

STATEMENT OF
COMMISSIONER DEBORAH TAYLOR TATE

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.

Like most mergers of established industry players, the merger of Verizon Wireless and Alltel raises important public policy issues. First, there are the potential risks of anticompetitive harm if the merged entity gains substantial market power. On the other hand, potential benefits to consumers may accrue. These potential costs and benefits must be seriously evaluated. In this instance, both the Department of Justice (DOJ) and the Commission have determined that the transaction is in the public interest, subject to certain conditions, to which the parties have agreed.

The conditions applied to this merger are especially important to ensure competition and, ultimately, to protect consumers. First, as a result of its negotiations with DOJ, the merged firm will divest spectrum in 100 cellular markets where Verizon Wireless and Alltel have a significant amount of spectrum overlap. In reviewing this transaction, the Commission agreed that such a divestiture was necessary, and it further determined that divestiture also was appropriate in an additional five markets, including one market in Johnson County, Tennessee. All of this divested spectrum will be made available to existing and potential service providers in these markets, thus helping to ensure competition.

In addition, this order establishes specific requirements related to roaming services the merged entity will provide. Most notably, Verizon Wireless will honor the existing roaming agreements – whether contracted with them or Alltel – for four years. A number of parties, especially mid-sized, small and rural providers, expressed concern that there are too few roaming providers utilizing CDMA technology, and that the proposed merger would even further reduce this number. By maintaining roaming agreements for this longer period of time, it is more likely that Long Term Evolution (LTE) will be available from other providers – including AT&T, which does not offer CDMA service – when many of these roaming contracts expire. This will help ensure more competition in the provision of roaming service at that time.

Finally, this transaction offers real, merger-specific consumer benefits that should not be ignored. Current customers of Alltel may now enjoy many services that already are available to Verizon Wireless customers. Thus, given that Alltel serves rural areas that are not currently served by Verizon Wireless, the merger will make it possible for more rural Americans to join the Verizon Wireless nationwide network, along with its faster deployment of advanced services such as broadband. The combined entity also will have a larger geographic footprint, which will benefit all of its subscribers. At a time when current economic conditions make it difficult to expand, upgrade, or even make a normal investment in expensive communications networks, a transaction that would result in an

expanded footprint and upgraded services, especially in rural America, may provide some real public benefits.

Given these reasonable merger conditions and likely pro-consumer benefits, I join my colleagues in approving this item. I thank the staff of the Wireless Bureau for their many hours of hard work in evaluating this transaction and for their commitment to ensuring a pro-competitive telecommunications marketplace for years to come.