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Comments to the FCC: AT&T-BellSouth Merger,

WC Docket No. 06-74

Part 1: Broadband. October 24, 2006

Tell AT&T to Put Up or Break Up ---19 Million Homes with Fiber by 2008 --- or Divestiture.

Proposed AT&T Merger Conditions Are a Joke and Will Harm US Economy and America's Global Competitive Edge.

History Demonstrates that AT&T (SBC) Can't Be Trusted with America's Digital Future.

The FCC is considering granting AT&T the ability to merge with yet another Bell company, BellSouth, one of the remaining non-merged Bell companies. This will create one company that controls telecommunications in 22 states, almost 1/2 of the US, not to mention one of the largest wireless companies, Cingular, which is owned by AT&T and BellSouth.

NOTE: AT&T is currently Southwestern Bell, Pacific Telesis, Ameritech, SNET, SBC and the original AT&T. For history see:
http://www.teletruth.org//History/history.html

AT&T continues to claim that it will have 19 million households wired by 2008, upgraded for HDTV capabilities and faster broadband. See their release:
http://att.sbc.com/gen/press-room?pid=4800&cdvn=news&newsarticleid=22787

> "Through its subsidiaries, AT&T expects to reach nearly 19 million households by the end of 2008 as part of its initial deployment, using fiber-to-the-node (FTTN) and fiber-to-the-premises (FTTP) technologies."

If you add BellSouth, we would expect 27 million homes to be completed by 2008.

A Novel Idea: Hold AT&T Accountable for their Statements: Therefore, the FCC should hold AT&T to this stated commitment or break up the AT&T-merged companies. (As we discuss, the FCC should actually request that the merged companies offer products that can compete globally, not inferior like Lightspeed.) Pathetically, AT&T has presented some proposed new merger conditions that are embarrassing, appalling, deceptive, harmful to the economy, and will make America a 3rd world broadband power. They propose that they will finally roll out DSL over the old copper wiring to their territories, and are committing to 200 Kbps in one direction, the FCC current definition of broadband.

Click here to read their proposed conditions
http://www.teletruth.org/docs/attmergerdoc.pdf

America is 16th in Broadband and Falling.

America is 16th in the world in broadband nations according to the ITU, and 12th according to the OCED, (which does not include 4 other countries included by the ITU).

Korea, Japan and other Asian countries are already deploying 100 Mbps in both directions for about $40 bucks. Thus, 200Kbps is 500 times slower than what is already available in Asia. (Most US customers' DSL is less than 1 mbps which is about the same price as Asia and is 100 times slower.)

And now the FCC is considering the AT&T proposal to supply inferior services to the US as its 'best' solution? America will continue to lose ground if the AT&T merger conditions are enacted. Customers will be receiving inferior services at high prices and we can't compete globally.

History Shows SBC/AT&T Can't Be Trusted With Our Digital Future.

But the real kicker is simple: SBC has lied to regulators in every merger about the future of broadband and has harmed deployments state by state. And now, the FCC is considering making AT&T bigger by combining it with BellSouth?

At every merger, fiber optic broadband hype was created before the merger and then, whatever state-based fiber optic-based services were being built or deployed, were shut down when the ink dried. This impacted 13 states. For

example, using the phone companies' own data, such as annual reports, when SBC bought California's Pacific Telesis in 1996, SBC closed down the Pac Bell fiber deployments which were to reach 5.5 million customers by 2000 at a cost of $16 billion. State laws were changed to give Pac Bell more money for the new upgrades. SNET was going to spend $4.4 billion to rewire a million homes, Ameritech promised 6 million homes by 2000, and virtually none of this was ever rolled out, even though each state approved major financial incentives.

Here is a summary of the impacts of the Bell mergers (including Verizon's mergers): http://www.newnetworks.com/Bell%20MergersKilledFiber.htm

In toto, SBC was to spend $33.6 billion and have 12.5 million households by 2000. while Verizon was supposed to spend $15.6 billion on 17.7 million households by 2000. Combined, Verizon and SBC were to spend $48.9 billion and have 36.5 million households by 2000. By 2006, the Bell companies should have deployed 86 million households

And most importantly, this was fiber-to-the-home services, capable of 500+ channels and 45mbps services in both directions. Had the Bell companies deployed as committed, America would not be 16th in broadband.

In fact, Teletruth estimates that customers paid over $200 billion for fiber optic networks they never received, paid for through state laws were changed that charged customers excess fees and gave the Bells extensive tax perks.
See: http://www.newnetworks.com/broadbandscandals.htm

Moreover, the entire history of the mergers shows that both AT&T and Verizon will say anything to get the mergers through. Teletruth has filed a complaint with the FCC, the DOJ and the FTC, claiming that Verizon and SBC/AT&T used false and misleading speech to create these mergers, and then simply never fulfilled their commitments, harming customers as well as the economy.

http://www.newnetworks.com/FTCcomplaintSBCVerizon.htm

The FCC's Definition of Broadband and FCC Broadband Data are Flawed:

Over the last five years the FCC has ignored our data/filings pertaining to the definition of the term "broadband". In 1992, "Broadband" was defined as 45mpbs in both directions: (from NJ state law written 1993.)

