

Before the
Federal Communications Commission
Washington, DC 20554

In re)	
Application for the)	
Transfer of Control of Licenses)	WC Docket No. 05-75
and Authorizations of MCI, Inc.)	DA 05-762
Verizon Communications, Inc.)	File No. ITC-TIC20050316-00095
)	

COMMENTS OF UNITED STATES CELLULAR CORPORATION

United States Cellular Corporation ("USCC") hereby files its Comments on the above-captioned application.¹ USCC requests that the Commission condition any grant of the above-captioned application in such a way as to ensure that MCI, under Verizon's ownership, will continue to make available to wireless carriers interexchange service on fair and non-discriminatory terms.² USCC also requests that the FCC require that MCI safeguard competitively sensitive information it obtains as a consequence of its business relationship with wireless carriers and that it treat such carriers in a fair and non-discriminatory manner with respect to "provisioning," outage restoration and other service relationships.

USCC, a majority owned subsidiary of Telephone and Data Systems, Inc. ("TDS"), is a mid-sized wireless carrier providing cellular and PCS service to approximately 5.1 million customers in 146 markets. USCC's markets are predominantly rural in character and are concentrated in a few regional "clusters."

¹ See Public Notice, "Commission Seeks Comment on Application for Transfer of Control Filed by Verizon Communications, Inc. and MCI, Inc.," WC Docket 05-75, DA 05-762, released March 24, 2005 ("Verizon-MCI Application").

² USCC does not currently have a business relationship with MCI. However, MCI's presence in the market as a potential supplier of interexchange service has served to "discipline" the interexchange carriers with whom USCC does have business arrangements. Moreover, MCI may supply interexchange service to USCC in the future and USCC thus has an interest in MCI treating wireless carriers not under common ownership with MCI fairly.

USCC's main regional concentration is in the Midwest, in the states of Illinois, Iowa, Wisconsin, and Missouri. It has other regional "clusters," in upper New England, Oklahoma, the mid-Atlantic states, Tennessee and North Carolina, and in portions of Washington, Oregon, and northern California. However, USCC is not a national carrier and its network does not cover the whole country. Accordingly, it needs to use the networks of interexchange carriers to transmit calls from its customers and roamers to those whom they call throughout the country. As noted above, MCI has not been one of USCC's interexchange service providers. However, Verizon controls Verizon Wireless, a competitor of USCC, and Verizon's acquisition of MCI would create a new and possibly anti-competitive situation, which the FCC should address, by devising adequate safeguards to protect the rights of all non-"Verizon" wireless carriers, particularly small, rural and mid-sized carriers.

The Commission Should Protect Competition In This New and Unique Situation.

In recent months, the FCC has been asked to approve this and three other mergers, which, if implemented, would radically reshape the telecommunications industry.³ The proposed Western Wireless/ALLTEL and Sprint/Nextel mergers would speed the consolidation of and increase concentration in the wireless industry. The proposed SBC/AT&T and Verizon /MCI mergers would result in the absorption of the two largest interexchange carriers into Regional Bell Operating Companies, thus inevitably increasing RBOC and ILEC pricing and other market power in intercarrier relationships. Also, when AT&T and MCI disappear as independent companies, their absence in regulatory proceedings and industry negotiations will substantially

³ See also Public Notice, "Western Wireless Corporation and ALLTEL Corporation Seeks FCC Consent to Transfer Control of Licenses and Authorizations, DA 05-332, released February 7, 2005; Public Notice, "Nextel Communications, Inc. and Sprint Corporation Seek FCC Consent to Transfer Control of Licenses and Authorizations, WT Docket No. 05-63, DA 05-502, released February 28, 2005; Public Notice, "Commission Seek Comments on Application for Consent to Transfer of Control Filed By SBC Communications, Inc. and AT&T Corp., WC Docket No. 05-65, DA 05-656, released, March 11, 2005.

strengthen the advocacy and negotiating position of the RBOCs and other national carriers in such matters, and significantly weaken the advocacy and negotiating position of the smaller carriers that have business interests which conflict with the business interests of the RBOC and other national carriers. It is thus urgent that the FCC act to ensure that competition and the rights of small, mid-sized and regional wireless carriers will be protected in a competitive environment in which the market power of the largest integrated telecommunications carriers will be vastly increased.

