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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 commercial agreements that are an integral part of the proposed Verizon Wireless/SpectrumCo/Cox Transaction ("the Transaction") continue to raise serious concerns about the impact to competition if the proposed Transaction is consummated without appropriate conditions. As CWA has repeatedly demonstrated, these agreements represent a cartel-in-the-making and a clear reversal of the cross-platform competition that was the cornerstone achievement of the Telecommunications Act of 1996 and a fundamental policy goal for the FCC. [1]

The Joint Marketing Agreements, in particular, would devastate today's vibrant head-to-head competition that currently exists between Verizon Communications and the cable companies in Verizon Communications' landline footprint. Moreover, as CWA has conclusively shown, absent the Transaction, Verizon would have the financial and competitive incentives to expand FiOS to many currently unserved areas within its landline footprint. These unserved areas are not limited to rural areas. In fact, as CWA has demonstrated, it is in Verizon's economic interest to expand to many currently unserved urban areas on the East Coast, including

[1] *See* Comments of Communications Workers of America and International Brotherhood of Electrical Workers, Applications of Cellco Partnership d/b/a Verizon Wireless, SpectrumCo, LLC, and Cox TMI Wireless, LLC for Consent to Assign Wireless Licenses, WT Docket No. 12-4, Feb. 21, 2012 ("CWA/IBEW Comments"); Reply Comments of CWA/IBEW, WT Docket No. 12-4, March 26, 2012 ("CWA/IBEW Reply Comments"); CWA Comments on the Impact of Verizon Wireless and T-Mobile to Assign AWS-1 Licenses on the Verizon Wireless/SpectrumCo/Cox Transactions, WT Docket No. 12-4, July 10, 2012 ("CWA/TMO Comments").

Albany, Baltimore, Boston, Buffalo, and Syracuse.[2]

Although Verizon has not deployed FiOS in Albany, Baltimore, Boston, Buffalo, and Syracuse, it has built FiOS in the suburbs that ring these cities. A demographic analysis comparing the population in these non-FiOS cities with the population in the surrounding suburban communities where Verizon has deployed FiOS demonstrates that people of color and lesser economic means will be disproportionately impacted by the decreased incentives to invest in FiOS.[3]

Cities without Verizon FiOS
Compared to Surrounding Suburbs with FiOS
Median Household Income, Poverty Rate, % Minority

	% Minority	Median Household Income	Poverty Rate
Buffalo - No Verizon FiOS	44.9%	$29,285	28.8%
Buffalo Suburbs with Verizon FiOS	4.9%	$56,925	8.2%
Baltimore - No Verizon FiOS	72%	$38,346	25.6%
Baltimore Suburban Counties with FiOS	52.8%	$81,840	7.6%
Boston - No Verizon FiOS	52.3%	$49,893	23.3%
Boston Suburbs with Verizon FiOS	22.9%	$82,816	8.3%
Albany - No Verizon FiOS	44.8%	$39,158	25.3%
Albany Suburbs with FiOS	13.4%	$70,540	5.4%
Syracuse - No Verizon FiOS	38.0%	$30,891	31.1%
Syracuse Suburbs with Verizon FiOS	6.7%	$52,961	7.0%

Source: Calculations based on U.S. Census, American Community Survey, 2009 and 2010

Although FiOS provides an attractive investment return in many currently non-FiOS areas, the combination of Verizon's cap-ex savings from *not* building FiOS plus the commission on the sale of an MSO bundle may produce an even higher return than a FiOS investment. It is simple math - collusion is cheaper than network investment. As a result, the proposed Transaction has a direct impact on Verizon's future investment decisions, decisions which will leave many communities that would otherwise have experienced the benefits of FiOS investment without FiOS.[4]

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[2] *See* CWA/IBEW Comments; CWA/IBEW Reply Comments ; CWA/TMO Comments.

[3] CWA/IBEW Reply Comments, pp 10-13; Letter from Carly T. Didden, Counsel to CWA/IBEW to Marlene H. Dortch, Applications of Cellco Partnership d/b/a Verizon Wireless, SpectrumCo, LLC, and Cox TMI Wireless, LLC for Consent to Assign Wireless Licenses, WT Docket No. 12-4, Attachment B, "Verizon/Cable Deal: Slamming the Door on our High-Speed Future," July 24, 2012.

[4] Letter from Debbie Goldman, CWA Telecommunications Policy Director, to Ms. Marlene Dortch, WT Docket No. 12-4, July 23, 2012 ("Goldman Letter").

