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June 19, 2012

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Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

Re: Application of Cellco Partnership d/b/a Verizon Wireless and SpectrumCo LLC for Consent to Assign Licenses; 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:

On June 15, 2012, Tamara Preiss and John Scott on behalf of Verizon Wireless; Kathy Zachem and David Don of Comcast Corporation; Terri Natoli of Time Warner Cable; Barry Ohlson of Cox Communications; and Dan Brenner of Hogan Lovells on behalf of Bright House Networks met with Courtney Reinhard, Legal Advisor, Wireless, for Commissioner Pai.

Consistent with the attached presentation, the company representatives explained that assignment of the SpectrumCo and Cox AWS licenses to Verizon Wireless will serve the public interest by transferring spectrum that is not currently being used to serve customers to a provider who will expeditiously put it to use to meet customers' skyrocketing demand for mobile broadband services. We noted that Verizon Wireless plans to continue to employ the full range of capacity enhancing techniques, such as cell splitting, small cells, re-farming, and LTE Advanced, but that these alternatives alone are not sufficient to meet growing capacity demands. We further explained that this spectrum-only transaction does not raise any competitive concerns, as Verizon Wireless will remain below the spectrum screen post-transaction in 98 percent of the counties at issue, and the handful of remaining counties are subject to robust competition.

We also discussed the separate commercial agreements between Verizon Wireless and the cable companies, explaining that the agency and reseller agreements are typical of other such agreements in the industry and that they will promote greater choice and competition for consumers. Similarly, the technology joint venture will allow the companies to develop technologies designed to offer consumers a seamless experience across wired and wireless devices and platforms.

Marlene H. Dortch

June 19, 2012

Page 2

This letter is being filed electronically pursuant to Section 1.1206 of the Commission's Rules. Please contact me if you have any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jonathan L. Stein". The signature is written in a cursive style with a large initial "J".

Attachment

cc: (via e-mail)
Courtney Reinhard



Verizon Wireless – SpectrumCo – Cox Transactions

June 15, 2012

Overview

- The parties are seeking consent to assign AWS spectrum licenses from (1) SpectrumCo (a joint venture of Comcast, Time Warner Cable, and Bright House) to Verizon Wireless and (2) Cox to Verizon Wireless.
 - Two separate transactions, with consolidated review by FCC
- Verizon Wireless and the cable companies have also entered into separate commercial agreements.
 - Agency Agreements
 - Reseller Agreements
 - Innovation Technology Joint Venture (Verizon Wireless and the SpectrumCo companies)
- Both parts of the transactions are being reviewed by the FCC and the DOJ.
- Applicants have filed all the agreements and the materials requested in the FCC's Information and Discovery Requests.
 - Protective Order signatories have access to these materials.
 - More than 150 individuals representing 25 parties have signed the Protective Orders.

Spectrum Transactions: Description

- Verizon Wireless is seeking to purchase the AWS spectrum licenses acquired at auction by SpectrumCo in 2006 (Cox exited SpectrumCo in 2009 and took its share of licenses).
 - Spectrum-only transactions – no assets, facilities, or customers being acquired
- In 98% of counties covered, the total amount of spectrum Verizon Wireless will hold after the license assignments is below the spectrum screen – i.e., it is at a level that the FCC has found does not raise competitive concerns.

Spectrum Transactions Serve the Public Interest

- Transfer spectrum not currently being used to a provider that can make efficient use of it to meet skyrocketing consumer demand for mobile broadband.
- Spectrum will be used to meet consumers' increasing demands for mobile broadband and next-generation services.
 - “Game changing” new devices, like iPhones, iPads, and Androids, have led to growing consumer demand for high speed wireless data services.
 - Customers are now using multiple devices and for longer periods of time.
 - Explosive growth of data-intensive applications, including video
- Verizon Wireless is investing in future growth.
 - Launched LTE network in 2010; now covers 2/3 of US Pops
 - Will match existing 3G coverage (95% of US Pops) in 2013
 - Leads industry in network investment -- \$18 billion over last 3 years

Spectrum Transactions Serve the Public Interest

- Verizon Wireless' Customers Require Substantially More Spectrum for LTE
 - Without sufficient spectrum, customers will experience slower speeds, longer latency, and degraded service quality.
 - Semi-annual traffic forecast update (through April 2012) shows actual LTE traffic data out-stripping prior projections.
 - Many large markets constrained in 2013; many more markets constrained in 2015.
- Alternatives Cannot Meet Growing Capacity Demands
 - Over half of Verizon's network Capex is invested in network capacity enhancements.
 - Enhancements -- cell splitting, small cells, LTE Advanced, WiFi -- are already accounted for in capacity forecasts.
 - Verizon plans to redeploy PCS spectrum for LTE beginning in 2015, but it is not sufficient to meet LTE traffic demand.

Agency Agreements

- Verizon Wireless and the cable companies have entered agreements that allow the companies to sell each other's services.
- These types of joint marketing agreements are common in the industry.
 - For example, AT&T and DirecTV have an agency agreement under which they sell each other's services.
- The Agency Agreements are between the cable companies and Verizon Wireless only; the cable companies and Verizon FiOS will continue to compete vigorously against each other.

Reseller Agreements

- After four years, the cable companies have the opportunity to become resellers (or “MVNOs”) of Verizon Wireless services.
 - The cable companies will be able to sell their own differentiated and branded wireless services.
- The Reseller Agreement creates even more competition and choice for wireless consumers.
- MVNOs are common in the marketplace. The FCC has identified more than 50 MVNOs.

Innovation Technology Joint Venture

- Comcast, Time Warner Cable, Bright House, and Verizon Wireless are working together to create innovative technology and intellectual property to integrate wired and wireless technologies.
 - Seamless environment for consumers to enjoy multiple services across multiple devices and platforms
- The marketplace for integrated products and services is fiercely competitive. The venture allows the companies to compete more effectively against Apple, Google, Microsoft, and other existing players.
- Many similar collaborations exist, and the venture is consistent with well-established antitrust principles regarding R&D collaboration.

Conclusion

- The spectrum transaction provides strong consumer and public interest benefits by transferring spectrum not currently being used to a provider that will make efficient use of it serve consumers.
- The spectrum transaction does not raise competitive issues. Verizon Wireless' spectrum holdings will be below the spectrum screen in almost all markets.
- The separate commercial agreements will promote consumer choice, convenience, technical innovation, and competition.