectrum licenses at issue here, it will use that AWS spectrum to supplement the Upper 700 MHz C block to deploy additional LTE capacity. Like all other wireless companies, Verizon Wireless must constantly assess its spectrum positions, calibrate them with current business plans, and rationalize its holdings to succeed in meeting consumer needs in a rapidly evolving marketplace. The open sale process will ensure that the Lower 700 MHz A and B spectrum licenses can be made available to other carriers and their customers quickly and fairly.

1. *Verizon Wireless obtained Lower 700 MHz A and B Block licenses at auction in 2008, covering a population of approximately 175 million. According to interim status reports filed by Verizon Wireless in January 2012, Verizon Wireless has not yet deployed service in the Lower 700 MHz band.*
  - *In light of the fact that Lower 700 MHz A and B Block licensees are required to build out a specified portion of their licenses by June 2013 or face a reduction in their license term, what steps to date, if any, has Verizon Wireless taken to deploy mobile services using the Lower 700 MHz A or B Block licenses (either or both)? On what timetable has Verizon Wireless been planning to deploy mobile service in these Lower 700 MHz spectrum blocks?*

Response: Verizon Wireless acquired 102 Lower 700 MHz A and B block licenses in 2008. It subsequently went to the secondary market to sell 24 of those licenses, nearly one quarter of the total number it had acquired in Auction 73, to eight small and regional providers. The Commission has facilitated these secondary market transactions by approving to date the sale of nearly all of these transactions.

Verizon Wireless has taken a number of steps to prepare to use those licenses including RF system design, site construction planning, and discussions with vendors. In all markets covered by these licenses, three phases of the initial RF system design have been completed: identifying cell sites for development, selecting configurations of antennas, and determining center height requirements for the antennas. In most areas, the final phase of the RF system design, determining backhaul requirements for the selected cell site locations, has also been completed. Deployment budgets also have been completed for most areas. Planning for site construction began in 2011 in a number of areas. Site construction includes, but is not limited to, lease amendment preparation, installation of antennas, lines, cable installations and the installation of backhaul facilities, which

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can include fiber optic cable, telephone lines and power equipment. Verizon Wireless also has communicated with equipment vendors about procuring both devices and network equipment that will operate on the Lower 700 MHz A and B blocks.

- *Please describe Verizon Wireless's current assessment of the Lower 700 MHz A Block challenges that Verizon Wireless previously identified in the instant proceeding and other proceedings.*

Response: Verizon Wireless' current assessment of the Lower 700 MHz A Block challenges is the same as it previously identified.

First, we have explained that the Lower 700 MHz A and B bands are not as good a complement to our existing spectrum holdings as is the AWS spectrum that is the subject of this proceeding. The Lower 700 MHz band requires an additional duplexer in each device because of the spectral distance between the Upper and Lower 700 MHz bands, and this is particularly challenging because it is more complex to add an additional duplexer that operates below 1 GHz. As a result, the AWS spectrum that is the subject of this proceeding is a better fit with Verizon Wireless' existing spectrum holdings. These device design issues are not faced by other Lower A and B licensees or potential licensees that do not hold 700 MHz Upper C block spectrum.

Second, we and many other parties have explained to the Commission that deploying service on some of the Lower A Block licenses is complicated by FCC rules that require A Block licensees to avoid interference to adjacent full power TV Channel 51 operations and that set exclusion zones which limit A Block licensees' ability to deploy service within certain distances from a Channel 51 station. Verizon Wireless and other A Block licensees have asked that the Commission intervene to resolve these interference concerns. We anticipate that the Commission will address these concerns in the context of its proceedings addressing the broadcast spectrum. We note that, in the meantime, other carriers have displayed a continuing interest in 700 MHz A block spectrum, including Leap/Cricket's purchase of the Lower 700 MHz A block in Chicago and U.S. Cellular's recent purchase of 700 MHz A block spectrum in a number of markets from Cox.

2. *In the Press Release, Verizon Wireless states that its plan to sell licenses is contingent upon the close of its pending purchases of AWS licenses from SpectrumCo, Cox, and Leap.*
  - *Please explain the relevance, if any, of Verizon Wireless's announced sale of its Lower 700 MHz spectrum to the Commission's consideration of Verizon Wireless's proposed acquisition of this AWS spectrum from SpectrumCo, Cox, and Leap.*

Response: Verizon Wireless has demonstrated that the AWS transactions will allow it to meet its customers' need for more spectrum to support their use of innovative devices, applications

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and services over the 4G LTE network. These transactions also are fully aligned with the Commission’s goals for the secondary market – to “permit spectrum to flow more freely among users and uses in response to economic demand” and to facilitate “the availability of unused and underutilized spectrum to those who would use it for providing service.” As such, they are strongly in the public interest and should be promptly approved, regardless of the announced sale of the Lower 700 MHz spectrum.

