

CFA Brands SpectrumCo Deal End of 96 Act's Competitive Promise

In advance of the July 10 comment deadline on Verizon's purchase of spectrum from cable operators, the Consumer Federation of America has told the FCC that allowing the deal would mark the end of "the competitive promise" of the 1996 Telecommunications Act.

"The last two competitors standing, cable companies and telecommunications service providers, with any hope of building a serious competitive challenge by offering a bundle of services anchored in a product in which it has a clear advantage, have decided to collaborate, rather than compete," the group argues.

It points to the associated cross-marketing agreements between Verizon and the cable companies, calling them "dressed-up" noncompetes that will diminish competition in the markets where the companies cross-promote their respective services.

"Creating a joint venture wireless-cable bundle excuses cable from entering wireless and creates an advantage for both cable and Verizon that is difficult if not impossible to match for firms that are not party to the joint venture," CFA says.

As to swap of some of that SpectrumCo spectrum to T-Mobile, which Verizon has proposed contingent on the government approving the spectrum sale, CFA says that appears to be part of a "clean-up" operation to address some anticompetitive concerns in some markets, but says the deal is systematic threat to competition that cannot be ameliorated with "minor adjustments."