



August 11, 2008

Chairman Kevin Martin  
Commissioners Michael Copps  
Commissioner Deborah Taylor Tate  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Commissioner Jonathan Adelstein  
Commissioner Robert McDowell

Re: DA 08-1481  
WT Docket No. 08-95

Dear FCC Chairman and Commissioners:

The Small Business and Entrepreneurship Council (SBE Council) works to influence legislation and public policy that enhances the environment for business start-ups, investment and growth.

Obviously, high-speed telecommunications services are critical to 21<sup>st</sup>-century-economy businesses of all types, sizes and stages of growth. Therefore, SBE Council has followed and weighed in on a wide array of telecommunications policy issues and initiatives in terms of how they affect the entrepreneurial sector of our economy.

On the recent agreement for Verizon Wireless to buy Alltel Corp. for \$28.1 billion, SBE Council views this as a positive development for entrepreneurs and small businesses. The deal warrants quick approval by the Federal Communications Commission.

According to a report in the June 6 *Wall Street Journal*, this agreement would result in Verizon Wireless becoming the largest U.S. cellphone carrier with more than 80 million subscribers. It would put the merged entity ahead of current market leader AT&T Inc., with its reported 71.4 million subscribers. Sprint Nextel Corp. follows at 52.8 million subscribers, and Deutsche Telekom AG's T-Mobile USA at 30.8 million. Assorted smaller carriers round out what obviously is a competitive market.

It is important to then factor in hard-line telephone and cable companies to see how the competitive picture grows even more robust.

Some individuals or groups might protest because this merger would result in the largest cellphone company in terms of wireless market share. Of course, though, this fails to consider the entire telecommunications marketplace.  
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Besides, size of a particular sector of the market is not the correct criteria for evaluating such an agreement.

Not only is this market already competitive – again, given the other competitors noted above – it also is quite dynamic. Breathtaking changes in technology already have served up, and will continue to offer innovations and inventions that alter and enhance the way individuals and businesses communicate, access information, and generally partake in commerce. That most certainly includes how small businesses reach existing and potential customers locally, across the nation and around the globe.

Such innovation often arrives in ways not envisioned by many within the industry, never mind by elected officials and their appointees in government. This economic reality requires that regulators approach their jobs with a high degree of humility, and show great respect for and significant deference to the processes of entrepreneurship and innovation in the economy.

Mergers, particularly in a competitive, dynamic market, can create opportunities for reducing costs and making efficiency gains that benefit customers – both individuals and businesses – and to make investments that can improve and enhance products and services. The government is in a poor position to decide to erect barriers or halt such mergers. Instead, consumers in the marketplace are best equipped to determine what business combinations, services and products work in the end. When government steps in to halt or impose various prerequisites on mergers, the very real threat exists that opportunities for investment, innovation, cost reductions and efficiency gains get cut off.

In the Verizon Wireless-Alltel case, potential benefits clearly exist for small business customers. For example:

- Small business customers should benefit from cost savings and service improvements resulting from Alltel customers in the South and Midwest being integrated into the Verizon network, particularly given that the two companies use the same cellular technology and are following the same roadmap looking ahead. According to a June 5 CNet News.com report, “Earlier this year, Alltel said it would

use a next-generation wireless technology called LTE to build its 4G network, the same technology Verizon has said it will use to build its 4G network.”

- In particular, small businesses in the rural areas served by Alltel should experience tremendous gains in terms of wireless speed and services, given the financial strength and potential investment clout of the merged entity. This combination should expand the telecommunications tools available to small businesses in these rural areas. That helps to foster new opportunities for entrepreneurs in those regions. Small business expansion, in turn, means enhanced job creation, as small businesses generate the bulk of net new jobs created each year. This is all good news for local economies.

Too often, small businesses are the last to reap the rewards of telecommunications advancements, at least when compared to their larger brethren or competitors. That is even more

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so the case with small businesses in rural settings. While this is not surprising in terms of the economics of rolling out new technology, it nonetheless is very frustrating to small business owners, as well as to rural communities in general.

But it is agreements like this Verizon Wireless-Alltel deal that point to the expansion of high-speed communications in rural America, and to the small businesses that are vital to the economic well being of those communities. The cost savings, efficiency gains and available capital from this kind of merger are what will allow for the necessary investments to be made.

SBE Council trusts that the Federal Communications Commission will see the opportunities that this merger will present to consumers, small businesses and a host of local communities.

We appreciate the opportunity to share with you our thoughts on this matter, and we hope you keep in mind the needs of small businesses and entrepreneurs when examining this agreement.

Sincerely,



Karen Kerrigan  
President & CEO

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