

Licensees with Coverage of Entire CMA	Mobile Telephony Spectrum in Megahertz (Cellular, PCS, SMR, 700 MHz, and AWS-1)
Verizon Wireless	55-65
RCC	25-37.5
<i>If combined</i>	<i>85-100</i>
AT&T	40-60
MetroPCS	10
Qualcomm	6
SpectrumCo.	20
Sprint Nextel	55 -58.25
T-Mobile	30-40
Westelcom	12

Further, six licensees hold spectrum in parts of this CMA.

Licensees with Partial Coverage of CMA	Mobile Telephony Spectrum in Megahertz (Cellular, PCS, SMR, 700 MHz, and AWS-1)
LCFR	10
MCG PCS	15
New Dimension	10
NextWave	10
PCS Partners	10
Vermont Telephone	10

Conclusion

In order to ensure that there is an adequate number of competing service providers in this market, and in order to guard against the significant likelihood of competitive harm, we require a full business unit divestiture of certain assets in this CMA. If a divestiture in this CMA were not required, there would be only one facilities-based provider (the merged entity) that would be considered sufficiently built out in this CMA.⁴⁹⁵ The transaction would involve combining the [REDACTED] and [REDACTED] largest providers in terms of market share and the resulting entity would be approximately [REDACTED] to [REDACTED] times as large as the other service providers in the CMA that have a market share greater than [REDACTED] percent. Further, this transaction would reduce the number of service providers to three with market share greater than [REDACTED] percent. Given that Verizon Wireless would have approximately [REDACTED] percent of the subscribers, we find it highly likely that Verizon Wireless would be able to profitably raise prices or lower the quality of wireless service. As a result, there would be a significant increase in the probability that the merged entity would behave in an anticompetitive manner. Therefore, on the basis of the record, we conclude that there is a substantial risk that the transaction, without a divestiture, would lead to anticompetitive harms in this CMA.

⁴⁹⁵ For purposes of this determination, we define sufficiently built-out as having coverage of at least 70 percent of the population in the CMA.

Vermont 1- Franklin (CMA679)Initial Screen

HHI Analysis. The post-merger HHI in the CMA would be [REDACTED], an increase of [REDACTED] from the current figure. Because these numbers are sufficient to flag this CMA under both HHI portions of the initial screen, they indicate a need for a market-specific analysis based on a potential for competitive harms to arise in this CMA.

Spectrum Aggregation. Under the initial 95 megahertz spectrum aggregation screen, we first examine the cellular, PCS, SMR, and 700 MHz spectrum holdings in this market. Verizon Wireless holds 40 megahertz of cellular, PCS, SMR, and 700 MHz spectrum,⁴⁹⁶ on a county-by-county basis, in the CMA. RCC holds 38.2⁴⁹⁷ megahertz of cellular, PCS, SMR, and 700 MHz spectrum on a county-by-county basis in this CMA. Thus, the merged entity would hold 78.2 megahertz of cellular, PCS, SMR, and 700 MHz spectrum, on a county-by-county basis, within the CMA. Accordingly, this market is not flagged by the 95 megahertz spectrum aggregation screen.

Further Market-Specific Analysis

Actual Competitors in the Market. The Vermont 1- Franklin CMA has a population of about 217,353, and is comprised of seven counties. In this CMA, there are three wireless service providers with market share greater than [REDACTED] percent, which is the standard we have used in recent wireless transaction orders to identify service providers with sufficient share to be counted as actual competitors in the market.

Service Provider	Market Share
Verizon Wireless	[REDACTED]
RCC	[REDACTED]
<i>If combined</i>	[REDACTED]
Sprint Nextel	[REDACTED]
U.S. Cellular	[REDACTED]

Thus, if Verizon Wireless and RCC were combined in this market, the number of actual competitors would be reduced from three to two, with the combined entity holding [REDACTED] market share in this CMA.

Coverage of Existing Networks. We also consider each of the Applicants', as well as the other service providers', respective network coverage in this market of concern based on the percent of land area and population covered. The table below provides the portion of the CMA land area and population covered by each service provider in the Vermont 1-Franklin CMA.

⁴⁹⁶ As previously noted, this analysis does not include spectrum associated with the 700 MHz licenses auctioned in Auction 73.

⁴⁹⁷ RCC's spectrum holdings include 3.2 megahertz of spectrum from AT&T throughout the CMA. This spectrum manager lease expires in March 2012.

Service Provider	Percent of Area Covered	Percent of Population Covered
Verizon Wireless	71	86
RCC	86	94
Sprint Nextel	23	48
U.S. Cellular	35	42

In the Vermont 1-Franklin CMA, only Verizon Wireless and RCC cover 70 percent or greater of the population, which we have considered to be sufficient, and only Verizon Wireless and RCC cover over 50 percent of the CMA land area.

Substitutability. We also analyzed wireless LNP data to gauge how consumers view the substitutability of Verizon Wireless and RCC. Verizon Wireless had a total of [REDACTED] mobile-to-mobile ports out through June 2007: [REDACTED] of these ports were to RCC (reflecting [REDACTED] percent of Verizon Wireless's ports); [REDACTED] of these ports were to Sprint Nextel (reflecting [REDACTED] percent of Verizon Wireless's ports); and [REDACTED] of these ports were to U.S. Cellular (reflecting [REDACTED] percent of Verizon Wireless's ports).