> "Broadband Digital Service — Switching capabilities matched with transmission capabilities supporting data rates up to 45,000,000 bits per second (45mps) and higher, which enables services, for example, that will allow residential and business customers to receive high definition video and to send and receive interactive (i.e., two way) video signals."

Notice that broadband was defined as "high definition video to send and receive..." Today, America's broadband still can't deliver on that.

The Current AT&T Lightspeed is Dimspeed.

Besides proposed merger conditions being a joke there's more serious issues. See our detailed examination of Verizon's FiOS and AT&T's Lightspeed http://www.newnetworks.com/fioslightspeed.htm

Mirage? History indicates that AT&T's Lightspeed/U-Verse is yet another mirage being foisted on the public to make us believe that the company will be serious about broadband, if only these new mergers (and the AT&T-SBC merger) go through.

Starting in 2004, SBC claimed it would have 16 million homes by 2007. This number was updated this year to be 19 million by 2008.

Look at the reality; AT&T has only 'a few thousand' customers in San Antonio Texas to date and is still not in full deployment for its new 'Lightspeed' services. But besides the delays, there's a deeper issue -- what we're getting.

Do the Math; The amount they have stated they will be spending is chump change compared to the actual costs. In this article, the company states it will spend $5.1 billion --- that's $268 dollars a household. A reasonable amount? http://biz.yahoo.com/ap/061020/earns_preview_at_t.html?.v=1

We've also laid this funding issue in more detail. http://teletruth.org/blog/?p=4

"Lightspeed" is in reality Dimspeed and a crippled service as compared to what was promised in 1992, and an inferior product to anything rolled out in the rest of the world.

Dimspeed Speed. Even if they show up, Korea and Japan are selling 100 Mbps, so you would expect American phone companies would be upping the ante. Not AT&T. The current AT&T speed is an embarrassing 6 Mbps in one direction according to numerous reports by Broadband Reports and others.
See: http://www.dslreports.com/shownews/74521

But what is going to harm the economy even more is a severe restraint on trade and innovation.

America Paid for "Open" Networks, Lightspeed and FiOS are Closed.

The reason these networks are "crippled' is because they are closed to competitors, and AT&T and Verizon are demanding exclusive rights to what are publicly funded networks. That's right. The networks that have yet to be delivered were open, ubiquitous networks with common carrier obligations -- these obligations meant that competitors -- from VOIP or Internet Providers or video services were ALL supposed to be able to compete using these networks. These networks were also ubiquitous, meaning that they were to be deployed in rich and poor neighborhoods, suburban, urban and rural alike. Customers paid excess charges on their phone bills for these rights.

Who's Really Paying For These Networks? Well, Customers In A Defacto Broadband Tax.

The real irony is found when one examines the current Bell accounting books. It is clear that the money being spent by AT&T and Verizon will be coming out of the local phone rates -- an illegal broadband tax. How is it that an 'interstate information service' is being funded through local phone rates, but without any customer rights being enforced?

In fact, AT&T California has filed to get a surcharge for upgrades.

> "AT&T California intends to recover labor, material, and administrative costs associated with work performed on the surcharge projects

See TURN' rebuttal.
http://www.ucan.org/teledocs/Undergrounding/A05-03-005%20MurrayTestimony.doc

Net Neutrality is a given with "open" networks. If customers funded these networks, then customers should be able to use their speed as they see fit, not have closed networks that dictate which videos or sites to visit or download from. If customers are paying the networks, why has the FCC not enforced their rights?

To Sum Up - Have AT&T Put Up or Break Up the Bell Mergers.

First, do NOT allow these mergers to go through. Investigate the previous mergers for deceptive practices and what happened to the previous commitments.

Allowing one company to control 22 states --- almost 1/2 of the US, is not in the public interest for America's infrastructure.

Also, demand more from AT&T and BellSouth. Require them to not only upgrade their networks as they are stating they will do, but also to open the networks, as well as make sure that they are competitive globally before you allow any merger to be completed. Other countries will develop new services and products as we slip into broadband oblivion.

The FCC can green-light this merger with nominal conditions and America will be shortchanged. Make these companies live up to or increase their commitments or don't call yourself regulators, call yourself cowards for failing to hold these large companies accountable.

More Reading:

Mini Report on SBC-Ameritech-Pac Bell-SNET-Southwestern Bell Mergers.
http://www.teletruth.org/docs/SBCMergerharms.pdf

Pacific Telesis (Pac Bell) California Deployment
http://www.newnetworks.com/cabroadbandpacbell.htm

San Diego Tribune timeline of how SBC closed down the plan after the merger.
http://www.newnetworks.com/californiabroadband.html

ebook: $200 Billion Broadband Scandal
http://www.newnetworks.com/broadbandscandals.htm

AT&T's U-Verse and Lightspeed
http://att.sbc.com/gen/press-room?pid=5838

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