

Senate Antitrust Panel to Probe Verizon Cable Deals

Verizon Wireless' \$4 billion deal to buy a nationwide swath of AWS spectrum from four cable companies is headed for a hearing before a Senate antitrust committee.

Committee Chairman Herb Kohl (D-Wis.) said Wednesday that "plans are well under way" for a hearing on the spectrum sale and the companies' plan to sell each other's products.

"The subcommittee carefully examines questions about competition in the wireless and video markets, with the ultimate goal of protecting consumers and reducing their cable and cell phone bills, and these deals are no exception," Kohl said in a statement.

Kohl held a hearing on AT&T's acquisition of T-Mobile USA last May, and later urged the FCC and Justice Department to **block** the \$39 billion merger.

The DOJ later filed an **antitrust suit** against AT&T to stop the deal from going through and the FCC referred the transaction to an administrative hearing, actions that eventually forced AT&T to abandon the takeover.

Verizon announced in December it was paying \$3.6 billion for 122 AWS licenses owned by Comcast, Time Warner Cable and Bright House Networks. Two weeks later, Verizon announced another deal to buy Cox Communication's AWS spectrum for \$315 million.

The DOJ's antitrust division is currently investigating the deals, a standard move for large transactions. The FCC is also conducting its own review.

The four cable companies bought the spectrum as a group during the FCC's 2006 spectrum auction. Cox split from the other companies to build its own network but later gave up on the plan. The spectrum has since laid fallow.

The transaction between Verizon and the cable operators includes more than just a spectrum swap. The companies also inked a cross-marketing deal which allows the cable operators to resell Verizon's service on a wholesale basis and are working on a joint venture to integrate wireless and cable products.

Verizon and Comcast are already under way with their partnership. The companies resell each other's products in Portland and Seattle, and yesterday announced they would expand the arrangement to the San Francisco Bay area. Customers who buy Comcast's Xfinity service and a Verizon Wireless smartphone may be able to get \$300 back in the form of a prepaid debit card.