RCC had a total of [REDACTED] mobile-to-mobile ports out through June 2007: [REDACTED] ports were to Verizon Wireless (reflecting [REDACTED] percent of RCC's ports); [REDACTED] of these ports were to Sprint Nextel (reflecting [REDACTED] percent of RCC's ports); and [REDACTED] of these ports were to U.S. Cellular (reflecting [REDACTED] percent of RCC's ports).

Spectrum Aggregation. At this step of the analysis, we examine whether -- in addition to the cellular, SMR, PCS, and 700 MHz spectrum considered as part of the initial screen -- either AWS-1 or BRS spectrum is available in this CMA. With regard to AWS-1 spectrum, it does not appear that there is required relocation of transmitters or receivers by government users in the CMA. As a result, AWS-1 spectrum in this CMA is available for deployment by commercial licensees and is included in the analysis of the competitive effects of this transaction for this CMA. Verizon Wireless holds 20 megahertz of AWS-1 spectrum throughout the CMA. With regard to BRS spectrum, a transition plan has not been filed for the BTA that coincides with this CMA; therefore, BRS spectrum is not included in the analysis of the competitive effects of this transaction for this CMA.

Thus, in summary, if all relevant spectrum holdings were combined in this CMA, the merged entity's total spectrum aggregation on a county-by-county basis in this CMA would come to 98.2 megahertz of a total of 370 megahertz of cellular, PCS, SMR, 700 MHz and AWS-1 spectrum available for mobile telephony services within the Vermont 1-Franklin CMA, reflecting approximately 27 percent of this spectrum.

The table below provides the spectrum holdings associated with the 370 megahertz of cellular, PCS, SMR, 700 MHz, and AWS-1 mobile telephony spectrum available in this CMA. In addition to the merged entity, nine other licensees would hold spectrum throughout the entire CMA.

Licensees with Coverage of Entire CMA	Mobile Telephony Spectrum in Megahertz (Cellular, PCS, SMR, 700 MHz, and AWS-1)
Verizon Wireless	60
RCC	38.2
<i>If combined</i>	<i>98.2</i>
AT&T	35-45
MetroPCS	10
NextWave	10
Qualcomm	6
SpectrumCo.	20
Sprint Nextel	54.5-56
T-Mobile	30
U.S. Cellular	10
Vermont Telephone	12-22

Conclusion

In order to ensure that there is an adequate number of competing service providers in this market, and in order to guard against the significant likelihood of competitive harm, we require a full business unit divestiture of certain assets in this CMA. If a divestiture in this CMA were not required, there would be only one facilities-based provider (the merged entity) that would be considered sufficiently built out in this CMA.⁴⁹⁸ The transaction would involve combining the [REDACTED] and [REDACTED] largest providers in terms of market share and the resulting entity would be approximately [REDACTED] times as large as the one other service provider in the CMA that has a market share greater than [REDACTED] percent. Further, this transaction would reduce the number of service providers to two with market share greater than [REDACTED] percent. The LNP data indicates that Verizon Wireless customers [REDACTED], therefore limiting consumer choice if the merged entity were to behave in an anticompetitive manner. Given that Verizon Wireless would have approximately [REDACTED] percent of the subscribers, we find it highly likely that Verizon Wireless would be able to profitably raise prices or lower the quality of wireless service. As a result, there would be a significant increase in the probability that the merged entity would behave in an anticompetitive manner. Therefore, on the basis of the record, we conclude that there is a substantial risk that the transaction, without a divestiture, would lead to anticompetitive harms in this CMA.

Vermont 2- Addison (CMA680)

Initial Screen

HHI Analysis. The post-merger HHI in the CMA would be [REDACTED], an increase of [REDACTED] from the current figure. Because these numbers are sufficient to flag this CMA under both HHI portions of the initial screen, they indicate a need for a market-specific analysis based on a potential for competitive harms to arise in this CMA.

⁴⁹⁸ As previously stated, for purposes of this determination, we define sufficiently built-out as having coverage of at least 70 percent of the population in the CMA.

Spectrum Aggregation. Under the initial 95 megahertz spectrum aggregation screen, we first examine the cellular, PCS, SMR, and 700 MHz spectrum holdings in this market. Verizon Wireless holds 15 to 40 megahertz of cellular, PCS, SMR, and 700 MHz spectrum,⁴⁹⁹ on a county-by-county basis, in the CMA. RCC holds 35 to 45 megahertz⁵⁰⁰ of cellular, PCS, SMR, and 700 MHz spectrum on a county-by-county basis in this CMA. Thus, the merged entity would hold 55 to 85 megahertz of cellular, PCS, SMR, and 700 MHz spectrum, on a county-by-county basis, within the CMA. Accordingly, this market is not flagged by the 95 megahertz spectrum aggregation screen.

