

# Trip Wires:

## How AT&T's Proposal to Dismantle Telecommunications Networks Harms Underserved Communities

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AT&T wants the Federal Communications Commission to dissolve federal and state rules requiring universal, reliable, affordable and open networks. This will jeopardize existing communications infrastructure that carries our conversations, family connections, ideas and commerce. AT&T promises this sweeping deregulation will bring substantial consumer benefits, but there is overwhelming evidence to the contrary. Of particular concern is the immediate impact on seniors and low-income consumers, who will see substantially higher landline and wireless bills if the FCC adopts AT&T's proposal.

### Hangin' Up: AT&T's Plan Threatens Personal Communications, Economic Opportunities and Emergency Service

- AT&T wants to rid itself and other big phone companies of "legacy" rules it falsely claims are hindering the transition to "Internet Protocol" (or "IP") networks. But such radical rule changes will mean the end of protections from price gouging, service outages and abusive practices. They will make access to emergency service anything but certain.
- AT&T says competition will keep quality high and prices low. But when California deregulated basic voice service, AT&T more than doubled<sup>1</sup> its prices for that service over a six-year span.
- AT&T suggests it will pass along to customers any savings it sees from technical upgrades. But only robust competition or strong regulations could make these trickle-down claims a reality.
- AT&T is presenting our communities with a false choice based on a false premise. We do not have to sacrifice consumer protections in exchange for a world-class communications system.

### Heavy Toll: AT&T's Plan Will Disproportionately Impact Historically Marginalized Groups

- Even as the number of landline telephone customers drops, low-income households — and senior citizens<sup>2</sup> — are *far more likely* to keep basic local voice service. If AT&T gets its wish, we won't have any rate regulation of basic local service, and price hikes will be all but guaranteed.
- Low-income consumers are *far more likely*<sup>3</sup> to purchase prepaid wireless services from companies other than AT&T or Verizon. If we remove existing competitive safeguards, AT&T and Verizon will increase the costs other wireless carriers pay to get traffic back into the public network. Those costs will lead to higher prices.
- Low-income households are *far more likely* to use dial-up Internet, but will no longer have phone lines to reach ISPs. AT&T and Verizon say the transition will let them upsell<sup>4</sup> customers and increase revenues. Dial-up households will either have to drop home service or switch to pricier bundles from AT&T, Verizon or cable companies.

### Hold the Line: AT&T Overstates its Network Changes, but Understates the Social Value of the Network

- Congress gave the FCC the power to preserve the public telecommunications network, but the agency has not exercised its proper authority over the last decade. The law is technology-neutral, never mentioning copper wires or monopoly providers.
- AT&T isn't building an entirely new network. It still uses its "old" copper wires to deliver voice, video and data to many of its customers' homes and businesses, and it will continue to do so<sup>5</sup> as it upgrades.
- IP enables communications on several platforms, but it's not the same thing as "the Internet." In fact, IP is widely used in phone systems and other telecommunications networks, and it's just one such technology.
- Even when the wires change, phone and cable companies still control last-mile access to customers, and dictate the pace of innovation and competition on their networks. Ownership still matters. You can't get content that your ISP blocks — and you can't access *anything* if your connection goes down during a storm or a software upgrade<sup>6</sup>.

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<sup>1</sup> James Temple, "AT&T Rates Skyrocket Since Deregulation," *San Francisco Chronicle*, Jan. 18, 2013

<sup>2</sup> Comments of AARP Before the Federal Communications Commission, Washington, D.C., Jan. 28, 2013

<sup>3</sup> Kevin Fitchard, "Smartphones Make Big Gains in Prepaid," *GigaOm*, March 28, 2012

<sup>4</sup> "Year in Review 2012: Verizon Accelerates Copper-to-Fiber Transition," *FierceTelecom*, Dec. 21, 2012

<sup>5</sup> "AT&T's \$14 Billion U-Verse Investment Boosts ASSIA, Tweaks Verizon," *Forbes*, Nov. 21, 2012

<sup>6</sup> Stephen Lawson, "AT&T Users Slam U-Verse Outage," *PCWorld*, Jan. 24, 2013.