AT&T promises to lower your Internet bill if FCC kills net neutrality

Not only that, startups can better compete against Netflix by paying off ISPs.

Are you an AT&T home Internet customer? If so, AT&T has just made a promise you'll want to take note of.

If the Federal Communications Commission lets Internet service providers charge Web companies like Netflix for faster delivery of content to consumers, AT&T will lower its customers' Internet bills. That's what AT&T said Friday in a filing in the FCC's "Protecting and Promoting the Open Internet" proceeding.

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AT&T calls new chairman an "inspired pick," seeks end to "outdated" regulations.

With the FCC's rules against ISPs blocking Web services or charging for preferential treatment having been vacated by a court decision, the Commission opened a proceeding with the intent of writing new rules that achieve similar goals in a way that meets judicial scrutiny. AT&T is asking the FCC to pass rules that would be the opposite of the commission's original intent, explicitly allowing ISPs to charge for preferential access instead of banning it.

While Netflix has begun paying Comcast for a direct connection to the edge of Comcast's network, the FCC's net neutrality rules have traditionally banned payments for preferential access on the network's "last mile," from the edge to residences and businesses. Apple is reportedly trying to get similar treatment over the last mile of Comcast's network by taking advantage of a loophole in net neutrality rules Comcast was forced to agree to when it purchased NBCUniversal.

Network neutrality advocates have argued that letting big companies like Netflix buy a faster path to consumers over the last mile would make it harder for startups to compete and end up passing further costs to consumers, who might have to pay more for Netflix-type services in order to subsidize these new payments to ISPs.

Everybody wins!

Not to worry, says AT&T: Payments from so-called "edge providers"—companies that deliver video and other services over the Internet—will help startups compete against more established players and lower the price of consumer Internet service. Instead of making payments from edge providers to ISPs the exception, the FCC should "adopt a safe harbor" for such transactions. Any nondiscrimination rule "should target only 'commercially unreasonable' actions that threaten Internet openness and the virtuous cycle of innovation and investment," AT&T said.

AT&T wrote:

Allowing individualized dealings between ISPs and edge providers is sound policy for a number of reasons. By enabling smaller edge providers to negotiate special arrangements for the handling of their traffic, flexible net neutrality rules will empower start-ups to compete more effectively against more entrenched and well-heeled rivals. And by enabling ISPs to recover the costs of network upgrades not just from consumers but also from the edge providers whose applications benefit from such upgrades, flexible rules also will promote deployment of additional broadband infrastructure and improved features. They also will reduce the cost of broadband service for consumers, facilitating greater adoption.

"Reduce the cost of broadband service for consumers" wasn't a typo, as AT&T made the same point several times. "Enabling ISPs to Negotiate with Edge Providers Would Reduce the Costs of Broadband for Consumers," AT&T wrote in one of its argument's subject headings.

If edge providers don't pay, ISPs will have to spend "billions to accommodate the network demands imposed by bandwidth-intensive applications that are used extensively by only limited subsets of subscribers," AT&T wrote. Limiting the ability of startups to pay for preferential treatment would also benefit the largest edge providers, who can afford to build out their own content delivery networks, AT&T wrote.

"Allowing ISPs to experiment with different pricing structures and impose charges on edge providers also would lead to pricing innovation that redounds to the benefit of consumers," AT&T wrote. "[B]y allowing ISPs to negotiate directly with edge providers, the Commission could both decrease the costs of broadband service for average consumers and increase the rates of broadband adoption."

AT&T wouldn't take advantage of fewer regulations by screwing over consumers, the company assured the FCC. After all, "if Broadband Provider X began degrading its best-effort Internet access platform to favor its 'prioritized' content, such that most applications and content loaded more slowly on X’s network than on its rivals’ Internet access platforms, customers would begin switching to those rivals en masse," AT&T said. "The rivals would encourage consumers to do precisely that by running advertisements emphasizing the poor performance on Broadband Provider X’s network."

This latter scenario asks the FCC to imagine that the US broadband market is about to become a lot more competitive. As of June 2012, 48 percent of US households had just one choice—or zero choices—for fixed broadband service of at least 6 megabits per second, according to FCC data. That's barely above the 5Mbps minimum recommended to play Netflix video in high definition, and that's assuming you can dedicate your entire Mbps allotment to Netflix streaming.

But at least AT&T customers have lower prices to look forward to. Suddenly seeing a *lower* bill for the same service would certainly be a new experience for most US Internet customers. If the FCC passes rules that meet AT&T's criteria, AT&T customers should check their bills to see if they're getting a discount. If they're still paying the same or higher rates, they should call AT&T and remind the company of its promise to lower prices.