

**Before the
Federal Communications Commission
Washington, D.C. 20554**

July 25, 2008

In re Applications of)	
)	
ATLANTIS HOLDINGS, LLC, Transferor,)	
)	
and)	WT Docket No. 08-95
)	
CELLCO PARTNERSHIP D/B/A)	
VERIZON WIRELESS, Transferee)	
)	
for Consent to the Transfer of Control of)	
Commission Licenses and Authorizations)	
Pursuant to Sections 214 and 310(d) of the)	
Communications Act)	

Comments of FreedomWorks Foundation

FreedomWorks Foundation is a 501(c)(3) nonprofit and educational foundation with more than 500,000 members and supporters nationwide. Its mission is to educate citizens on, and to promote the adoption of, free-market policies, which it believes inure to the benefit of consumers and citizens generally. FreedomWorks Foundation is actively involved in a number of regulatory issues and has been particularly interested in technological advances and changes in the marketplace that bolster competition and consumer choice. We take a strong interest Verizon's acquisition of ALLTEL because we believe that consumers are best served by a competitive, dynamic telecommunications market.

FreedomWorks Foundation believes that maximizing consumer welfare is the principal criterion to be considered when evaluating market activity and organizational structures. This is a fundamental assumption in mainstream economic analysis, and our comments focus on the potential consumer benefits of Verizon's acquisition of ALLTEL.

After reviewing the initial comments submitted in these proceedings on June 13, 2008, as well as other relevant economic literature, we believe

that the acquisition has the potential to enhance rather than harm consumer welfare, and thus should be permitted. More specifically, we believe the acquisition reflects the changes underway in the evolving telecommunications and broadband market; the merger poses no threat of monopolistic behavior; and, the merger has the potential to provide significant consumer benefits.

Overall the merger would allow consumers a predicted \$9 billion of synergy savings.¹ Through consolidation of management, broader spectrum coverage, competitive responses, and contract revisions, ALLTEL customers can expect to benefit directly from the amalgamation. ALLTEL customers would be allowed access to a network already serving 67 million people and would be provided with superior coverage, service, and technological access than they enjoy currently.² Verizon has spent more than \$37 billion in the last seven years to expand their data range and network coverage, a competitive infrastructure that ALLTEL's customers would gain access to immediately.

The Wireless Market Is Dynamic and Expanding

More than decade after the 1996 Telecommunications Act, technological convergence has altered the market significantly. Today's consumers have greater choice and more innovative products available at competitive prices, and these gains have been greatest in areas with the greatest competition and lightest regulation. Wireless communications, in particular, has seen the most substantial changes in the marketplace. Today, wireless subscribers exceed wireline customers, with over 241.8 million subscribers.³ Prices have fallen, new services and plans have been introduced to accommodate all types of consumers, and today's phones continue to add new features at a rapid pace, from new voice mail and email options to cameras, MP3 players, and broadband services.

The proposed acquisition reflects an evolving marketplace and the maturation of wireless services. This reflects a shift from simply regional competition to competition on a national scale. In this respect, ALLTEL for the most part provides complementary service that will complete voids in Verizon's nationwide coverage. To this extent, existing customers of both Verizon and ALLTEL will benefit as the expanded coverage will reduce

¹Exhibit 1: *Description of Transaction, Public Interest Showing, and Related Requests and Demonstration*. Statement Offered to the Federal Communication Commission, June 13, 2008.

² Colin Barr. *Fortune Daily Briefing* 6/5/08.

<http://dailybriefing.blogs.fortune.cnn.com/2008/06/05/verizon-confirms-alltel-buy/>

³ *Twelfth Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Services*, Federal Communications Commission, February 4, 2008, p. 6.

roaming charges and allow access to the complementary networks for customers. Rather than anticompetitive behavior with the potential for consumer harm, the acquisition can enhance the benefits available to consumers.

