

Verizon and its cable buddies think their scheme to divvy up the Internet for themselves is a done deal. Congressional, FCC and DOJ scrutiny is all that stands in the way.

Your cable and wireless companies are getting into bed together. And while it might be a cozy arrangement for them, it's bad news for the rest of us.

Verizon has struck a deal with a cartel of cable companies — including Comcast, Time Warner Cable and Cox Communications — to stop competing against one another. They want to divvy up the spoils of the growing mobile market for themselves so they can continue gouging consumers without the threat of competition.¹

Whether you use a mobile phone or a desktop computer to access the Internet, this deal will hurt you. Verizon is already the largest wireless provider in a consolidated market. If there's no competition to keep carriers in check, prices will continue to spiral upwards and services will decline. We must take action to stop this deal.

If this deal goes through, the cable giants will hand Verizon a giant chunk of the public airwaves, allowing the company to grow even bigger while its wireless competitors wither away. In return, Verizon will promise not to eat into the cable cartel's broadband business.

If this deal is approved, the United States will fall even farther behind the rest of the world in broadband adoption, speed and affordability. Sky-high wireless and broadband bills will rise even higher, even if you're not a Verizon or cable-cartel customer. And even fewer people will be able to afford Internet access.

These companies aren't talking about trading sports players back and forth. The product they're trading is our very ability to access information and engage in our democracy.

Do you want Verizon to have this power? The future of the Internet is too important to be left to a handful of giant companies.

1. "Verizon to Buy Cox Spectrum to Remake Its Broadband Model," GigaOm, Dec. 16, (see footnotes) citation/reference below.

2011: <http://act2.freepress.net/go/8979?akid=3407.9482860.VjcTk6&t=12>

Verizon Wireless has **agreed to purchase some of Cox Communications' wireless spectrum** in a deal valued at \$315 million. And once again, Verizon shows AT&T exactly how it's done when it comes to getting more airwaves without setting off a huge government production. Verizon will not only buy the airwaves, but it is also signing an agreement to resell Cox's services and possibly to let Cox resell Verizon's service under its own brand name.

With this deal, and the large spectrum buy announced earlier this month, Verizon looks like it's ready to focus on its wireless business and let its residential wireline business stagnate. Given its **reorganization of its enterprise** business this week, my bet is its wireline investments in fiber will be deployed to benefit its wireless towers and its **enterprise datacenters providing cloud services**.

Verizon, which agreed earlier this month to **spend \$3.6 billion buying 20-megahertz blocks of spectrum** that belonged to a consortium of cable companies (Time Warner Cable, Comcast and Bright House Networks), will buy 20 MHz of Advanced Wireless Services (AWS) spectrum licenses covering 28 million people from pay TV provider Cox. This spectrum is the same type that Verizon acquired earlier this month, and the resale and other agreements that let Verizon and Cox resell each others' products look similar.

The competitive implications of this **could be profound**, as Verizon locks up more airwaves and secures its No. 1 position in the wireless market, while appearing to cede the wireline market to the cable guys. Does this mean Verizon is **done deploying FiOS**? It certainly means the cable guys aren't going to compete in the wireless market anytime soon.

This is also the same spectrum that AT&T was hoping to use for 2011: <http://act2.freepress.net/go/8979?akid=3407.9482860.VjcTk6&t=12>

its LTE deployment if its purchase of T-Mobile went through. Cox also has some 700 MHz spectrum licenses, which Verizon isn't buying.

Cox had planned to use its airwaves to build out a **wireless network**, but realized how challenging such an endeavor would be, and in **November pulled the plug** on any form of quadruple play that would include the web, voice, video and wireless. When the Cox wireless network's demise was rumored, I **wondered who would buy Cox's airwaves**, thinking perhaps it could partner with Sprint. But now it looks like Verizon has locked up not just enough spectrum for one LTE network in its 700 MHz band, but has now spent roughly \$4 billion buying enough to deploy an entirely separate network in the AWS band.

If the FCC approves this deal, Verizon has just spent far less than AT&T proposed to do and took out a potential competitor that could have grown even stronger than T-Mobile USA. The cable companies' decision to decamp from the wireless market, despite owning their airwaves, also shows how hard building a network can be. If the cable guys don't have the heart, it's hard to see LightSquared or even Dish succeeding without some serious support from the few nationwide carriers still left on the field.