

**STATEMENT OF COMMISSIONER MICHAEL J. COPPS,
CONCURRING IN PART AND DISSENTING IN PART**

Re: Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements and Petition for Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Communications Act

This transaction entails the merger of two of the nation's largest wireless carriers. It will create a company with around 80 million customers—the nation's largest. But that tells only part of the story. Equally important is the geographic scope of this company. Although Alltel is by far the smaller of the two carriers when it comes to customers, its network covers a staggering amount of rural territory. The combined entity will have an enormous geographic footprint, and the combination of the two networks will substantially reduce consumer choice. In the short term, of course, the transaction may bring increased data speeds and handset choices to some rural areas. But in the long term, I continue to worry that all the reductions in competition we have seen in recent years translate into lower-quality service and higher prices for American consumers. That's not the direction we should have been heading.

Today's merger is also seriously bad news for smaller carriers who rely on roaming—and their customers. The reason is that the new, merged network will be the only game in town when it comes to roaming in many regions of the country. Smaller carriers that rely on roaming contracts to provide nationwide service will see a critical partner eliminated in rural areas. This development may even put some smaller carriers out of business—thus further consolidating the wireless marketplace. The creation of an ever more dominant carrier will also have ripple effects in many other parts of the wireless marketplace—tipping the balance even more towards the network operator when it comes to dealing with handset manufacturers, content providers, application designers and the many other companies that will be forced to ask for “permission to innovate.”

I must limit myself to concurrence in part of this proceeding and also to a partial dissent. I concur in part only because the company and my colleagues have agreed to modest roaming conditions that will partly—but only partly—ameliorate the problems of creating such an enormous force in the wireless marketplace. The main conditions we secure today are a commitment by Verizon Wireless to extend existing roaming contracts for four years and to maintain Alltel's existing GSM network “indefinitely.” These provisions are better than nothing—and better than what was originally proposed when this item was circulated—but I cannot say that they answer more than a portion of my concerns. And I am disappointed that discussions suggesting a seven year roaming commitment did not end successfully.

Today's item also requires the merged entity to meet important E911 location accuracy benchmarks and to open its books to ensure that its Universal Service Fund support is commensurate with its real costs of providing service. These are two reforms that I have supported in other proceedings and I am glad that consumers will benefit from

them here. But, again, I cannot say that these conditions turn the balance in favor of the public interest.

Finally, I must note one additional element that I would have preferred to handle differently. The Commission has a statutory duty to prevent undue consolidation in the wireless marketplace. A spectrum cap—or the far less robust “spectrum screen” that the Commission, over my objection, uses instead—is a critical tool to enforcing this policy. As I have stated before, I believe the right way to account for new bands that have been made available for advanced wireless services would be through a comprehensive, industry-wide proceeding that would establish appropriate rules for valuing the relative desirability of different spectrum. But we have not conducted such a proceeding. Instead, we simply raise the spectrum screen in an ad hoc fashion merger-by-merger. While I appreciate the willingness of my colleagues to fashion a spectrum screen for this transaction that somewhat reasonably (but far from perfectly) reflects the current marketplace, I think that a general rulemaking is still necessary and desirable.

Thanks to the Bureau and thanks to my colleagues for their hard work on this proceeding.