Further Market-Specific Analysis

Actual Competitors in the Market. The Vermont 2- Addison CMA has a population of about 238,002, and is comprised of five counties. In this CMA, there are four wireless service providers with market share greater than [REDACTED] percent, which is the standard we have used in recent wireless transaction orders to identify service providers with sufficient share to be counted as actual competitors in the market.

Service Provider	Market Share
Verizon Wireless	[REDACTED]
RCC	[REDACTED]
<i>If combined</i>	[REDACTED]
AT&T	[REDACTED]
Sprint Nextel	[REDACTED]
T-Mobile	[REDACTED]
U.S. Cellular	[REDACTED]

Thus, if Verizon Wireless and RCC were combined in this market, the number of actual competitors would be reduced from four to three, with the combined entity holding [REDACTED] market share in this CMA.

Coverage of Existing Networks. We also consider each of the Applicants', as well as the other service providers', respective network coverage in this market of concern based on the percent of land area and population covered. The table below provides the portion of the CMA land area and population covered by each service provider in the Vermont 2-Addison CMA.

⁴⁹⁹ As previously noted, this analysis does not include spectrum associated with the 700 MHz licenses auctioned in Auction 73.

⁵⁰⁰ RCC spectrum holdings include 10 megahertz of spectrum RCC is leasing from AT&T in Bennington and Rutland counties as well as 3.2 megahertz of spectrum from AT&T in Addison County. Both leases are spectrum manager leases and the 10 megahertz lease expires in April 2017 and the 3.2 megahertz lease expires in March 2012.

Service Provider	Percent of Area Covered	Percent of Population Covered
Verizon Wireless	43	53
RCC	92	97
AT&T	3	6
Sprint Nextel	49	71
T-Mobile	0.1	0.2
U.S. Cellular	63	71

In the Vermont 2-Addison CMA, RCC, Sprint Nextel and U.S. Cellular each cover 70 percent or greater of the population, which we have considered to be sufficient, and RCC and U.S. Cellular both cover over 50 percent of the CMA land area.

Substitutability. We also analyzed wireless LNP data to gauge how consumers view the substitutability of Verizon Wireless and RCC. Verizon Wireless had a total of [REDACTED] mobile-to-mobile ports out through June 2007: [REDACTED] of these ports were to RCC (reflecting [REDACTED] percent of Verizon Wireless's ports); [REDACTED] of these ports were to AT&T (reflecting [REDACTED] percent of Verizon Wireless's ports); [REDACTED] of these ports were to Sprint Nextel (reflecting [REDACTED] percent of Verizon Wireless's ports); [REDACTED] of these ports were to T-Mobile (reflecting [REDACTED] percent of Verizon Wireless's ports); and [REDACTED] ports were to U.S. Cellular (reflecting [REDACTED] percent of Verizon Wireless's ports).

RCC had a total of [REDACTED] mobile-to-mobile ports out through June 2007: [REDACTED] ports were to Verizon Wireless (reflecting [REDACTED] percent of RCC's ports); [REDACTED] of these ports were to AT&T (reflecting [REDACTED] percent of RCC's ports); [REDACTED] of these ports were to Sprint Nextel (reflecting [REDACTED] percent of RCC's ports); [REDACTED] of these ports were to T-Mobile (reflecting [REDACTED] percent of RCC's ports); and [REDACTED] ports were to U.S. Cellular (reflecting [REDACTED] percent of RCC's ports).

Spectrum Aggregation. At this step of the analysis, we examine whether – in addition to the cellular, SMR, PCS, and 700 MHz spectrum considered as part of the initial screen – either AWS-1 or BRS spectrum is available in this CMA. With regard to AWS-1 spectrum, it does not appear that there is required relocation of transmitters or receivers by government users in the CMA. As a result, AWS-1 spectrum in this CMA is available for deployment by commercial licensees and is included in the analysis of the competitive effects of this transaction for this CMA. Verizon Wireless holds 20 megahertz of AWS-1 spectrum throughout the CMA. With regard to BRS spectrum, a transition plan has not been filed for the BTA that coincides with this CMA. Therefore, BRS spectrum is not included in the analysis of the competitive effects of this transaction for this CMA.

Thus, in summary, if all relevant spectrum holdings were combined, the merged entity's total spectrum aggregation on a county-by-county basis in this CMA would come to 75 to 105 megahertz of a total of 370 megahertz of cellular, PCS, SMR, 700 MHz, and AWS-1 spectrum available for mobile telephony services within the Vermont 2-Addison CMA, reflecting approximately 20 to 28 percent of this spectrum.

The table below provides the spectrum holdings associated with the 370 megahertz of cellular, PCS, SMR, 700 MHz, and AWS-1 mobile telephony spectrum available in this CMA. In addition to the

merged entity, nine other licensees in addition to the merged entity would hold spectrum throughout the entire CMA.

