



June 27, 2012

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

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

Dear Ms. Dortch:

The Communications Workers of America (“CWA”) submits the attached study, “Employment Impact of Investment in the Fiber-to-the-Premise Network” by Helene Jorgensen, Ph.D. into the record in the above-captioned proceeding.

The study estimates the employment impact of an expansion of the FTTP network infrastructure developed by Verizon Communications Inc. (“Verizon”). Under current franchise agreements, the FTTP network is expected to pass 18 million premises by 2018, accounting for 70 percent of premises within the Verizon wireline footprint.¹ Dr. Jorgensen finds that further expansion of the FTTP infrastructure will have a positive employment impact due to capital investment in construction and installation.

Dr. Jorgensen projects that the total employment impact of an expansion of the FTTP network from 70 percent to 95 percent of Verizon’s wireline footprint to be 71,710 job-years. As Dr. Jorgensen explains, the employment projections include direct employment impact from capital expenditures in primary industries, as well as indirect and induced impacts. Ms. Jorgensen calculates that the expansion of the FiOS deployment from 70 percent to 90 percent of the Verizon footprint would have a *direct* employment of 18,754 job- years, an *indirect* impact in the supply chain of 20,914 job-years, and an *induced* impact of 32,042 job-years.

¹ Verizon Communications at UBS 39th Annual Global Media and Communications Conference, Dec. 7, 2011; see also Peter B. Davidson, Senior Vice President, Verizon Federal Government Relations to U.S. Congressman Michael Doyle dated June 1, 2012. "Our announced plan of passing 18 million households represents 70 percent of homes in Verizon's wireline footprint."

CWA has previously explained that the Verizon/SpectrumCo/Cox transaction and accompanying joint marketing agreements will reduce incentives for Verizon communications to continue deploying FiOS, curtailing the expansion of cross-platform broadband competition among applicants.² Prior to the announcement of this transaction, Verizon had said that it would “fill in” its existing FiOS markets based on demand. Verizon Chief Financial Officer. Verizon Chief Financial Officer Francis Shammo has noted that “[i]n FiOS, we continued to steadily increase penetration on all [sic] all our markets. By further penetrating existing markets, we will enhance our capital and operating efficiency and improve overall investment returns.”³ With commercial arrangements that appear to eliminate or reduce cross-platform competition, Verizon now has little incentive to continue investing in FiOS and “fill in” its markets. As a result, the transaction has the potential now to leave approximately one-third of Verizon’s in-region customers without FiOS as a choice for broadband or video service.⁴

The proposed Transaction undermines the incentive of Verizon to continue to invest in its FiOS, thus diminishing innovation, depressing investment in broadband deployment and ultimately eliminating jobs. The Commission is interested in and promotes the creation and preservation of jobs.⁵ “As part of its public-interest analysis,

² Comments of Communications Workers of America and International Brotherhood of Electrical Workers, In the Matter of 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, Feb. 21, 2012, pp 6-2 (“CWA/IBEW Comments”); Reply Comments of Communications Workers of America and International Brotherhood of Electrical Workers, In the Matter of 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, March 26, 2012, 2-14; CWA Ex Parte Letter to Ms. Marlene Dortch, WT Docket No. 12-4, May 7, 2012; CWA Letter to Ms. Marlene Dortch, WT Docket No. 12-4, May 31, 2012; CWA Letter to Ms. Dortch, WT Docket No. 12-4, June 15, 2012; CWA Letter to Ms. Dortch, WT Docket No. 12-4, June 19, 2012.

³ Citation in CWA/IBEW Comments, pp8-9; Original can be found at Verizon Communications, Earnings Call Transcript, Oct. 21, 2011, available at <http://seekingalpha.com/article/301177-verizon-communications-management-discusses-q3-2011-results-earnings-call-transcript> (last visited Feb. 15, 2012); see also Statement of Lowell McAdam, Chairman, CEO, President, Chairman of Verizon Wireless, Director of Verizon Wireless, at UBS 39th Annual Global Media and Communications Conference, Dec. 7, 2011, in response to a question about the future of FiOS, suggesting scale and efficiency would lead to increased FiOS deployment (“We have now developed a strategy, whereas, if we put FiOS down the street, regardless of the services that are on the street, we’re going to move everything over to FiOS and get the copper out of service and out of our base. So that is a pretty significant shift for us. That changes the scale, and frankly, the cost structure associated with FiOS. And if I can get some rhythm on that and be a little bit more efficient on the ONTs and what goes on inside the house, then the economics of FiOS begins to get better and better, then I can reevaluate.”).

