

**REPORT 5:**

**5G: The Wireline-Wireless Bait & Switch:  
Because It Makes Them More Money**

*What AT&T & Verizon Tell Investors  
But Are Hiding from the Public.*

Presented by:

New Networks Institute

**IRREGULATORS**

This is the 5<sup>th</sup> Research Report in the New Series:

**“The Digital Divide by Design”**

<https://newnetworks.com/digitaldividebydesign/>

Bruce Kushnick, Primary Senior Analyst

October 3<sup>rd</sup>, 2018

**Table of Contents****INTRODUCTION****VERIZON**

- 1) Verizon “Cut off the Copper” in Rural Areas, 2012
- 2) The NY Attorney General Found Massive Wireless Cross-Subsidies.
- 3) Verizon’s Boston Bait-and-Switch: Promise them Fiber, Give them Wireless.
- 4) Verizon Boston is a Bait & Switch: It was about Fiber to the Home; Not Wireless.
- 5) Why Stop Doing FiOS FTTP -To Save Money and Get Rid of the Unions.
- 6) The FiOS Fiber to the Home Expenses are Dumped into Local Service, as is Wireless; They are Part of the State Utility.
- 7) Verizon New Jersey Fiber Optic Wireless Bait & Switch at the Speed of DSL.
- 8) Wireless to Replace the Wires—Not Just in Rural America Anymore.
- 9) There Are a Series of Subplots: Get Rid of the Unions, Get Rid of ‘Wired Regulations’, Get Rid of Other Expenses—Are Just a Start.
- 10) Erase All Obligations and Regulations for 5G Wireless
- 11) Verizon 2018 Is Cross-subsidizing the Wireless Fiber Optic Build Outs via the Wireline CapEx.

**AT&T**

- 12) AT&T-Bellsouth Merger; 100% with Broadband by 2007; 15% with Wireless
- 13) AT&T-DirecTV Merger Claimed that 15 Million Customers in the AT&T Territories Were Not Served.
- 14) AT&T’s “VIP” Announcement Shows that 25% May Never Have Been Upgraded with Broadband.
- 15) The AT&T IP Transition Was a Con Job from the Start— to Push Customers onto Wireless; Their Wireless.
- 16) Even the “Wireless Home Phone”— VoiceLink Chart is Deceptive.
- 17) Outrageous AT&T Wireless Government Subsidies in “Unserved Areas”.

**NOTE:** This is the 5<sup>th</sup> research report in the new series:

**THEY CREATED THE DIGITAL DIVIDE BY DESIGN**

<https://newnetworks.com/digitaldividebydesign/>

**New Networks Institute** and our new addition, the **[IRREGULATORS](#)**, are an independent, expert team comprised of senior telecom experts, analysts, forensic auditors, and lawyers who are former senior staffers from the FCC, state advocate and Attorneys General Office lawyers, as well as former telco consultants.

**5G: The Wireline-Wireless Bait & Switch: Because it Makes Them More Money.****INTRODUCTION**

Let us be very clear. Verizon and AT&T have one goal: Make more profits for their investors by removing all regulations and obligations. They have demonstrated that they do not care about the customers, the cities or the state telecommunications utilities that they control. In fact, they claim that they are now ‘wireless first’ entertainment and media companies and there are no state telecommunications utilities anymore.

AT&T’s end goal, as stated by Randall Stephenson, AT&T’s CEO, July 24, 2018, is to be a “modern media company”.

“It was an exciting quarter for AT&T as we completed the acquisition of Time Warner on June 14 and created a modern media company built around premium content, 170 million direct-to-customer relationships, advertising technology and high-speed networks.”

Over the last two decades, what are now AT&T and Verizon decided that instead of maintaining and upgrading the state utility, copper-based networks to fiber-optics, they would force customers, especially in more rural areas, onto wireless service, even to be the primary broadband and video service at home—because wireless service is more profitable.

But there is a deep, dark secret: Wireless [isn't that profitable](#). The companies have been able to manipulate the FCC cost accounting rules that allocates expenses into the different lines of business so that the wired state utilities would end up with the majority of ALL expenses and this made the networks appear unprofitable on paper – on purpose.

Moreover, Verizon’s fiber optic FiOS, or the wires to the cell sites, as well as Business Data Services, are ALL part of the state utilities and they have been able to put the majority of their construction budgets into Local Service. Worse, Verizon Wireless pays a fraction of the ‘access fees’ to use the utility networks and other expenses. This was all used as an excuse to not upgrade whole parts of the US, raise local rates, and save billions on taxes.

