

Verizon-SpectrumCo/Cox Update: Rural and Urban Opposition

NTCA and Five Cities Without FiOS Claim Deal is Contrary to Public Interest

Opponents of Verizon's proposed acquisition of Cox and SpectrumCo spectrum assets and joint marketing agreements with the cable companies are gaining strength in numbers and diversity. A couple dozen reply comments and replies to opposition to petitions for reconsideration were filed on March 26, 2012—usual suspects like Public Knowledge, the Rural Telecommunications Group, the Consumers Union, Sprint, and labor union AFL-CIO expressed continued opposition to the spectrum transfer, the joint marketing agreements, or both. Additionally, several city-oriented groups like the “Don't Pass Syracuse Coalition” expressed opposition as well as the National Telecommunications Cooperative Association (NTCA), illustrating that the underlying concerns of this deal transcend urban/rural divides.

Officials from five cities—Boston, Baltimore, Albany, Syracuse, and Buffalo—are concerned that the deal will prevent these towns from ever getting FiOS fiber-to-the-home service. Therefore, they urge the FCC to block the deal. Verizon has been taking heat lately for its failure to deploy FiOS in urban centers, especially as critics of the deal assume that the joint marketing agreements with cable companies will effectively kill any chances of Verizon expanding FiOS. At a Senate hearing on the deal on March 21, Verizon general counsel Randal Milch asserted that “There is no incentive for Verizon to lay down its weapons in the FiOS-cable battle,” but Verizon would stick to deploying FiOS only in cities it had previously committed to serving—not new markets.

The five cities mentioned above are concerned that their residents and businesses will forever miss out on the wonders of FiOS. For example, Syracuse community organizations and elected officials commented that, “We are deeply concerned that Verizon will never build its FiOS network in Syracuse to compete with its new cable partner. This will deprive our citizens, small businesses, schools, and health care facilities of the benefits of the all-fiber FiOS network and video competition that is

available in most of the surrounding suburbs. The decision to bypass Syracuse disproportionately impacts minority and lower-income residents and neighborhoods.” The Syracuse coalition argues that the deal is contrary to the public interest and they urge the FCC to condition the deal with requirements that Verizon “expand its FiOS network to currently un- and under-served areas within its traditional telephone network footprint.”

NTCA likewise argues that the deal is contrary to the public interest and would “further cement Verizon’s status as part of a wireless duopoly with AT&T.” In its [reply to opposition](#) to petitions to deny the deal, NTCA urges the FCC to thoroughly evaluate all facets of the deal, and “The idea that these spectrum transfers require less than a full and complete public interest analysis because they involve only spectrum and not an operating wireless provider is ludicrous.” NTCA believes that the deal would create market harms by removing a potential competitor and making it easy for Verizon to stockpile spectrum. According to NTCA, “The fewer facilities-based providers there are, the fewer choices for other providers and for consumers.” NTCA urges the FCC to condition the deal with data roaming obligations: “The public interest demands that Verizon offer the reseller rate to any requesting carrier to offset the harm arising from this transaction.” NTCA also requests that if the deal is approved, the FCC consider requiring Verizon to divest unused spectrum and wireless device interoperability in the 700 MHz and AWS spectrum bands.

All in all, the details of the Verizon-SpectrumCo/Cox deal (the ones that have been released to the public anyway) leave a bad aftertaste, but Verizon and the cable companies have clearly drafted this deal very carefully such that the FCC and DOJ will have a tough time blocking the deal outright. Senator Al Franken (D-MN) asked in last week’s Senate hearing how the deal will affect the market long-term—in 10–20 years—if it is approved. Although nobody can predict that right now, the deal definitely presents some serious questions of how the market will change in the near term if it is approved. Will Syracuse ever get FiOS? How will rural markets with no cable competitors involved in the deal be impacted?

If you envision a telecom market in 3–5 years where the Verizon–SpectrumCo/Cox deal has been approved, what do you see?