

REDACTED – FOR PUBLIC INSPECTION

Ms. Marlene H. Dortch
May 17, 2012
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Attachment

cc: Rick Kaplan
Jim Schlichting
Jim Bird
Sandra Danner
Paul Murray
Tom Peters
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Susan Singer
Joel Taubenblatt
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May 17, 2012

VIA HAND DELIVERY AND ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *Application of Cellco Partnership d/b/a Verizon Wireless and SpectrumCo, LLC for Consent to Assign Licenses and Application of Cellco Partnership d/b/a Verizon Wireless and Cox TMI Wireless, LLC for Consent to Assign Licenses, WT Docket No. 12-4*

Dear Ms. Dortch:

In its May 16 ex parte, Level 3 Communications, LLC (“Level 3”) expresses its “concern” that the provisions of the VZW Agent Agreements and the Reseller Agreements might improperly restrict competition for the provision of wireless backhaul and special access. But Level 3 does not make any claims about the proposed assignments of spectrum licenses at issue in this docket or the effects thereof on competition. Level 3 does not assert that any of the agreements limit the ability or incentives of either Verizon Telecom or Bright House, Comcast, Cox, or Time Warner Cable (the “MSOs”) to compete aggressively to provide backhaul services. Nor does Level 3 contend that the agreements will affect competition in the wireless business overall. Instead, Level 3 alleges that, to the extent other providers are competing successfully, there will be less business for Level 3 and other competitive providers. These assertions have no place in this proceeding. As Verizon Wireless has noted previously, the marketplace for high-capacity services is marked by growth, competition, diverse suppliers and service offerings, and continuous innovation.¹ To the extent commenters disagree, the proper forum for their arguments is an industry-wide proceeding that will consider issues of access to backhaul facilities.

Level 3’s specific assertions concerning the effects of the commercial agreements are unfounded. **[BEGIN HIGHLY CONFIDENTIAL]**

[END HIGHLY

¹ See, e.g., Comments of Verizon Wireless, WT Docket No. 11-186, at 99-107 (filed Dec. 5, 2011) (and sources cited therein).

² See, e.g., VZW Agent Agreement (with Comcast Cable Communications, LLC) § 3.9; VZW Agent Agreement (with Time Warner Cable Inc.) § 3.9; VZW Agent Agreement (with Bright House Networks, LLC) § 3.9; VZW Agent Agreement (with Cox Communications Inc.) § 3.8.1.

CONFIDENTIAL] Thus the MSOs will continue to have every economic incentive to offer competitive pricing and to market their backhaul services to a range of prospective customers, including not only Verizon Wireless, but also Sprint, AT&T, T-Mobile, and a wide assortment of regional and other mobile providers. Further, to the extent that Verizon Wireless does purchase backhaul services from the MSOs, such purchases will only strengthen a competitor to ILECs and CLECs in this space and thus enhance competition overall.

Level 3 claims that **[BEGIN HIGHLY CONFIDENTIAL]**

[END HIGHLY CONFIDENTIAL] Level 3 is wrong. Verizon Telecom is not a party to the commercial agreements. There is no link between this proceeding and Verizon Telecom's separate provision of backhaul. Moreover, the fact that a customer seeks and receives a discount is a sign that the market is competitive and working, not that prices are too high. This is buttressed by the substantial evidence in other proceedings that customers often may receive significant discounts on high capacity services.

Finally, Level 3's contentions regarding the rate of return allegedly earned by Verizon Telecom are similarly irrelevant. The question of what rates on special access and Ethernet may be charged by entities not a party to this proceeding is simply not within the scope of these spectrum license assignment applications. Such questions are better considered – if at all – in the context of an industry-wide, comprehensive review.

Please contact the undersigned if you have any questions.

³ See, e.g., VZW-TPK-FCC-042652-56; VZW-TPK-FCC-039331-33.

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Sincerely,

/s/

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