Licensees with Coverage of Entire CMA	Mobile Telephony Spectrum in Megahertz (Cellular, PCS, SMR, 700 MHz, and AWS-1)
Verizon Wireless	35-60
RCC	35-45
<i>If combined</i>	<i>70-95</i>
AT&T	20-40
MetroPCS	10-20
NextWave	20
Qualcomm	6
SpectrumCo.	20
Sprint Nextel	56-56.25
T-Mobile	30-40
U.S. Cellular	10-35
Vermont Telephone	12-22

Further, one additional licensee, Northcoast, holds 15 megahertz of cellular, PCS, SMR, 700 MHz, and AWS-1 spectrum in parts of this CMA.

Conclusion

In order to ensure that there is an adequate number of competing service providers in this market, and in order to guard against the significant likelihood of competitive harm, we require a full business unit divestiture of certain assets in this CMA. The transaction would involve combining the [REDACTED] and [REDACTED] largest providers in terms of market share and the resulting entity would be approximately [REDACTED] to [REDACTED] times as large as the two other service providers in the CMA that have a market share greater than [REDACTED] percent. The LNP data indicates that Verizon Wireless customers [REDACTED], therefore limiting consumer choice if the merged entity were to behave in an anticompetitive manner. Given that Verizon Wireless would have approximately [REDACTED] percent of the subscribers, we find it highly likely that Verizon Wireless would be able to profitably raise prices or lower the quality of wireless service. As a result, there would be a significant increase in the probability that the merged entity would behave in an anticompetitive manner. Therefore, on the basis of the record, we conclude that there is a substantial risk that the transaction, without a divestiture, would lead to anticompetitive harms in this CMA.

Washington 2- Okanogan (CMA694)

Initial Screen

HHI Analysis. The post-merger HHI in the CMA would be [REDACTED], an increase of [REDACTED] from the current figure. Because these numbers are sufficient to flag this CMA under both HHI portions of the initial screen, they indicate a need for a market-specific analysis based on a potential for competitive harms to arise in this CMA.

Spectrum Aggregation. Under the initial 95 megahertz spectrum aggregation screen, we first examine the cellular, PCS, SMR, and 700 MHz spectrum holdings in this market. Verizon Wireless holds

55 megahertz of cellular, PCS, SMR, and 700 MHz spectrum,⁵⁰¹ on a county-by-county basis, in the CMA. RCC holds 35 megahertz of cellular, PCS, SMR, and 700 MHz spectrum on a county-by-county basis in this CMA. Thus, the merged entity would hold 90 megahertz of cellular, PCS, SMR, and 700 MHz spectrum, on a county-by-county basis, within the CMA. Accordingly, this market is not flagged by the 95 megahertz spectrum aggregation screen.

Further Market-Specific Analysis

Actual Competitors in the Market. The Washington 2- Okanogan CMA has a population of about 138,783, and is comprised of three counties. In this CMA, there are five wireless service providers with market share greater than [REDACTED] percent, which is the standard we have used in recent wireless transaction orders to identify service providers with sufficient share to be counted as actual competitors in the market.

Service Provider	Market Share
Verizon Wireless	[REDACTED]
RCC	[REDACTED]
<i>If combined</i>	[REDACTED]
AT&T	[REDACTED]
Inland Cellular	[REDACTED]
Sprint Nextel	[REDACTED]
T-Mobile	[REDACTED]

Thus, if Verizon Wireless and RCC were combined in this market, the number of actual competitors would be reduced from five to four, with the combined entity holding [REDACTED] market share in this CMA.

Coverage of Existing Networks. We also consider each of the Applicants', as well as the other service providers', respective network coverage in this market of concern based on the percent of land area and population covered. The table below provides the portion of the CMA land area and population covered by each service provider in the Washington 2-Okanogan CMA.

Service Provider	Percent of Area Covered	Percent of Population Covered
Verizon Wireless	29	87
RCC	68	99
AT&T	11	64
Inland Cellular	0	0
Sprint Nextel	9	68
T-Mobile	10	66

In the Washington 2-Okanogan CMA, only Verizon Wireless and RCC cover 70 percent or greater of the population, which we have considered to be sufficient, and only RCC covers over 50 percent of the CMA land area.

⁵⁰¹ As previously noted, this analysis does not include spectrum associated with the 700 MHz licenses auctioned in Auction 73.

Substitutability. We also analyzed wireless LNP data to gauge how consumers view the substitutability of Verizon Wireless and RCC. Verizon Wireless had a total of [REDACTED] mobile-to-mobile ports out through June 2007: [REDACTED] of these ports were to RCC (reflecting [REDACTED] percent of Verizon Wireless's ports); [REDACTED] of these ports were to AT&T (reflecting [REDACTED] percent of Verizon Wireless's ports); [REDACTED] of these ports were to Inland Cellular (reflecting [REDACTED] percent of Verizon Wireless's ports); [REDACTED] of these ports were to Sprint Nextel (reflecting [REDACTED] percent of Verizon Wireless's ports); and [REDACTED] ports were to T-Mobile (reflecting [REDACTED] percent of Verizon Wireless's ports).

