

Not All Spectrum Created Equal

If this deal goes through, Verizon and AT&T will control 60 percent of the nation's spectrum, Free Press policy advisor Joel Kelsey argued today. "Not all spectrum is created equal and the more high-quality spectrum [a company owns], the more control they have."

The business arrangement between the two companies is simply an agreement to stay out of each others' way in perpetuity, Kelsey continued. The Justice Department and Federal Communications Commission "showed immense analytical skill and political courage" in [rejecting the merger of AT&T and T-Mobile](#) and "preventing this [deal] should be the next installment" of that courage, he said.

Verizon and Comcast, not surprisingly, disagreed. They entered into the business agreement simply so customers would have the option to sign up for this "quad play" of services if they wanted it, Cohen and Milch said.

"We believe we'll offer customers more choices," Milch said. "Right now, if they don't have an option for Comcast with Verizon and they want it, they can get it. Second, no one is constrained to buy in to these bundles. Verizon will continue to sell through all its channels, FiOS too. There's nothing to get from this bundle other than convenience or a discount of some sort that the consumer can choose or not choose."

"That's one of the reasons why this transaction increases customer choice," Cohen chimed in. "It does not take away optionality and improves the consumer welfare and benefit."

When asked if the deal might prompt Verizon to scrap its FiOS buildout and just rely on its cable partners, Milch said Verizon always intended for FiOS to target a limited number of customers, or about 18 million homes in the U.S.

Since 2005, "we had a target in mind and we were clear with how much money we were going to commit," Milch said. "We owe shareholders some return and we owe it to our customers to provide a service."

The FCC is currently examining the issue. In a January statement, a commission spokesman said, "When the applications come before us, the FCC will undertake a thorough, fair and fact-based review of the proposed transaction."