

Competition in the Wireless, Broadband, and Video Markets

Verizon Wireless, SpectrumCo, and Cox Transaction

The FCC correctly recognized the harm to wireless consumers of the proposed merger of AT&T with T-Mobile. The public interest group Consumers Union argued that this combination could negatively impact competition, consumer choice, and consumers' pocketbooks. We the people and Consumers Union are now concerned that the proposed transaction between Verizon Wireless, SpectrumCo, and Cox will diminish competition not only in the wireless market but also in the video and landline broadband markets. Consequently, consumers could suffer an increase in prices and face diminished competitive alternatives in the video, broadband, and wireless markets. In tough economic times like these, it is in the public's interest to keep prices low and keep as many options for consumers as possible. As you know, for these reasons, Consumers Union has urged the agency to deny this transaction.

Interoperability

Like Consumers Union I am pleased that the FCC has begun a proceeding to promote interoperability among wireless devices. As carriers begin to invest in and build out their 700 MHz holdings, one important piece needed is interoperability to ensure consumer confidence that their devices will work, regardless of the carrier or network. Interoperability will also allow consumers to seamlessly roam from one network to another. Without interoperability, competition will be undermined, which would ultimately harm consumers by reducing consumer choice and resulting in higher prices.

Data Usage Caps

Both wireless and wire line companies have begun to institute data usage caps on broadband services. These data usage caps and subsequent overage charges will limit consumer choice and add to the ever-increasing costs of Internet access for consumers. Data caps can have a very real impact on consumer behavior. Data caps may dampen the use of broadband generally and may discourage high-bandwidth applications, like online video, which can provide consumers an alternative to traditional cable and satellite video subscriptions. Consequently, these usage caps and overage charges could restrict consumer choice and demand for online services and activities that consumers desire, as many consumers will not want to or be able to pay excessive overage charges. It is unclear whether data caps have a legitimate economic justification. It is also unclear whether any overage charges are in proportion to the cost for the additional data capacity. The FCC should investigate the nature, purpose, and impact of data caps upon consumers.

Tying of services

Verizon recently announced that as of May 7, it will begin bundling local voice service with all new subscriptions to DSL service. In addition, if any of Verizon's current subscribers want to make a change to their existing DSL service, they will be considered a new subscriber and be required to purchase the bundled package. I am concerned that the practice of tying the broadband service to the voice service limits consumer choice and essentially forces consumers to purchase local services they do not want - either because they prefer to rely on a wireless device or because they prefer to use a VoIP service. This practice of tying service offerings, like voice and broadband, is still under consideration by the Commission. We ask that the FCC ensure that the *status quo* is maintained with respect to

Verizon standalone DSL offering until the Commission can complete its consideration of the impact on consumers of tying together service offerings.