The wireline overlap between Verizon and the four MSO Applicants' is extensive.[5] For example:

- In Boston and Baltimore, as well as in other medium-sized cities not served by FiOS in Maryland, Virginia, Delaware, Pennsylvania, New Jersey, and Rhode Island, Comcast is the incumbent cable company with longstanding cable franchises. Comcast also offers double- and triple-play packages of voice, video, and broadband service to consumers in these communities, competing against Verizon, the incumbent local telephone company. Verizon offers double-play packages of voice telephony and DSL broadband service, but as noted, does not offer a video product in these cities because it has not deployed its FiOS network in these cities.

- In Albany, Syracuse, and Buffalo, as well as other upstate New York and eastern Long Island communities that are not served by FiOS, Time Warner is the incumbent cable company with a longstanding cable franchise. Time Warner also offers double- and triple-play packages of voice, video, and broadband service in these communities competing against Verizon, the incumbent local telephone company. Verizon offers double-play packages in these cities of voice telephony and DSL broadband service, but as noted, Verizon does not offer a video product in these cities because it has not deployed its FiOS network in these cities.

As CWA has demonstrated in numerous filings, the Transaction represents a cartel-in-the-making that will result in reduced investment in network deployment, job loss, a widening of the digital divide, and with less competitive pressure, higher prices and lower quality services. Therefore, if the Commission decides to approve the transaction, it should only do so with the following conditions:[6]

1. **Prohibit cross-marketing arrangements in the Verizon landline footprint.** A prohibition against cross-marketing in the Verizon landline footprint will maintain the incentive for Verizon to develop and expand FiOS, consistent with the goals of the 1996 Telecommunications Act and Commission policy to encourage (not devastate) cross-platform competition.

2. **Consistent with past transactions, require Verizon to continue to offer FiOS broadband Internet service and expand in-region deployment to cover at least 95 percent of residential living units and households within the Verizon in-region territory, and ensure that a certain**

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[5] For an analysis of Verizon/MSO Applicant overlap, *see* CWA Comments dated July 10, 2012, Appendix C, "The Verizon/Big Cable Deal: A Communications Cartel in the Making," charts on pp 17 and 18.
[6] Letter from Debbie Goldman, CWA Telecommunications Policy Director, to Ms. Marlene Dortch, WT Docket No. 12-4, July 23, 2012 ("Goldman Letter"). *See also* CWA Comments, p. CWA/IBEW Reply Comments, p. 29-30; CWA VZW/TMO Comments, p. 13

percentage of incremental deployment after the Transaction Closing will be to rural areas and low-income living units, with timetables, data reporting, and penalties for non-compliance. In evaluating past transactions, the Commission has noted that it weighs the public interest harm that will result from the transaction against the countervailing public interest benefit. The greater the public interest harm, the more the Commission must find countervailing public interest benefits. In at least four recent transactions -- the AT&T/BellSouth merger (2007), the CenturyTel/Embarq merger (2009), the Frontier/Verizon sale (2010), and the Qwest/CenturyTel merger (2011) -- the Commission concluded that the Applicants' commitments to expand broadband deployment represented a significant transaction-related public interest benefit and served to offset transaction-related public interest harms.[7] Because the proposed Transaction poses significant public interest harm, the Commission should seek substantial commitments by Verizon Communications to expand its FiOS network beyond the areas in which it has existing franchise agreements to build FiOS.

3. **Require meaningful commitments in the JOE that would allow any competitor access to intellectual property necessary to compete so long as they are willing to purchase licenses under reasonable and non-discriminatory terms.**[8]

4. **Require Verizon Wireless and the cable companies to make certain services they provide each other under the Agreements available on a non-exclusive basis.**[9]

Respectfully submitted,

Debbie Goldman

Debbie Goldman
Communications Workers of America

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[7] *See*, *AT&T and BellSouth Corporation Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd 5662, App. F (2007);); *In the Matter of Applications filed by Qwest Communications International Inc. and CenturyTel, Inc. d/b/a/ CenturyLink for Consent to Transfer Control*, Memorandum Opinion and Order, WC Docket No. 10-110 (App. C), March 18, 2011 (rel); *In the Matter of Applications Filed by Frontier Corporation and Verizon Communications, Inc. for Transfer of Control,* Memorandum Opinion and Order, WC Docket No. 09-95 (App. C), May 21, 20120 (rel); *In the Matter of Applications Filed for Transfer of Control of Embarq Corporation to CenturyTel, Inc.,* Memorandum Opinion and Order, WC Docket No. 08-238, (App. C), June 25, 2009 (rel).
[8] *See* Goldman Letter for a more detailed explanation of this condition.
[9] *See id*. for a more detailed explanation of this condition.