Thus, at every turn possible, the companies have been able to pull one bait-and-switch after another bait-and-switch. In some states, Verizon was able to close down the actual commitments for fiber upgrades to offer wireless as a replacement, such as NJ and PA, even though customers paid billions for a fiber optic replacement of the existing copper utility networks. AT&T, in its merger conditions, claimed they would have 22 states with broadband, with 15% with wireless. But, as their own statements show, about 20-25% were never upgraded. And in various ‘technology transitions’, AT&T claimed that

wireless is the equivalent and a substitute for the wires, such as the AT&T IP Transition trial, which failed miserably. Meanwhile, in Boston, Massachusetts, and in other states, Verizon claimed that they are doing fiber to the home, but appear to be using these budgets for fiber-to-the-wireless antenna, with the funds coming out of the state wired utility and charged to local phone customers.

**Why should we examine the record of what Verizon and AT&T have been telling the investors now?** The FCC has been on a path to help AT&T and Verizon by creating, over the last year, [30+ different interlocking actions](#) in just two proceedings. And while the FCC et al. claim that with 5G Wireless there will be no need for wired services, unfortunately, 5G requires a wire every city block or two. But most importantly, the FCC is not examining the cross-subsidies of 5G with the state wired utilities.

**Let's Let Verizon and AT&T Executives Speak for Themselves.**

## VERIZON

### 1) Verizon “Cut off the Copper” in Rural Areas, 2012

“Cut the copper off” said [Lowell McAdam](#), former Chairman and CEO of Verizon Communications, speaking at the Guggenheim Securities Symposium, June 21, 2012.

“And then in other areas that are more rural and more sparsely populated, we have got LTE [Verizon Wireless] built that will handle all of those services, and so we are going to cut the copper off there. We are going to do it over wireless. So I am going to be really shrinking the amount of copper we have out there, and then I can focus the investment on that to improve the performance of it.”

At the September 2012 J.P. Morgan analyst conference, McAdam said moving the customers to wireless makes the company more profits:

“And in many areas we're also taking customers that aren't performing well on copper and we're moving them over to the wireless technology. So that improves our cost structure significantly and streamlines all those ongoing maintenance costs.”

In every statement, there is no mention that these networks are part of a utility with obligations to serve the entire state. There is no mention that there have been changes in the state regulations to fund these upgrades in rural areas, or worse, that the state utility budgets were diverted to fund other lines of business—but essentially charged to the local customers.

## 2) The NY Attorney General Found Massive Wireless Cross-Subsidies.

In 2012, the NY Attorney General filed in a proceeding at the NY State Public Service Commission, discussing how there had been a shift; Verizon New York, the state telecommunications utility, was being shortchanged to support Verizon Wireless instead of building and maintaining the wired networks.

“Maintaining a reliable telephone network and performing timely repairs to customers’ telephones requires both preventive maintenance of the outside plant and an adequate workforce to respond to trouble reports as they are received. Verizon has chosen instead to spend the bulk of its investment and manpower on expanding its wireless business. Left to its own choice, there is every reason to expect that Verizon’s service quality and network reliability will continue its downward slide to even greater depths. Rather than invest in the workforce and network improvements to maintain reliable telephone service and perform timely repairs, the company has relentlessly downsized and avoided upgrading its wireline network.”

And they continued:

“Verizon’s own actions have demonstrated a disinterest in continuing to compete for wireline customers or invest in traditional telephone service. Instead, the company’s resources and management focus is concentrated on its wireless affiliate, to the detriment of Verizon’s wireline customers.”

## 3) Verizon’s Boston Bait-and-Switch: Promise them Fiber; Give them Wireless.

Throughout the US, Verizon and AT&T have figured out that they can do a bait-and-switch and announce that they are doing fiber to the home, but instead, are using the fiber wireline budgets, staff, and rights of way, etc., to roll out their wireless services.

At the Oppenheimer 19th Annual Technology Internet Communications Conference, August 9th, 2016, Timothy Horan, an analyst at Oppenheimer & Co., [asked Verizon](#) about their Boston deployment:

“So are you deploying fiber differently now in Boston than you’ve done for FiOS in the past? Does each small cell need like their own fiber home run to that small cell? Are you going to be deploying a lot more fiber than you have historically?”

David Small, Verizon, EVP responded that they were doing a few small ‘suburb’ areas, and beyond that it will be wireless.

“Yes, we will. And so, as it relates to FiOS, we’ve announced a few of the suburb areas, for lack of a better word, for cities, sub cities that we are going to be building into. But beyond that, if you think about the use case for small cells and the coordination elements of the radio access network that need to occur between its corresponding home macro and the small cell, that suggests that, as a general rule, you need home runs from that small cell directly back to that coordinating macro-level cell site. And that’s exactly what we are doing.”