USCC's concerns with this merger are focused on the following:

Pricing. USCC is concerned that Verizon might alter its pricing or other policies to benefit Verizon Wireless and disadvantage small, mid-sized and regional competitors of Verizon Wireless, or to take advantage of its market power. While USCC does not seek regulation of interstate long distance rates in a market where no carrier is "dominant,"⁴ we would ask that the FCC announce that it will maintain a careful and vigilant watch over the pricing practices of MCI, AT&T and other RBOC controlled IXCs to ensure that they have no discriminatory or anti-competitive purpose or effect. This policy is warranted in this case by the new situation in which one company, Verizon, would control one of the two largest wireless carriers, Verizon Wireless, serving 43.8 million customers, and the second largest IXC, MCI, as well as maintaining its dominant ILEC status in the northeastern and middle Atlantic regions of the country, providing service in 29 states.⁵ MCI's new status justifies increased scrutiny of its service and rate practices with respect to the competitors of its future affiliate, Verizon Wireless.

⁴ In re Motion of AT&T To Be Declared Non-Dominant for International Service, Order, 11 FCC Rcd 17963 (1996).

⁵ See Verizon-MCI Application, p. iii. USCC is aware that MCI is gradually exiting the residential and small business local exchange and interexchange business (Public Interest Exhibit, pp. 4, 47.). However, the application's "Public Interest" exhibit also emphasizes MCI's intention to remain a prominent competitor in the provision of service to "large enterprise services" and "IP-based connectivity services" (Public Interest Exhibit, p. 13).

Competitively Sensitive Information. MCI's relationship with its wireless carrier customers involves the provision of "call detail" to MCI. This information is competitively sensitive and might obviously be of commercial use to Verizon Wireless, which will now be under common ownership with MCI. The FCC should require that such information, and indeed all competitively sensitive information pertaining to the commercial relationship of MCI with other wireless carriers, not be shared with Verizon Wireless.

Favored treatment of affiliates. The Commission should condition any grant of this application on MCI being required not to favor its commonly owned wireless affiliate over other wireless carriers with respect to such matters as the "provisioning" of "trunks" at points of interconnection and restoration of service following network "outages." All wireless carriers are dependent on their interexchange carriers for prompt "provisioning" of requested interconnections, the swift restoration of service following any outages and the correction of other service problems. It will be vital that MCI not discriminate between its affiliate and other carriers in the event such problems arise. We do not allege that the applicants have any present intention of doing so, but all carriers are subject to competitive pressures and the temptations which arise as a consequence of such pressures. USCC does not seek any formal "separate affiliate" requirements, as were required of the RBOCs by Section 272 of the Communications Act. Rather, we seek some formal assurance through a grant "condition" of fair and non-discriminatory treatment. In 2004, in a proceeding involving AT&T, the FCC recognized the validity of such concerns when it forbade BellSouth from favoring its interexchange services affiliate, BellSouth Long Distance, over other IXCs.⁶

⁶ See AT&T Corp. v. BellSouth Telecommunications, Inc., Memorandum Opinion and Order, 198 FCC Rcd 23898 (2004)

Most favored nation condition. There is also precedent for the FCC to condition its approval of the merger on a "most favored nation" provision. In 2000, in approving the GTE-Bell Atlantic merger, the FCC imposed "most favored nation" conditions to ensure fair treatment of other carriers which might have been adversely affected by the market power of the merged entity.⁷ We urge that the FCC impose a "most favored nation" condition on its approval of this merger, pursuant to which MCI could not unreasonably discriminate among its customers on account of their size or whether they had an affiliate relationship with MCI.

