



May 16, 2012

**BY ELECTRONIC FILING**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, DC 20554

Re: *Ex Parte Comments*  
*WT Docket No. 12-4: Verizon Wireless-SpectrumCo-Cox License Assignment;*  
*WC Docket No. 05-75: Verizon-MCI Transfer of Control;*  
*GN Docket No. 09-191: Preserving the Open Internet;*  
*WC Docket No. 07-52: Broadband Industry Practices;*  
*GN Docket No. 10-127: Framework for Broadband Internet Service;*  
*WC Docket No. 03-251: Line Sharing Order and NOI*

Dear Ms. Dortch:

On May 3, 2012, a group of seventeen companies, public interest groups, and other organizations filed a letter in five of the above referenced dockets to express their concerns over the announced plans of Verizon Communications (“Verizon”) to discontinue the provision of retail standalone DSL services as of Sunday, May 6, 2012.<sup>1</sup> DIRECTV, LLC (“DIRECTV”) submits this letter to expand upon those concerns, especially as they relate to a sixth proceeding: Verizon Wireless’s acquisition of AWS licenses from the nation’s largest cable operators.

As DIRECTV has made clear, its concern with that proposed transaction is focused on the potential implications of the Commercial Agreements among the parties and the future arrangements they may make possible. The Applicants assert that such concerns “are mere speculation, wholly unsupported by facts or data,” or are “either irrelevant to this spectrum transaction or beyond the scope of this proceeding.”<sup>2</sup> Yet even in the short amount of time since the Commercial Agreements were finalized, Verizon’s behavior offers direct evidence of ways in which the proposed transaction will alter the market to the detriment of competition and consumers. For example, Verizon Wireless had been working with DIRECTV to develop a next-generation fixed wireless broadband product to be marketed jointly with DIRECTV’s video service in a bundle that would compete directly with cable operators, but abandoned those efforts almost immediately after entering into the Commercial Agreements in favor of working with its

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<sup>1</sup> See Letter to Hon. Julius Genachowski from Access Humboldt, et al., WC Docket No. 05-75, GN Docket No. 09-191, WC Docket No. 07-52, GN Docket No. 10-127, and WC Docket No. 03-251 (May 3, 2012).

<sup>2</sup> Joint Opposition to Petitions to Deny and Comments, WT Docket No. 12-4, at 4, 5 (Mar. 2, 2012).

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new cable partners.<sup>3</sup> The decision to discontinue offering standalone DSL continues this pattern of abandoning initiatives that would compete with cable.

For several years, DIRECTV and Verizon have resold each other's products, enabling customers in areas not served by Verizon's FiOS service to purchase a DIRECTV/DSL bundle. This arrangement enabled both DIRECTV and Verizon to offer consumers a video/broadband bundle to compete with those offered by cable operators. Now, however, Verizon will no longer allow DIRECTV to bundle standalone DSL broadband service, but would instead require subscribers to purchase both DSL and Verizon voice. Verizon, in other words, effectively imposed a substantial price increase upon every prospective subscriber of the DIRECTV/DSL bundle, especially those who prefer to use a wireless or voice over Internet protocol provider for primary telephony services. It thereby made this bundle less competitive to those offered by its new cable partners.

Coming so soon after Verizon's subsidiary and the incumbent cable operators entered into the Commercial Agreements, this development cannot be explained other than in the context of those agreements. If the Commission knew nothing else about the Commercial Agreements, this evidence alone would be sufficient to raise concerns that they will lead to a diminution in competition by creating incentives for the signatories not to compete with one another.

Sincerely yours,

/s/

William M. Wiltshire  
*Counsel for DIRECT, LLC*

cc: William Lake  
Sarah Whitesell

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<sup>3</sup> See, e.g., "Verizon Parts with DirecTV on LTE, to Focus on AWS License," COMMUNICATIONS DAILY, Vol. 31, No. 236, at 8 (Dec. 8, 2011).