Notice that Verizon claims that the areas being covered are ‘suburbs’. In fact, Roxbury and Dorchester are neighborhoods of Boston, not the burbs.

#### **4) Verizon Boston is a Bait & Switch: It was about Fiber to the Home; Not Wireless.**

This is clearly a bait-and-switch. One has only to read through the articles, like The Boston Globe, to realize that ‘wireless’ substitution was never part of the story told to the public.

*The Boston Globe*, in April, 2016, [wrote that this deployment](#) was for the whole city and it was supposed to be wired fiber optic service.

“Verizon is finally ready to offer its high-speed fiber optic service to Boston — a victory for city officials who have long sought meaningful competition for high-speed Internet and TV service in a city dominated by Comcast Corp.”

#### **5) Why Stop Doing FiOS FTTP? To Save Money and Get Rid of the Unions.**

According to Verizon, this is not about building infrastructure of the state utility, but is being done because it is cheaper and gets rid of the unions.

Francis Shammo, former EVP, Verizon, stated at the Goldman Sachs Communacopia Conference, September 22, 2016:

“But it’s going to be a fixed broadband wireless solution.

“And if you think about the cost benefit of that, today, if you think about FiOS and what it costs me to connect a prem to FiOS. I have to lay the fiber down the street, but then I also have to then connect the home, go into the home, make sure the wiring is right, put in install the boxes, install the routers.

“If you think about 5G, you put the fiber down the road, which is what we’re doing in Boston. Then all of the labor and the expense of drilling up your driveway connecting the OT to your house and all the labor involved with that, all that goes away, because now I can deliver a beam into your - into a window with a credit card size receptor on it that delivers it to a wireless router, and there’s really no labor involved and there’s no real hardware other than the router in the credit card. So the cost benefit of this is pretty substantial, at least, we believe it is.”

And it is worth noting that Lowell McAdam also pointed out in the [second quarter 2016 investor call](#) that - I paraphrase: ‘*Well, wireless is so much cheaper (and more profitable), why bother doing fiber to the home?*’ (“ONT” is an “Outside Network Terminal”).

“From a pure cost perspective, again I think it’s a little too early to tell, but what I will tell you is about half of our cost to deploy FiOS is in the home today and the next biggest thing outside the home is the drop. And so our take is that with the router roughly costing the same — and, remember, we wouldn’t have to have an ONT as we think about it today.

“So when we deploy 4G and densify the small cell antennas (to provide) 5G (service) for very little incremental cost. With the router in the house being probably less than an ONT and router combination today and losing the wiring in the house and losing the drop, we expect there to be a significant cost reduction.”

#### **6) The FiOS Fiber-to-the-Home Expenses are Dumped into Local Service as is Wireless; Part of the State Utility**

In the franchise applications for FiOS TV in Boston, Verizon was asked to provide maps of the areas of coverage. Verizon’s response was that this FTTP is just a network upgrade of the existing copper “Title II” networks, and it doesn’t have to provide maps.

**Boston:**

(x) The Applicant shall provide a complete set of as-built maps of its Network used to provide CATV services upon completion of each zone or district of the Network, and update such maps annually thereafter.

**Verizon Response**

Verizon intends to upgrade its existing wireline telecommunications network consistent with its existing legal authority under Title II of the Communications Act, by among other things, deploying an advanced all fiber-optic network in the City capable of providing broadband services, information services, and cable television services. As such, Verizon will not be providing a set of “as built” maps to the city pursuant to any Final Cable License. When Verizon is required to seek permits, consistent with the Permitting MOU, it will provide as part of the permitting process schematics of any new conduit being added in the public right-of-way.

Verizon was also asked whether there will be any other ‘non’ fiber to the home, FTTP, components, meaning— *Are you planning on using wireless?* Verizon claims it is doing FTTP. These responses are directly contradicted by the statements we just quoted from the executives to the investor community, where the company stated plan is to substitute the fiber to the home with fixed wireless.

**Boston**

(b) The Form 100 (at response to Question 23 and Exhibit F) indicates that the Applicant plans to build a FTTP network. The Applicant should specify whether the Network will be fully FTTP or some other configuration at the drop level or within the MDU and, if so, provide a detailed description of the nature of such non-FTTP network configurations and components.

**Verizon Response**

Although network design assumptions are subject to change based on cost and technology considerations, Verizon anticipates at this time using a full FTTP network architecture as described in Exhibit F of Verizon’s Form 100 and a Video Delivery Network as shown in Exhibit 2 of this response to the City’s IAR.