The Acquisition Poses No Threat of Anticompetitive Behavior

The overall telecom industry is competitive and has seen consumer benefits increase as technology, coverage, and availability have improved within the market. In 2006, 98 percent of the population had access to three or more telecom service providers, and 94 percent of the population had access to four or more providers.⁴ The price per minute for phone calls has decreased 37 cents on average since 1993 when cell phones were first introduced.⁵ Market entry and competition have increased dramatically as average revenues per voice minute have steadily decreased over the last 15 years. These trends have come in conjunction with higher customer satisfaction ratings and millions of more customer subscriptions.⁶ Expanding output and declining prices, coupled with improving quality are hardly signs of a monopolistic industry. We believe the Verizon's acquisition of ALLTEL would only further the competitive movement of the wireless industry.

The Proposed Acquisition Has the Potential to Expand Consumer Benefits

The acquisition provides an opportunity to enhance the technologies available to consumers. Both Verizon and ALLTEL rely on CDMA for their wireless networks, so the acquisition should not impede usage by existing customers of either network. Without the need for network overhaul, Verizon can immediately integrate ALLTEL's networks and quickly shift their focus towards expanding broadband and 3G (third generation) service technologies to consumers. Verizon provides EV-DO Rev. A for high-speed data transfer on its wireless network. This is one of the latest broadband technologies that will provide faster uploads and downloads on wireless networks. ALLTEL has relied on an earlier version of EV-DO (Rev. 0), so, in this respect, the acquisition would provide ALLTEL customers access to more state-of-the art technologies.

In addition, Verizon is currently in the process of releasing 3G wireless technologies that again can provide improved technologies to all customers. With over 13 million customers covered by ALLTEL and 90 percent of them living in rural areas, this acquisition would allow ALLTELL's customers

⁴ *Twelfth Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Services.*, p. 27. Table 5.

⁵ *Ibid.* p. 90. Table 14

⁶ *Ibid.*, p. 9.

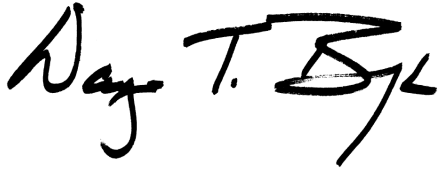
access to Verizon's rapidly expanding 3G EV-DO Rev. A networks. Expanding the availability of EV-DO Rev. A to customers would increase transfer speeds tenfold while also allowing access to mixed multimedia and emergency response applications. It would also offer alternatives to rural customers relying solely on EV-DO Rev. 0 wireless broadband. Verizon has shown its dedication to expanding wireless broadband services as over 200 million Americans in 248 metropolitan areas are currently covered under their spectrum. This merger would bring 11 million more people under the broadband network and create competitive incentives for other companies in these areas as well.

Finally, Verizon has announced an Open Development Initiative (ODI) for third-party devices and applications that is set to be implanted by the end of 2008. Rather than requiring consumers to exclusively use Verizon sponsored devices, the ODI will grant customers the option to choose any device that meets the published technical standards of Verizon networks. This will increase competition and innovation, and consumers have the opportunity to see accessory prices decrease and choices increase as a result of third-party competition. ALLTEL's customers can benefit immediately from these innovations and the overall marketplace will be improved by this measure as well, which has many potential implications for future network development and use.

Conclusions

While no one can forecast the outcome of a merger or acquisition with complete certainty, the proposed acquisition appears to make sense with from the perspective of both economics and consumer welfare. Overall, we believe the acquisition would allow expanded service, a larger network, and competitive affordability to current ALLTEL network users. Given the compatible network types and Verizon's superior 3G wireless service, ALLTEL customers would benefit immediately from the acquisition. On a larger scale, the competitive measures of the ODI and 3G expansion would allow consumer benefits to increase in the aggregate as competitive initiatives are matched by alternative providers. The acquisition would also allow ALLTEL's customers the security and stability of a large market provider without undermining their current contractual structure. Accordingly, FreedomWorks Foundation supports the acquisition of ALLTEL wireless by Verizon Telecommunications.

Respectfully submitted,

A handwritten signature in black ink, reading "Way T. Brough". The signature is written in a cursive, slightly stylized font. The "W" is large and loops back. The "y" is connected to the "T". The "Brough" is written with a large, bold "B" and a long, sweeping "h" that extends to the right.

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