

Honorable Julius Genachowski
Federal Communications Commission
445 12th St. SW
Washington, D.C. 20554

OPPOSITION: Verizon Wireless, SpectrumCo., Cox WT Docket 12-4

To The Federal Communications Commission:

I am writing in opposition to the Verizon Wireless spectrum transaction with SpectrumCo. Cox Communications, & Bright House Networks. My fundamental problem with this transaction involves the anti competitive marketing agreements these companies have reached with Verizon Wireless to resell each other's services. While the market for dial-up Internet access has remained competitive the fixed market for broadband to the home and market for phone service has become an anti competitive duopoly of big phone and cable companies. Below I'll lay out my argument for why this transaction should not happen, and how it will hurt the Telecom Act last updated in 1996 which has already been weakened by the FCC's inability or unwillingness to meet its Congressional obligations to enforce competition mandates.

We all remember the 1980s and its awesome fashion and music. While some may want to revisit those aspects of the past, I don't think anyone wants to return to

the era of the cable and Ma Bell monopolies. Opening up communications markets was the purpose of the 1996 Telecommunications Act. The Act was designed to help phone companies get into the pay-TV business and cable companies get into the phone business. Yet after a series of regulatory blunders, this promise of increased competition and lower prices has become a distant memory, like 7-Up Gold. And the situation is only getting worse.

Just last month [Verizon announced](#) it had signed a \$3.6 billion deal with its erstwhile competitors Comcast, Time Warner Cable and Bright House Networks. In many ways this announcement placed a capstone on the grave of the 1996 Telecom Act's biggest promise to America: genuine competition in communications service offerings.

The teleco-cable deal comes in two parts. The first part lets Verizon buy wireless spectrum – the public airwaves over which iPads, cell phones, and radios receive data – that these three big cable companies teamed up to purchase from the Federal Communications Commission in 2006.

The second part of the deal maps out terms by which the companies agree to stay out of each other's way. While the terms of these agreements remain undisclosed, it's been widely reported that the deal is an accord for the companies to sell one another's services to common customers in their (sometimes overlapping) service territories.

This means Comcast subscribers hoping to see lower prices as a result of Verizon FIOS competition shouldn't hold their breath. It means smartphone owners

who wanted more mobile data marketplace got coal for Christmas. It means the future where consumers are empowered to choose the pay-TV channels they want, and not the 500-plus channel bundles they are forced into buying, could be strangled into a crib. Ultimately it means the quality of U.S. communications networks [will continue to trail that of other developed nations](#) as less competition leads to less incentive to invest in infrastructure.

What's more, this deal directly contradicts the promise Congress made to this country when it passed the 1996 Telecommunications Act. Back in 1995 the word "competition" was used 196 times on the floor of the Senate to describe the bill. The [Congressional Record](#) describes the purpose of the 1996 Telecommunications Act: : "to provide for a pro-competitive, de-regulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans..."

Senators praised the bill's potential to open up the market. "Allowing cable companies to provide phones and phone companies to provide cable, this bill will spur competition and reduce costs to the Nation," [said Sen. Ted Stevens](#). And in the House, rhetoric about competition was equally strong. "Congress has risen to the task ... so that American consumers will have more choices and innovative services, and will pay lower prices for communications products," [said Rep. Dennis Hastert](#).

Unfortunately, the bright future our Congressional leaders forecast 15 years ago has been undermined by a series of bad decisions the FCC made to prematurely deregulate the sector before competition had a stronger foothold.

Former White House technology policy advisor [Susan Crawford](#) [rightly notes](#), “... in each metropolitan area, wired access to information, entertainment, news and communication will be controlled by a single actor. That actor the local cable monopoly, is at the moment unconstrained by real competition or oversight and benefits from overwhelming economies of scale.”

With the latest announcement by Verizon and Big Cable, we are seeing companies that are supposed to be competitors openly striking deals to divide up the market.

[The New York Times](#) editorial board was right to call this deal a net loss for consumers. Instead of reaping the benefits brought by competition—downward pressure on prices, improved infrastructure investment, faster download speeds—consumers can expect to face monopoly market conditions where cable and teleco companies sit back and collect increasingly high monthly rates because subscribers have nowhere else to turn.

It is good news that the [Department of Justice](#) and the [FCC](#) are planning to review this deal. I hope in doing so both agencies will remember the intent of Congress when it last reformed the Communications Act and [leave no stone unturned](#) while reviewing the deal’s impact on consumers and competition.

Unfortunately the FCC has failed to fulfill its Congressional mandate in ensuring sufficient competition and undermined the Telecom Act over the past decade by removing competition mandates on broadband providers. Whereas the market for dial-up Internet access stayed competitive with several choices of providers big and small the national wire-line market for fixed broadband became a duopoly. Make no mistake this was due to bad policies. Today's broadband marketplace did not develop overnight this is the result of year's of bad policy making but corporations needs and desires above the public interest. By reclassifying broadband as a Title I information service during the Bush Cheney Administration the FCC exempted broadband providers from competition mandates and companies kept merging.

That being said the Telecom Act up till now has weakly hung on to life support. The big cable and phone companies have always promised in the absence of regulation to offer more competition. However, established cable giants like Time Warner Cable and Comcast refuse to compete with each other in local markets. Each city has the choice of only 1 cable provider and 1 phone provider. I wouldn't call that competition. What happened to Time Warner Cable's promise and that of Comcast to compete against each other and similar companies? It was an empty promise. Up till now though the Telecom Act has survived despite all the FCC has done to undermine it's promise.