RCC had a total of [REDACTED] mobile-to-mobile ports out through June 2007: [REDACTED] ports were to Verizon Wireless (reflecting [REDACTED] percent of RCC's ports); [REDACTED] of these ports were to AT&T (reflecting [REDACTED] percent of RCC's ports); [REDACTED] of these ports were to Inland Cellular (reflecting [REDACTED] percent of RCC's ports); [REDACTED] of these ports were to Sprint Nextel (reflecting [REDACTED] percent of RCC's ports); and [REDACTED] ports were to T-Mobile (reflecting [REDACTED] percent of RCC's ports).

Spectrum Aggregation. At this step of the analysis, we examine whether – in addition to the cellular, SMR, PCS, and 700 MHz spectrum considered as part of the initial screen – either AWS-1 or BRS spectrum is available in this CMA. With regard to AWS-1 spectrum, it appears that there is required relocation of transmitters or receivers by government users in the CMA. As a result, AWS-1 spectrum in this CMA is not available for deployment by commercial licensees and is not included in the analysis of the competitive effects of this transaction for this CMA. With regard to BRS spectrum, a transition plan has been filed for the BTA that coincides with this CMA. However, a completion notification has not been filed. Therefore, BRS spectrum is not included in the analysis of the competitive effects of this transaction for this CMA.

In summary, if the spectrum holdings were combined, the merged entity's total spectrum aggregation on a county-by-county basis in this CMA would come to 90 megahertz of a total of 280 megahertz of cellular, PCS, SMR, and 700 MHz spectrum available for mobile telephony services within the Washington 2-Okanogan CMA, reflecting approximately 32 percent of this spectrum.

The table below provides the spectrum holdings associated with the 280 megahertz of cellular, PCS, SMR, and 700 MHz mobile telephony spectrum available in this CMA. In addition to the merged entity, five other licensees in addition to the merged entity would hold spectrum throughout the entire CMA.

Licensees with Coverage of Entire CMA	Mobile Telephony Spectrum in Megahertz (Cellular, PCS, SMR, and 700 MHz)
Verizon Wireless	55
RCC	35
<i>If combined</i>	<i>90</i>
AT&T	35
Qualcomm	6
Sprint Nextel	56-58.50
T-Mobile	15
Vulcan	12

Conclusion

In order to ensure that there is an adequate number of competing service providers in this market, and in order to guard against the significant likelihood of competitive harm, we require a full business unit divestiture of certain assets in this CMA. The transaction would involve combining the [REDACTED] and [REDACTED] largest providers in terms of market share and the resulting entity would be approximately [REDACTED] to [REDACTED] times as large as the other service providers in the CMA with a market share greater than [REDACTED] percent. Further, it would combine the two providers with the best coverage in terms of land area and population, therefore strengthening the merged entity. Combined with the fact that Verizon Wireless would have approximately [REDACTED] percent of the subscribers, we find it highly likely that Verizon Wireless would be able to profitably raise prices or lower the quality of wireless service. As a result, there would be a significant increase in the probability that the merged entity would behave in an anticompetitive manner. Therefore, on the basis of the record, we conclude that there is a substantial risk that the transaction, without a divestiture, would lead to anticompetitive harms in this CMA.

Washington 3- Ferry (CMA695)

Initial Screen

HHI Analysis. The post-merger HHI in the CMA would be [REDACTED], an increase of [REDACTED] from the current figure. Because these numbers are sufficient to flag this CMA under both HHI portions of the initial screen, they indicate a need for a market-specific analysis based on a potential for competitive harms to arise in this CMA.

Spectrum Aggregation. Under the initial 95 megahertz spectrum aggregation screen, we first examine the cellular, PCS, SMR, and 700 MHz spectrum holdings in this market. Verizon Wireless holds 45 megahertz of cellular, PCS, SMR, and 700 MHz spectrum,⁵⁰² on a county-by-county basis, in the CMA. RCC holds 35 megahertz of cellular, PCS, SMR, and 700 MHz spectrum on a county-by-county basis in this CMA. Thus, the merged entity would hold 80 megahertz of cellular, PCS, SMR, and 700 MHz spectrum, on a county-by-county basis, within the CMA. Accordingly, this market is not flagged by the 95 megahertz spectrum aggregation screen.

Further Market-Specific Analysis

Actual Competitors in the Market. The Washington 3- Ferry CMA has a population of about 59,058, and is comprised of three counties. In this CMA, there are three wireless service providers with market share greater than [REDACTED] percent, which is the standard we have used in recent wireless transaction orders to identify service providers with sufficient share to be counted as actual competitors in the market.

⁵⁰² As previously noted, this analysis does not include spectrum associated with the 700 MHz licenses auctioned in Auction 73.

Service Provider	Market Share
Verizon Wireless	[REDACTED]
RCC	[REDACTED]
<i>If combined</i>	[REDACTED]
AT&T	[REDACTED]
Leap	[REDACTED]
Sprint Nextel	[REDACTED]
T-Mobile	[REDACTED]

Thus, if Verizon Wireless and RCC were combined in this market, the number of actual competitors would be reduced from three to two, with the combined entity holding [REDACTED] market share in this CMA.

Coverage of Existing Networks. We also consider each of the Applicants', as well as the other service providers', respective network coverage in this market of concern based on the percent of land area and population covered. The table below provides the portion of the CMA land area and population covered by each service provider in the Washington 3-Ferry CMA.

