

Small cell backhaul and Wi-Fi offloading are points of contention that must be addressed if the FCC is to approve Verizon Wireless' (NYSE:VZ) proposed \$3.9 billion AWS spectrum purchase and business agreements with four cable operators, according to an FCC filing submitted by Sprint Nextel (NYSE:S).

Backhaul is a crucial issue for Sprint given that its Network Vision initiative includes heterogenous network (HetNet) topology that includes microcells, which the operator said require additional backhaul connections from incumbent local exchange carriers (ILECs) and cable TV providers. Sprint contends the commercial agreements between Verizon and the cable companies will create a joint interest "against competitive backhaul pricing for competing wireless carriers" such as itself.

One intriguing revelation in Sprint's ex parte filing is that the company "has found that wired network operators are charging the same backhaul rates for microcells, covering small areas, as they charge for connections to macrocells with much wider coverage and generally much heavier use." This pricing scheme, Sprint noted, "makes network expansion through microcells much more difficult."

The operator contends that if the cable companies stop competing effectively with Verizon on backhaul pricing, "there is little hope for relief" from such pricing anomalies.

Sprint said the FCC should require the cable companies and Verizon to provide backhaul services to all wireless carriers on a non-discriminatory basis, "with costs proportional to the requested capacity of a line."

Of course, Sprint could deploy its own backhaul alternatives for small cells-including fiber and millimeter-wave equipment. However, those options would entail upfront capital expenditures, possibly including wireless licensing fees, which leasing fiber backhaul capacity from ILECs and cable providers does not.