

United States Senate

WASHINGTON, DC 20510

July 26, 2012

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

The Honorable Eric H. Holder
United States Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Chairman Genachowski and Attorney General Holder:

We know that the Federal Communications Commission (FCC) and the Department of Justice (DOJ) are currently reviewing proposed agreements between Verizon Wireless and four of the nation's largest cable companies, Comcast, Time Warner Cable, Cox Communications, and Bright House Networks LLC. These agreements involve Verizon's purchase of wireless spectrum from these cable companies and also joint marketing, or "agency" agreements that would allow the several parties to sell each other's services and a joint venture in which the parties agree to develop, on an exclusive basis, proprietary technologies.

We have heard from a number of constituents, Maryland elected officials, labor unions, consumer advocates, and civil rights groups who are deeply concerned about the proposed joint marketing agreements. When Congress passed the 1996 Telecommunications Act, consumers were promised the benefits of increased competition between cable and phone companies, driving investment in broadband networks, creating jobs, enabling new and improved services and applications, and lower prices. But the individuals and groups who have contacted us are concerned that the proposed agency agreements between Verizon Wireless and the major cable companies, by turning former competitors into business allies, appear to renege on that promise. Most significantly, the joint marketing agreements appear to limit Verizon's incentive to invest in its all-fiber FiOS network, potentially depriving consumers of a competitive alternative to cable's broadband and video services. Such a development, our constituents fear, could leave many communities in Maryland on the wrong side of the "digital divide".

To date, Verizon has not deployed its FiOS network in a Baltimore and city officials and constituents there are concerned the company would be even less likely to make further investments in the FiOS network if the proposed transaction is approved. And Verizon's recent announcement that it will no longer sell stand-alone DSL services leaves consumers with even fewer alternatives. People of color and lower-income households in urban and rural parts of Maryland will be disproportionately affected by the decreased incentives to invest in continued "build-out" of the FiOS network.

We have also heard from Communications Workers of America (CWA) officials and scores of rank-and-file members who are deeply concerned about the impact of the proposed transaction on middle class jobs. By reducing incentives to invest in expanding the FiOS network or competing networks, the proposed transaction could eliminate as many as 72,000 jobs that otherwise would be needed to build, maintain, service, and sell network services and manufacture the equipment and fiber necessary to deploy competing networks.

As you review the proposed Verizon/cable company transaction, we encourage you to consider most carefully the comments the FCC and DOJ have received raising concern about the transaction's potential impact on competition, consumers, and jobs. We hope that you will endeavor to protect the public interest in cross-platform competition that drives lower prices and higher quality services and ensures that all Americans – including residents and businesses in Baltimore and across the rest of Maryland – have access to the most advanced communications technologies and services at affordable prices.

Thank you for your consideration. If you have any questions regarding this matter, feel free to contact us or have your staff contact Gray Maxwell (gray_maxwell@cardin.senate.gov) or Jean Doyle (jean_doyle@mikulski.senate.gov).

Sincerely,



Barbara A. Mikulski
United States Senator



Benjamin L. Cardin
United States Senator

BLC: dgm