Service Provider	Percent of Area Covered	Percent of Population Covered
Verizon Wireless	34	70
RCC	87	99
AT&T	24	67
Leap	0.3	7
Sprint Nextel	5	32
T-Mobile	5	21

In the Washington 3-Ferry CMA, only Verizon Wireless and RCC cover 70 percent or greater of the population, which we have considered to be sufficient, and only RCC covers over 50 percent of the CMA land area.

Substitutability. We also analyzed wireless LNP data to gauge how consumers view the substitutability of Verizon Wireless and RCC. Verizon Wireless had a total of [REDACTED] mobile-to-mobile ports out through June 2007: [REDACTED] of these ports were to RCC (reflecting [REDACTED] percent of Verizon Wireless's ports); [REDACTED] of these ports were to AT&T (reflecting [REDACTED] percent of Verizon Wireless's ports); [REDACTED] of these ports were to Leap (reflecting [REDACTED] percent of Verizon Wireless's ports); [REDACTED] of these ports were to Sprint Nextel (reflecting [REDACTED] percent of Verizon Wireless's ports); and [REDACTED] ports were to T-Mobile (reflecting [REDACTED] percent of Verizon Wireless's ports).

RCC had a total of [REDACTED] mobile-to-mobile ports out through June 2007: [REDACTED] ports were to Verizon Wireless (reflecting [REDACTED] percent of RCC's ports); [REDACTED] of these ports were to AT&T (reflecting [REDACTED] percent of RCC's ports); [REDACTED] of these ports were to Leap (reflecting [REDACTED] percent of RCC's ports); [REDACTED] of these ports were to Sprint Nextel (reflecting [REDACTED] percent of RCC's ports); and [REDACTED] ports were to T-Mobile (reflecting [REDACTED] percent of RCC's ports).

Spectrum Aggregation. At this step of the analysis, we examine whether – in addition to the cellular, SMR, PCS, and 700 MHz spectrum considered as part of the initial screen – either AWS-1 or BRS spectrum is available in this CMA. With regard to AWS-1 spectrum, it appears that there is required relocation of transmitters or receivers by government users in the CMA. As a result, AWS-1 spectrum in this CMA is not available for deployment by commercial licensees and is not included in the analysis of the competitive effects of this transaction for this CMA. With regard to BRS spectrum, a transition plan has been filed for the BTA that coincides with this CMA. However, a completion notification has not been filed. Therefore, BRS spectrum is not included in the analysis of the competitive effects of this transaction for this CMA.

In summary, if the spectrum holdings were combined, the merged entity's total spectrum aggregation on a county-by-county basis in this CMA would come to 80 megahertz of a total of 280 megahertz of cellular, PCS, SMR, and 700 MHz spectrum available for mobile telephony services within the Washington 2-Okanogan CMA, reflecting approximately 29 percent of this spectrum.

The table below provides the spectrum holdings associated with the 280 megahertz of cellular, PCS, SMR, and 700 MHz mobile telephony spectrum available in this CMA. In addition to the merged entity, six other licensees in addition to the merged entity would hold spectrum throughout the entire CMA.

Licensees with Coverage of Entire CMA	Mobile Telephony Spectrum in Megahertz (Cellular, PCS, SMR, and 700 MHz)
Verizon Wireless	45
RCC	35
<i>If combined</i>	<i>80</i>
AT&T	30
Leap	15
Qualcomm	6
Sprint Nextel	46
T-Mobile	15
Vulcan	12

Conclusion

In order to ensure that there is an adequate number of competing service providers in this market, and in order to guard against the significant likelihood of competitive harm, we require a full business unit divestiture of certain assets in this CMA. The transaction would involve combining the [REDACTED] and [REDACTED] largest providers in terms of market share and the resulting entity would be approximately [REDACTED] times as large as the one other service provider in the CMA that has a market share greater than [REDACTED] percent. Further, it would combine two of the three providers with the best coverage in terms of land area and population, therefore strengthening the merged entity. Given that Verizon Wireless would have approximately [REDACTED] percent of the subscribers, we find it highly likely that Verizon Wireless would be able to profitably raise prices or lower the quality of wireless service. Therefore, on the basis of the record, we conclude that there is a substantial risk that the transaction, without a divestiture, would lead to anticompetitive harms in this CMA.

APPENDIX C

**Petition to Adopt Conditions to Authorizations and Licenses
and Executive Branch Agreement**

Before the
FEDERAL COMMUNICATIONS COMMISSION
 Washington, D.C. 20554

In re Applications of)
)
 RURAL CELLULAR CORP.,)
 TRANSFEROR,) WT Docket No. 07-208
)
 and)
)
 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)

**PETITION TO ADOPT CONDITIONS TO
 AUTHORIZATIONS AND LICENSES**

Pursuant to Section 1.41 of the Federal Communications Commission's ("FCC" or "Commission") rules,¹ the Department of Homeland Security ("DHS") respectfully submits this Petition to Adopt Conditions to Authorizations and Licenses ("Petition"). Through this Petition, DHS advises the Commission that it has no objection to the Commission granting its consent in the above-referenced proceeding, provided that the Commission condition the grant on compliance by Cellco Partnership ("Cellco") with the terms contained in their March 27 letter to Stewart Baker (the "Letter") attached hereto as Exhibit 1.