Applicant assurances in lieu of merger conditions. The Verizon-MCI application's public interest exhibit is lengthy, with voluminous attachments. It contains detailed arguments concerning various competition-related issues, but does not refer to the competitive problems which may arise when MCI-owned MCI provides long distance service to small, mid-sized and regional competitors of Verizon Wireless. This is an important matter and it is necessary that the FCC deal with it. One of the main justifications for the merger given in the public interest exhibit is the emergence of national "intermodal" competition, including that provided by wireless carriers.⁸ However, wireless carriers will not be able to provide competition to Verizon and similarly situated carriers unless they continue to receive interexchange service on fair and non-discriminatory terms from Verizon, SBC, and other ILECs/IXCs.

We welcome any representations which the applicants might make concerning these issues in response to this filing. However, we would submit that any such reassurances, while desirable, are not a substitute for appropriate application grant conditions.

⁷ See also Application of GTE Corporation, Transferor and Bell Atlantic Corporation, Transferee, Memorandum Opinion and Order, 15 FCC Rcd 14032 (2000) (FCC imposed "most favored nation" conditions in approving GTE/Bell Atlantic merger).

⁸ Public Interest Exhibit, pp. 41-44.

CONCLUSION

For the foregoing reasons, USCC asks that the FCC condition any grant of the above-captioned application on MCI (a) having to treat all its wireless customers in a fair and non-discriminatory manner and (b) not disclosing their competitively sensitive information.

Respectfully submitted,

UNITED STATES CELLULAR CORPORATION

_____/s/_____
James R. Jenkins, Vice President
Legal and External Affairs
United States Cellular Corporation
8110 West Bryn Mawr
Chicago, IL 60631

_____/s/_____
Thomas Gutierrez
Lukas, Nace Gutierrez & Sachs
1650 Tysons Boulevard, Suite 1500
McLean, VA 22102

CERTIFICATE OF SERVICE

I, David Crawford, do hereby certify that on this 9th day of May, 2005, I caused copies of the “*Comments of United States Cellular Corporation*” to be electronically served upon the following:

Best Copy and Printing, Inc.*
445 12th Street, S.W., Room CY-B402
Washington, D.C. 20554

Gary Remondino
Competition Policy Division
Wireline Competition Bureau
445 12th Street, S.W., Room 5-C143
Washington, D.C. 20554

Gail Cohen
Competition Policy Division
Wireline Competition Bureau
445 12th Street, S.W., Room 5-C111
Washington, D.C. 20554

Bill Dever
Competition Policy Division
Wireline Competition Bureau
445 12th Street, S.W., Room 5-C266
Washington, D.C. 20554

Mary Shultz
Wireless Telecommunications Bureau
1270 Fairfield Road
Gettysburg, PA 17325

Jeff Tobias
Wireless Telecommunications Bureau
445 12th Street, S.W., Room 3-A432
Washington, D.C. 20554

Erin McGrath
Wireless Telecommunications Bureau
445 12th Street, S.W., Room 6338
Washington, D.C. 20554

David Krech
Policy Division
International Bureau
445 12th Street, S.W., Room 7-A664
Washington, D.C. 20554

Kathleen Collins
Policy Division
International Bureau
445 12th Street, S.W., Room 7-A515
Washington, D.C. 20554

JoAnn Lucanik
International Bureau
445 12th Street, S.W., Room 6-A660
Washington, D.C. 20554

* Transmitted via U.S. Postal Service

James Bird
Office of General Counsel
445 12th Street, S.W., Room 8-C824
Washington, D.C. 20554

Jonathan Levy
Office of Strategic Planning and Policy
Analysis
445 12th Street, S.W., Room 7-C362
Washington, D.C. 20554

Richard S. Whitt*
Vice President of Federal Law and Policy
MCI, Inc.
1133 19th Street, NW
Washington, DC 20036

Michael E. Glover*
Senior Vice President and
Deputy General Counsel
Verizon Communications, Inc.
1515 N. Courthouse Road
Arlington, VA 22201

/s/
David Crawford

* Transmitted via facsimile and U.S. Postal Service.