

ONE HUNDRED TWELFTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

April 26, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Greg Walden
Chairman
Subcommittee on Communications and Technology
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Upton and Chairman Walden:

We are writing to urge you to hold a hearing on recently announced spectrum transactions involving Verizon's proposed acquisition of Advanced Wireless Services (AWS) spectrum licenses from several cable companies as well as Verizon's conditional sale of the company's 700 MHz A and B block licenses. Although we have not taken a position on any of these proposals, we believe it is important that the Energy and Commerce Committee examine the policy implications of these deals carefully and hear testimony from opponents and supporters of these transactions.

On December 2, 2011, Verizon announced a series of interrelated agreements with SpectrumCo, a partnership between Comcast, Time Warner Cable, and Bright House Networks.¹ In addition to the acquisition of SpectrumCo's AWS spectrum by Verizon, the parties to the transaction also announced agreements to cross-market each others' services and a new joint venture to develop technology to integrate wireline and wireless offerings. On December 16, 2011, Verizon announced a similar deal with Cox Communications to acquire AWS spectrum

¹ Verizon Wireless, *Comcast, Time Warner Cable, and Bright House Networks Sell Advanced Wireless Spectrum to Verizon Wireless for \$3.6 Billion* (Dec. 2, 2011) (online at <http://newscenter.verizon.com/press-releases/verizon/2011/comcast-time-warner-cable.html>).

and enter into cross-marketing agreements.² On April 18, 2012, Verizon announced that contingent upon regulatory approval and closing of the AWS spectrum acquisitions, the company would sell its 700 MHz A and B block licenses.³

Verizon argues that the acquisition of AWS licenses will create consumer benefits resulting from the deployment of an allocated but unused block of spectrum and the convenience of purchasing bundled communications services.⁴ In contrast, opponents assert a number of potential harms from the Verizon and cable company transactions, including further concentration in the wireless industry and disincentives for competition between wireline and wireless broadband.⁵

These transactions have potential implications for competition in the wireless industry. Regional carriers continue to report difficulty reaching roaming agreements with national carriers and assert these transactions will further consolidate Verizon's market power over roaming agreements.⁶ Small and regional carriers also argue that a lack of access to interoperable wireless devices in the lower 700 MHz bands has hindered their deployment of 4G wireless service.⁷ The FCC recently issued a Notice of Proposed Rulemaking (NPRM) with the

² Verizon Wireless, *Cox Communications Announces Agreement to Sell Advanced Wireless Spectrum to Verizon Wireless* (Dec. 16, 2011) (online at <http://newscenter.verizon.com/press-releases/verizon/2011/cox-communications-announces.html>).

³ Verizon Wireless, *Verizon Wireless to Conduct Spectrum License Sale* (Apr. 18, 2012) (online at <http://newscenter.verizon.com/press-releases/verizon/2012/verizon-wireless-to-conduct.html>)

⁴ *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, Joint Opposition to Petitions to Deny and Comments* at 2, 4, 76, WT Dkt. No. 12-4 (Mar. 2, 2012).

⁵ See, e.g., American Antitrust Institute *Verizon's Deals with Cable Companies Raise Significant Competitive Issues* (Apr. 1, 2012) at 15 ("Verizon's acquisition of a critically important block of spectrum raises significant concerns about the future competitiveness of the wireless market... and also raises significant questions about the continued vitality of competition in wireline broadband and video markets, and of future competition between wireless and wireline services.").

⁶ *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, RCA-The Competitive Carriers Association Petition to Condition or Otherwise Deny Transactions* at 31-35, WT Dkt. No. 12-4 (Feb. 21, 2012); *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, Petition to Deny of the Rural Telecommunications Group, Inc.* at 9-13, WT Dkt. No. 12-4 (Feb. 21, 2012)

⁷ *In the Matter of Application of AT&T Inc. and Qualcomm Incorporated For Consent To Assign Licenses and Authorizations, Ex Parte of Cellular South* at 1, WT Dkt. No. 11-18 (Dec. 1, 2011); *In the Matter of Application of AT&T Inc. and Qualcomm Incorporated For Consent To Assign*

goal of “promot[ing] interoperability and encourage[ing] the efficient use of spectrum in the Lower 700 MHz band;”⁸ some of these carriers have suggested that Verizon’s proposed sale of 700 MHz A and B block licenses may create new impediments to achieving interoperability and contravene the FCC’s stated goals in the NPRM.⁹

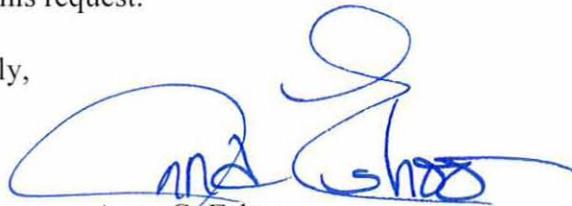
We were encouraged when we heard Chairman Walden state recently that the Communications and Technology Subcommittee will engage in a close review of spectrum issues this year, including “who has it, who’s using it, who’s sitting on it, what are the needs, and what’s the value.”¹⁰ We respectfully submit that any analysis of these important issues would be incomplete without an examination of the proposed Verizon spectrum transactions.

Thank you for your consideration of this request.

Sincerely,



Henry A. Waxman
Ranking Member



Anna G. Eshoo
Ranking Member
Subcommittee on Communications and
Technology

Licenses and Authorizations, *Petition to Deny of Rural Cellular Association* at 8, WT Dkt. No. 11-18 (Mar. 11, 2011).

⁸ *In the Matter of Promoting Interoperability in the 700 MHz Commercial Spectrum; Interoperability of Mobile User Equipment Across Paired Commercial Spectrum Blocks in the 700 MHz Band, Notice of Proposed Rulemaking* at para. 5, WT Dkt. 12-69, RM-11592 (Mar. 21, 2012).

⁹ *How Verizon Wireless May Kill Hope for LTE Interoperability*, Bloomberg BusinessWeek (Apr. 19, 2012) (online at www.businessweek.com/articles/2012-04-19/how-verizon-wireless-may-kill-hope-for-lte-interoperability).

¹⁰ *Communicators with Representative Greg Walden*, C-SPAN (Mar. 10, 2011) (online at www.c-spanvideo.org/program/GregWa).