The sale of the Lower 700 MHz licenses also further undercuts the meritless “warehousing” claims by several of our competitors. In response to the license assignment applications in this proceeding, these parties argue that Verizon Wireless should not be allowed to acquire AWS spectrum because it is “warehousing” what they describe as beachfront Lower 700 MHz spectrum in order to keep other wireless providers from using it. The fact that Verizon Wireless has announced a public sale process for the Lower 700 MHz spectrum if the AWS transactions are approved conclusively refutes those claims. Indeed, the 700 MHz license sale process Verizon Wireless has initiated confirms what it has said throughout this proceeding and has done historically, that it will use the secondary market to rationalize its spectrum holdings so that spectrum will be put to use to meet customers’ needs.

- *Please describe any and all efforts Verizon Wireless has undertaken to sell its Lower 700 MHz spectrum licenses prior to the Press Release, including time frames.*

Response: The following timeline details the efforts the company has undertaken to sell 700 MHz spectrum licenses through the secondary market, and the results of those efforts, prior to its recent announcement to conduct an open sale process for the remaining Lower 700 MHz licenses it holds.

<u>Time</u>	<u>Comments</u>
2009	As a condition to approval of the Auction 73 licenses won by Verizon Wireless, the FCC required Verizon Wireless to reduce its licensed MHz holdings in NJ-2 Ocean (CMA #551) by at least 10 MHz. While the FCC did not specify what spectrum Verizon Wireless was required to divest, Verizon Wireless chose to swap the lower 700 MHz B block license in NJ-2 for a 10 MHz PCS BTA license in Chattanooga, TN with BTA Ventures, thus complying with the FCC’s condition.
2009	Verizon Wireless and [BEGIN HIGHLY CONFIDENTIAL]

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**[END HIGHLY CONFIDENTIAL]**

2010 In 2Q and 3Q 2010, Verizon Wireless held discussions with  
**[BEGIN HIGHLY CONFIDENTIAL]**

**[END HIGHLY CONFIDENTIAL]**

2010/11 In 2Q 2010, Verizon Wireless contacted **[BEGIN HIGHLY  
CONFIDENTIAL]**

**[END HIGHLY CONFIDENTIAL]** The goal of  
this process was to seek out rural and/or small operators as buyers.

This outreach to rural and smaller entities led to **[BEGIN HIGHLY  
CONFIDENTIAL]**

**[END HIGHLY CONFIDENTIAL]**

2011 Verizon Wireless and U.S. Cellular entered into an agreement for the  
exchange of PCS licenses held by U.S. Cellular for 18 Lower 700

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MHz licenses (13 Lower A and B block and 5 Lower C block) held by Verizon Wireless. The transaction closed on September 30, 2011.

Verizon Wireless entered into purchase and sale agreements with Leap/Cricket and Savary Island in which Verizon Wireless would to sell its lower 700 MHz A block Chicago license to Leap/Cricket in exchange for certain Leap/Cricket PCS/AWS licenses and a cash payment, and separately purchase certain AWS license from Savary Island. These transactions are pending before the Commission.

2011/12 Commencing in 2011, Verizon Wireless has held discussions with **[BEGIN HIGHLY CONFIDENTIAL]**

**[END HIGHLY CONFIDENTIAL]**

2012 In February and March, Verizon Wireless contacted **[BEGIN HIGHLY CONFIDENTIAL]**

**[END HIGHLY CONFIDENTIAL]** As a result, it was decided there was enough interest to hold a public process. In addition, Verizon Wireless reached an agreement with **[BEGIN HIGHLY CONFIDENTIAL]**

**[END HIGHLY CONFIDENTIAL]**

2012 Up until the April announcement, Verizon Wireless was in preliminary discussions with a broker representing **[BEGIN HIGHLY CONFIDENTIAL]**

**[END HIGHLY CONFIDENTIAL]**

- *Would Verizon Wireless abandon its plan to sell its Lower 700 MHz licenses if the Commission does not consent to the sale of all of the AWS licenses at issue to Verizon Wireless?*

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Response: Verizon Wireless has demonstrated that it needs the AWS spectrum resources to meet its customers' growing demand for mobile broadband services, and has made the sale of the Lower 700 MHz A and B block licenses expressly contingent on approval of the AWS purchase. Should the Commission not consent to the sale of substantially all the AWS licenses to Verizon Wireless, the Company would have re-assess all available options to meet its customers' needs.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen Gilh". The signature is written in a cursive, slightly slanted style.