

Verizon and AT&T also look to battle T-Mobile and rural television providers in push for new spectrum auction

Verizon Wireless, a joint venture between Verizon Communications Inc. ([VZ](#)) and Vodafone Group Plc. ([LON:VOD](#)), is [not one to shy from controversy](#). Now it has dived right into another.

## I. T-Mobile

The company, along with SpectrumCo -- a joint venture between Time Warner Cable Inc. ([TWC](#)), Comcast Corp. ([CMCSA](#)), and Bright House Networks -- wrote [a filing](#) to the [U.S. Federal Communications Commission](#), begging them to approve a major spectrum sale.

In the document Verizon Wireless claims that it [may run out of spectrum](#) "in some areas" of the U.S. by as early as next year -- 2013. The carrier predicts that its holdings will be almost completely exhausted by as early as 2015.

The proposed remedy is the sale of SpectrumCo's so-called AWS ("advanced wireless services") spectrum for \$3.6B USD (Comcast gets \$2.3B USD, TWC pockets \$1.1B USD, and Bright House earns \$189M USD).

The heavily redacted document [offers](#) scant clues as to how Verizon Wireless came to these predictions. However, Verizon Wireless is deploying new spectrum-hungry LTE at a rapid pace, with its network currently covering [an industry-leading 200+ million Americans](#).

The document hints that Verizon Wireless plans to combat shortage with LTE femtocells -- a similar technique to that used by rival AT&T, Inc. ([T](#)) to shore up its deficient 3G network in urban areas. Verizon Wireless also cited plans to repurpose CDMA 1x spectrum for LTE use.

Verizon has tried to scale back demand by [increasing its data fees](#) to the highest in the industry for [data](#). However, it relented during the holidays, [offering "double data" contracts](#), effectively offering the *cheapest* rates in the industry.

Some smaller carriers like Deutsche Telekom AG's ([ETR:DTE](#)) T-Mobile USA have [sought to block](#) the large sale, fearful that it would create a winner takes all atmosphere, or in T-Mobile's words an "excessive concentration" of spectrum. Indeed, Verizon Wireless' current spectrum holdings are thought to grossly exceed those of third and fourth largest mobile carriers Sprint Nextel Corp. ([S](#)) and T-Mobile USA.

Still, the FCC may have troubled denying Verizon. After all, it [just approved AT&T's acquisition](#) of a [block of unused spectrum](#) from Qualcomm, Inc. ([QCOM](#)).

## II. Spectrum Auction Battle Also Looms

Regardless of the outcome in the proposed AWS [purchase](#), both Verizon Wireless and AT&T

are also pushing hard for the approval of President Obama's proposed spectrum repurposing auction. The proposed auction is [currently stalled](#), as it lacks the [Congressional authorization](#) to go forward, amid a partisan stalemate that's affecting a broad host of issues.

The issue at hand is that some [television](#) providers who bought spectrum licenses are [now sitting on unused spectrum](#) after the [transition to digital television](#). The proposal by the Obama administration is to allow these companies to voluntarily sell their spectrum in a special FCC auction. The FCC would keep a cut of the proceeds, allowing it to deliver a nationwide emergency response network and begin national broadband efforts. The rest of the proceeds would go to the licensee.

While many television broadcasters support the auction and salivate at the prospective revenue, others are [trying to block their peers' right to sell](#). They cite [interference concerns](#), despite the Obama administration's insistence that this is a non-issue from a technical standpoint.

The proposed auction will likely see similar opposition from smaller carriers like T-Mobile who fear that it will give AT&T and Verizon an opportunity to gobble up more spectrum -- and more market share, as a result.