

Competition Breather: Verizon FiOS Rate Hikes Ease Pressure on Cablevision, TWC

Verizon customers can expect to pay more for the company's fiber to the home service, FiOS, even as promised higher speeds arrive.

Most customers off contract can expect to pay \$10-15 more a month under the new pricing regime, or cut back on selected television channels to keep their price the same. Verizon customers currently on a promotional offer will not see any price changes until their promotion expires.

Wall Street analysts call Verizon's rate hikes a return to "pricing rationality." The phone company has engaged in years of aggressive pricing, promotions, and rebate offers, especially in the northeast. At one point, Verizon was offering New York-area customers up to \$500 in rebates when signing up for a triple play Verizon FiOS package. As Verizon pulls back from aggressive promotions, some analysts predict cable competitors Time Warner Cable and Cablevision will be able to resume more typical rate increases common before Verizon FiOS launched. Cablevision previously announced it would not increase rates during 2012, mostly in response to Verizon's aggressive pricing.

Verizon has significantly boosted speeds on most of its broadband offerings, with the exception of its standard entry-level 15/5Mbps package, which remains unchanged. Verizon is hoping customers will find that entry level package less and less attractive and be amenable to upgrading to faster speed service at a higher price.

"We're expecting that 80 percent of customers will want more than 15 megabits per second," Arturo Picicci, Verizon's director of product management told Reuters.