In its application, Cellco acknowledged that the above-referenced proceeding is governed by the terms of the December 14, 1999 Agreement between Cellco and its parent corporations on one hand, and the U.S. Department of Justice ("DOJ"), U.S. Department of Defense ("DOD).

¹ 47 C.F.R. § 1.41.

and Federal Bureau of Investigation ("FBI") on the other. The attached Letter incorporates the terms of the December 14, 1999 Agreement by reference and creates a new agreement by Cellco and its parent corporations to confer upon DHS identical rights and benefits conferred to DOJ, DOD and FBI, and as such, DHS shall conduct itself as a U.S. government party under that Agreement. This Petition is submitted by DHS in consideration of the agreements made in the attached Letter.

As the Commission is aware, DHS has taken the position that its ability to satisfy its obligations to protect the national security, enforce the laws, and preserve the safety of the public could be impaired by transactions in which foreign entities will own or operate a part of the U.S. telecommunications system, or in which foreign-located facilities will be used to provide domestic telecommunications services to U.S. customers. DHS has concluded that the commitments set forth in the Letter will help ensure that DHS and other entities with responsibility for enforcing the law, protecting the national security, and preserving public safety can proceed in a legal, secure, and confidential manner to satisfy these responsibilities.

Accordingly, DHS, with the concurrence of DOJ and FBI, advises the Commission that it hereby withdraws its request to defer action of November 9, 2007, and that it has no objection to the Commission granting the above-referenced application, provided that the Commission conditions its consent on Cellco Partnership's compliance with the commitments set forth in the Letter.

Respectfully submitted,

/s/ Charles M. Steele
Charles M. Steele
Chief of Staff
National Security Division
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, DC 20530

/s/ Stewart A. Baker
Stewart A. Baker
Assistant Secretary for Policy
U.S. Department of Homeland Security
3801 Nebraska Avenue, N.W.
Washington, DC 20528

April 2, 2008

Exhibit 1

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Steven E. Zipperstein
General Counsel

March 27, 2008

BY E-MAIL

Mr. Stewart Baker
Assistant Secretary of Policy
U.S. Department of Homeland Security
3801 Nebraska Avenue, N.W.
Washington, D.C. 20528

Re: New Agreement to Confer on the U.S. Department of Homeland Security Identical Rights and Benefits as Obligated to other U.S. Government Agencies in the 1999 National Security Agreement

Dear Mr. Baker:

Verizon Communications Inc. ("Verizon"), a Delaware corporation, Vodafone Group Plc ("Vodafone"), a United Kingdom public limited company, and Celco Partnership d/b/a Verizon Wireless ("Celco Partnership" or "Verizon Wireless"), a Delaware corporation, hereby agree to confer on the U.S. Department of Homeland Security ("DHS") the same rights and benefits accorded to the U.S. government agencies in the Agreement, as amended, dated December 14, 1999 between Bell Atlantic Corporation ("Bell Atlantic"), Vodafone and Celco Partnership, on the one hand, and the U.S. Department of Defense ("DOD"), the U.S. Department of Justice ("DOJ") and the Federal Bureau of Investigation ("FBI") on the other (the "1999 Agreement").

In April 2000, Vodafone and Bell Atlantic Corp. entered into a joint venture, known as Celco Partnership, effectively combining their respective U.S. wireless networks. In June 2000, Verizon became the successor in interest to Bell Atlantic. Verizon currently owns a controlling 55% interest in Verizon Wireless, and Vodafone indirectly owns the remaining 45% interest through two of its indirect, wholly-owned American subsidiaries.

Recognizing that the *Homeland Security Act of 2002* grants DHS non-exclusive but prominent authority within the Executive Branch over U.S. national security and public safety, Verizon, Vodafone and Verizon Wireless agree that DHS should be accorded identical rights and benefits given to DOD, DOJ and the FBI in the 1999 Agreement. By its terms, the 1999 Agreement intends to ensure the security of the U.S. telecommunications system, an essential component of U.S. national security and public safety, and therefore, the 1999 Agreement is within DHS' purview.



Verizon Wireless
One Verizon Way
VC43E024
Basking Ridge, NJ 07920-1007

Phone 908 559-7390
Fax 908 559-7397
steven.zipperstein@VerizonWireless.com

This letter does not constitute a modification, assignment, delegation or novation of any of the original parties' rights and duties. Rather, this letter creates an agreement on the part of Verizon, Vodafone and Celco Partnership to vest DHS with the same rights and benefits accorded to DOD, DOJ and FBI under the 1999 Agreement, and as that Agreement may be amended by those parties. Accordingly, the terms of the 1999 Agreement, as amended, are hereby incorporated by reference, and are effective as if DHS were an original party-beneficiary to that Agreement.

