

Ian Dillner  
Vice President  
Federal Regulatory Affairs



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

Phone 202 515-2458  
Fax 202 336-7922  
ian.dillner@verizon.com

June 12, 2012

**Ex Parte**

**VIA ECFS**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 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:

In its May 16 ex parte filed in this and other dockets, DirecTV, LLC (“DirecTV”) claims that Verizon Telecom’s decision to discontinue offering retail stand-alone DSL services is a result of separate commercial agreements between Applicants Verizon Wireless and SpectrumCo and Cox (collectively the “MSOs”).<sup>1</sup> DirecTV’s assertions are unfounded, and its claims are not relevant to the license assignments at issue in these proceedings.<sup>2</sup>

DirecTV’s characterizations of the reasons behind Verizon Telecom’s decision to discontinue its stand-alone DSL service are baseless. This decision was the result of ongoing, Verizon-wide efforts to comprehensively review and streamline our portfolio of services. Beginning in early 2011, Verizon initiated a process to determine which services generate sufficient revenues to cover their cost and earn a return on invested capital while also meeting the demands of consumers. In the fall of last year, Verizon Telecom determined that although other DSL-based services continued to serve the interests of shareholders and consumers, stand-alone DSL service did not. This service, which never attracted more than a small percentage of Verizon’s broadband subscribers, was found to have both a high cost structure and low subscriber revenue. The high costs of the stand-alone service resulted largely from persistent difficulties related to installation and maintenance, which led to expensive and time-consuming truck rolls and calls to customer service. These costs were higher for stand-alone DSL service than for other DSL

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<sup>1</sup> See Letter from William M. Wiltshire, counsel to DirecTV, to Marlene H. Dortch, FCC, WT Docket No. 12-4 *et al.* (filed May 16, 2012).

<sup>2</sup> The Alliance for Broadband Competition makes similar allegations, in passing. See Letter from Maura Colleton Corbett, Alliance for Broadband Competition, to Marlene H. Dortch, FCC, WT Docket No. 12-4 (filed May 30, 2012). For the reasons set out above, its arguments concerning the relevance of Verizon Telecom’s decision to discontinue stand-alone DSL service are likewise irrelevant.

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services, in part because of the absence of a dial tone and the resulting inability to perform some of the diagnostic and other testing over these lines. These limitations and the resulting high churn rate caused lifetime revenue for subscribers to the service to be very low and made it difficult to cover costs, much less obtain a return on invested capital. As a result, Verizon Telecom decided to discontinue the service going forward. To protect current subscribers from disruption, Verizon Telecom grandfathered the service for existing customers as long as they maintain their current service plan.

DirecTV's claims also are wholly irrelevant to the issues in this license assignment proceeding. Verizon Telecom's decision to discontinue offering stand-alone DSL service to new customers was wholly unrelated to Verizon Wireless's agreement to purchase currently unused spectrum from the MSOs (or from the separate, commercial agreements with those companies). Verizon Telecom was not a party to any of those agreements, and those agreements did not factor into Verizon Telecom's decision related to its stand-alone DSL service.

Indeed, DirecTV's claims appear to be rooted in its own displeasure that Verizon Wireless chose not to move forward on a contemplated project with DirecTV for a service offering that would have included DirecTV's video service and Verizon Wireless' 4G LTE service. Verizon Wireless and DirecTV conducted and concluded trials for this project. After careful evaluation, Verizon Wireless determined not to move forward with DirecTV *before* completion of the commercial agreements between Verizon Wireless and the MSOs. Despite Verizon *Wireless'* decision not to proceed with this particular project with DirecTV, Verizon *Telecom* continues to offer its customers plans that include various combinations of DSL, DirecTV, and voice services. And, Verizon Telecom also continues to sell stand-alone DSL to existing customers who had the service as of May 6, including those customers who had purchased DirecTV's service at a discounted price. But again, none of that has anything to do with the license assignments at issue here and DirecTV's claims must be dismissed.

Please contact the undersigned if you have any questions.

Sincerely,

Handwritten signature of Ian Dillon in cursive script.