

Verizon Wireless to bolster T-Mobile

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Verizon Wireless's deal to bolster rival T-Mobile's cache of wireless airwaves is being favorably received by regulators and could help Verizon win federal approval to buy a swath of spectrum from cable companies, people familiar with the thinking of government officials said Monday.

Verizon has been trying to buy \$3.6 billion worth of wireless airwaves from cable giants Comcast, Cox, Time Warner and Bright House. As part of the agreement, which was announced last year, Verizon agreed to promote cable services, even though they directly compete with Verizon's own internet and television service known as FiOS.

Critics say the cable deal would enhance the dominance of Verizon Wireless, already the nation's biggest wireless carrier. During the past two weeks, Federal Communications Commission officials have met with Verizon officials, expressing concern that the agreement would give the firm too much sway over the wireless market and leave consumers with fewer choices.

At the same time, the Justice Department is examining whether Verizon's marketing deal with cable firms runs afoul of antitrust laws. That agency may decide to approve the cable deal only if the companies agree to scale back the marketing arrangement, according to people familiar with the federal review.

T-Mobile had been a vocal critic of the cable deal. But it dropped its opposition after Verizon Wireless agreed to boost T-Mobile's ability to provide high-speed Internet to its customers, particularly in the Northeast region of United States.

T-Mobile will gain spectrum covering 60 million people in exchange for cash and spectrum it will hand over to Verizon Wireless that covers about 22 million people, according to the deal announced on Monday.

Analysts put the value of the spectrum T-Mobile is buying from Verizon at around \$260 million. The spectrum deal between Verizon and cable firms could be decided by Aug. 7 or shortly after, a soft deadline the FCC has set for the completion of its review, this person said.

Analysts said the move will help alleviate concerns by regulators, who may be getting pressure from Congress to ensure that Verizon's deal with cable companies doesn't harm consumers. "We think (Verizon) was either proactive in reaching an agreement with T-Mo or encouraged to do so," said Kevin Smithen, an analyst at Macquarie Securities. "Either way, this is likely a win-win for both companies."

Fonte: The Washington Post, Washington, 25 June 2012, International.