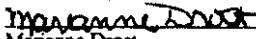
Verizon, Vodafone and Verizon Wireless consider themselves to be in full compliance with the 1999 Agreement. Verizon Wireless will copy all future notices required under the 1999 Agreement, as amended, to DOJ, DOD and the FBI, adding DHS as an additional recipient. As per instructions from DHS, Verizon Wireless will send any notices by one or more methods to the following contact point:

U.S. Department of Homeland Security
Assistant Secretary for Policy
ATTN: Office of Foreign Finance and Investment Policy
3801 Nebraska Avenue NW
Washington, DC 20528
ip-fcc@dhs.gov

Sincerely,



Steven E. Zipperstein
Celco Partnership d/b/a Verizon Wireless



Marianne Drost
Verizon Communications Inc.



Stephen Scott
Vodafone Group Plc

cc:
Joanne Ongman, U.S. Department of Justice
Jon Pifer, Federal Bureau of Investigation
Hillary Morgan, U.S. Department of Defense (DISA)

**STATEMENT OF
COMMISSIONER MICHAEL J. COPPS
APPROVING IN PART, DISSENTING IN PART**

Re: Applications of Cellco Partnership d/b/a Verizon Wireless and Rural Cellular Corporation for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager Leases.

Today's item permits Verizon Wireless to acquire Rural Cellular Corporation (RCC) subject to the divestiture of customers, facilities, and spectrum in several markets across the country. While I am always troubled by additional concentration in the wireless marketplace, these divestitures will improve competition in the affected areas (as compared to an unconditioned merger) and I am glad we require them. I think it is particularly important that Verizon will divest all of RCC's spectrum, facilities and customers in Vermont to the nation's largest GSM carrier—it will ensure that native Vermonters and visitors to the state who happen to have GSM phones will continue to be able use their handsets. I applaud the hard work of Senator Sanders and other members of the Vermont delegation, as well as of Vermont's state agencies, in focusing the Commission's attention on this issue. I also hope that the ongoing discussions between the Vermont Telecommunications Authority and Verizon about expanding coverage in the state will continue in good faith and will ultimately prove fruitful. The public-private partnership that VTA has proposed could prove to be a critically important model for how to expand wireless coverage in rural areas. I, for one, will be watching its progress closely.

I dissent, however, to the portion of the item that includes the 700 MHz spectrum band in calculating the spectrum screen used in this transaction. The licenses won in our auction earlier this year will not even be available for use until February 2009 and it may be several years before it is ever used commercially by a majority of licensees. As I have explained in earlier statements, we have already been cavalier in applying this altered spectrum screen to prior transactions and we ought not put the cart before the horse yet again in an effort to encourage still more consolidation in the wireless industry.

I do wish, however, to express gratitude to my colleagues for their willingness to ensure that today's Order does not unnecessarily prejudge spectrum cap calculations in future transactions. In the years ahead, we will certainly need to consider the appropriate time and manner to account for certain spectrum bands that, like the 700 MHz band, are being transitioned into uses that include CMRS. But we must conduct this inquiry in a reasonable, careful and systematic manner, and I look forward to working with my colleagues on this important topic.

**STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN
APPROVING IN PART, CONCURRING IN PART**

Re: Applications of Verizon Wireless and Rural Cellular Corporation for Consent To Transfer Control of Licenses, Authorizations, and Spectrum Manager Leases, WT Docket No. 07-208

In reviewing any merger, it is our obligation, consistent with Sections 214(a) and 310(d) of the Act, to analyze the record evidence and determine whether the public will be served better by the transaction being approved or being denied, and what conditions, if any, may be necessary to mitigate harms to consumers. I approve this merger generally because in this the item the Commission recognizes the potential for harm in six markets, including in rural areas of Vermont, and requires divestitures of licenses and operational network assets in those markets. This is critical since our market by market analysis unveiled high market shares for the merged entity in these mostly smaller markets and few competing service providers with sufficient network assets or spectrum to deflect anticompetitive behavior by the newly merged entity.

I do believe the increase and enhancement of wireless services that will be offered to many of our nation's rural consumers and small businesses as a result of this transaction is beneficial to the public. Verizon Wireless expects to increase wireless broadband deployment in many markets and offer more choices in service plans and devices to consumers, as well as increase its geographic coverage. I expect that the savings from greater efficiencies of scale can be passed on to consumers.

I continue to have concerns, however, regarding the inclusion of the 80 MHz of the 698-806 MHz spectrum band in the total amount of spectrum suitable for mobile telephony nationwide. As I have cautioned before, the premature inclusion of this spectrum as part of our evaluation of the input market for spectrum and the potential competitive harms raises concerns regarding increased likelihood of competitive harm in certain overlapping markets. And with even more mergers on the horizon, we must be vigilant so as to protect consumers and ensure that the wireless market continues to be competitive.

I also share many of the concerns of Senator Bernie Sanders regarding increased consolidation in the wireless industry and the need for continued buildout to benefit the citizens of Vermont and in rural America generally. The lack of reliable wireless service in many of our rural areas stunts economic growth and the capabilities of first responders. It is incumbent upon this Commission to examine ways to accelerate buildout in rural America.

For these reasons, I approve in part and concur in part.