⁴ Citation in IBEW/CWA Comments, pp 8-9.

⁵ Citation in IBEW/CWA Comments, pp 20-22. In the *WorldCom/MCI Order*, the Commission considered the impact of that merger on employment. See *WorldCom/MCI* at 213. In the *SBC/AMT Order*, the Commission cited SBC’s commitment to “improving service quality by hiring more employees.” *SBC/AMT Order* at 567. In the *Puerto Rico Telephone Authority/GTE Merger*, the Commission also cited employee commitments as a merger-related public interest benefit. *Puerto Rico/GTE Order*, ¶ 57; see also *Applications Filed by Frontier Communications Corporation and Verizon Communications Inc.*

the Commission historically has considered employment-related issues such as job creation, commitments to honor union bargaining contracts, and efficiencies resulting from workforce reduction ... (W)hen Applicants can demonstrate that a number of U.S. jobs will be created as a result of a proposed merger, the Commission will consider this as part of its public interest analysis.”⁶ The Transaction and accompanying Joint Marketing Agreements will result in less overall network investment than if Verizon and the relevant cable operators continued to compete to build out their own wireline and wireless platforms to compete with each other. Less competition results in fewer jobs. Without competition to drive increased investments, there is a negative impact on job creation.

The proposed transaction, including the joint marketing, would result in significant harm to competition, consumer choice, leading to higher prices, reduced service quality, and less job-creating network investment. Accordingly, if the Commission determines that grant of the Transaction and the Joint Marketing Agreements is in the public interest, it should provide its consent with the following conditions:

1. Prohibit Applicants from cross-marketing their services within the Verizon footprint.
2. Require Verizon to continue to offer FiOS broadband Internet access service, expand in-region deployment to cover at least 95% of residential living units and households within the Verizon in-region territory, and require that a certain percentage of incremental deployment after the Merger Closing will be to rural areas and low income living units, with timetables, data reporting, and penalties for non-compliance.
3. Require Verizon Wireless and the Cable Companies to make the services it provides each other under the Agreements to be available on a nonexclusive basis, and to make such services available to all requesting telecommunications carriers, cable service providers, and broadband internet service providers on the same terms and conditions.

Sincerely,

Debbie Goldman

for Assignment or Transfer of Control, Memorandum Opinion and Order, 25 FCC Rcd 5972 (2010) (Statement of Chmn. Genachowski “I take seriously concerns that have been expressed about the risks this transaction poses for consumers, employees, and competitors”) (Joint Statement of Comm’rs Copps and Clyburn “Lastly, we understand-and fully expect-that approving this transaction will maintain and potentially expand much-needed quality jobs in these rural communities. We continue to be hopeful that Frontier will soon reach an equitable agreement with the Communications Workers of America, ensuring that the needs of Frontier’s employees are respected”).

⁶ See, e.g., *Applications of AT&T and Deutsche Telekom AG*, Order and Staff Analysis and Findings, 26 FCC Rcd 16184, 16293 (2011).

Attachment

cc: Chairman Julius Genachowski
Commissioner Jessica Rosenworcel
Commissioner Ajit Pai
Commissioner Mignon Clyburn
Commissioner Robert M. McDowell
James Bird
Joel Rabinowitz
Rick Kaplan
Lisa Gelb
Christopher Sova
Virginia Metallo
Susan Singer
Paul Murray
Joel Tabenblatt
Jessica Campbell
Zachary Katz
Charles Mathias
Paul Murray
David Grimaldi
Louis Peraertz
Holly Saurer
Cortney Reinhard
Angela Giancarlo