

Verizon exec criticizes FCC's handling of SpectrumCo deal

Verizon CTO Tony Melone says the FCC's review of its deal to buy unused spectrum from cable companies is taking too long. And he's urging the agency to revamp its license transfer process.

DALLAS--A top Verizon executive urged regulators here in June to get out of the way so that wireless operators can more easily buy and sell wireless spectrum on the secondary market.

During a speech at the Telecommunications Industry Association trade show, Verizon Chief Technology Officer Tony Melone said that the Federal Communications Commission should make it easier for companies to buy and sell wireless spectrum licenses that they've bought in government auctions.

His sentiments echoed comments made by AT&T's CEO Randall Stephenson who spoke at the conference a day earlier.

What's more the Verizon/SpectrumCo deal includes more than just spectrum. It also has a marketing arrangement that is tied to the deal. As part of the arrangement, Verizon has agreed to resell the SpectrumCo cable companies' Internet and TV services in its retail stores. And the cable companies will have

the opportunity to bundle Verizon Wireless service with their broadband packages.

Verizon's Melone said today that the FCC shouldn't trouble itself with evaluating the marketing deal. He said this was a separate deal that has nothing to do with Verizon's transaction to buy wireless spectrum. Instead, he said the agency should focus only on the spectrum issues, which he thinks are pretty straightforward. "These are separate and distinct deals," he said.

But Comcast's head of regulatory affairs, David Cohen, has already testified before Congress that the spectrum sale and joint marketing agreement are in fact a single deal. If one aspect of the deal is changed too much, it could jeopardize the entire deal.

In a recent conversation with CNET, Cohen reiterated the importance of the marketing piece of the deal.

"There is no secret that our interest is not just in selling spectrum," he said. "This is a strategic asset to enable us to develop a complete wireless strategy. When our Plan A of building our own network didn't work out, we still planned to leverage this valuable asset to help us strategically. That's what the Verizon deal gives us."

At the end of the day, Melone's criticisms may fall on deaf ears. Most experts believe that the FCC will approve the spectrum deal and that the DOJ will also give its blessing. But there will likely be hefty conditions put on the transaction that could force Verizon to divest some of its AWS spectrum in concentrated markets. And these concessions may include some changes to

the marketing deal. The big question is whether Verizon and the cable companies can live with these concessions.