**7) Verizon New Jersey Wireless Bait-and-Switch at the Speed of DSL.**

The ‘promise-them-fiber-optics-to-the-home’, then switch to wireless at the speed of the aging copper-wire based DSL happened in multiple states.

One of the most egregious bait-and-switch cases has been in New Jersey. “Opportunity New Jersey”, (“ONJ”), was an agreement with New Jersey Bell (now Verizon New Jersey), the state telecommunications utility, that required the company, starting in 1996, to have 100% of their territory covered with fiber optic services, capable of 45Mbps in both directions, and completed by 2010. Verizon completed less than ½ of their Garden



State territories (representing 94-96% of the state), then halted. In 2014, Verizon was allowed a bait-and-switch to substitute wireless, at the speed of DSL, for the home-based high speed broadband connection.

Leecia Eve, Verizon VP, in her [testimony](#), March 24th, 2014, concluded that there were never any requirements to do fiber previously until FiOS, which was not deployed until 2006. And Verizon adds that FiOS did not exist in 1992. Therefore, it was OK to create a stipulation agreement that removed any obligations.

“Another false assertion is that Verizon’s broadband obligation could only be met through the deployment of fiber facilities. The fact is, as the Board has recognized for years, DSL deployment satisfies the broadband commitments in Opportunity New Jersey...And, of course, FiOS as a broadband service did not exist in 1992, when Opportunity New Jersey was developed.”

“Furthermore, the Verizon Wireless 4G LTE network provides broadband at average data rates that in many cases exceed those provided by DSL”

Besides the fact that this testimony borders on perjury, we [estimate that over \\$13-15 billion](#) was collected to upgrade to a ‘fully fiberized’ state, starting in 1993 through 2015, thus overcharging customers for networks they never received.

This [same pattern happened in Pennsylvania](#), which had requirements to have rural, urban and suburban areas upgraded to fiber by 2015, only to have various maneuvers that would allow for wireless to replace this agreement with speeds of 1.5Mbps, not 45Mbps in both directions.

#### 8) **Wireless to Replace the Wires—Not Just in Rural America Anymore.**

In 2016, there was a shift. Originally, the shut off was in more rural areas, but by 2016 it now included everywhere, including cities. The ‘last mile’—the connection to the home or office—will be wireless.

Reflecting on the Boston plan, Verizon’s CEO Lowell McAdam said at the [44th Annual J.P. Morgan](#) Technology, Media and Telecom Conference, May 24, 2016, that Verizon, it appears, is not going to be deploying fiber to the home, but fiber-to-the-antenna—as an overall plan nationwide; a ‘wireless-last-mile’.

“For 4G, it gives us the ability to deal with enterprise customers that may want a fiber into their home or into their business or a small business that might want fiber into their business and it sets us up for 5G, which I’m sure we’ll talk about where that gives us the ability to do the last whatever

we'll call it the last mile is probably not a mile, but the last distance into a home and provide either broadband over the top video or streaming video over one architecture.”

[Motley Fool](#) reported at this event, that Verizon ‘hinted’ that 5G will be offered nationwide.

### **“Forget Your Cable Provider — Verizon Just Hinted at Nationwide 5G Home Broadband**

“The telecom giant said it doesn’t see why it wouldn’t eventually bring ultra-fast wireless broadband to the entire country.”

#### **9) There Are a Series of Subplots: Get Rid of the Unions, Get Rid of ‘Wired Regulations’, Get Rid of Other Expenses—Are Just a Start.**

This message has been repeating over and over: Get rid of ‘labor intensive’ activities and lower expenses. Lowell McAdam, at the May 24, 2016 event:

“So if you think about it if I can get we than say a 1000 meters of a business and I give them a router, a basic router that has a 5G service inside it and I’m up and operating immediately, I mean, think about the difference for the carrier in the cost structure; half of our cost to establish high speed data whether it’s consumer business is inside the four walls of the business.

“Once you go wireless, you don’t have to run co-ax, you don’t have to do any of those high labor intensive activities and so you light up service overnight. So then you get into how much capacity do you want and you can - the pricing models can change dramatically.”

#### **10) Erase All Obligations and Regulations for 5G Wireless**

Getting bolder, Verizon’s [press release](#) on June 28<sup>th</sup>, 2018, stated that 5G is all about infrastructure reform and changing public policies – more deregulation. In fact, this press release just reinforces the [FCC’s path to remove the barriers](#) that block 5G, which is a euphemism for no more regulations on any service.

**“Models & misdirection: infrastructure reform remains crucial for 5G. Policy reforms governing cell siting, access to rights-of-way and more are needed to simplify and speed up 5G deployment.**

“The existing process impedes the roll out of services that customers want and imperils our country’s ability to remain in the lead internationally with the transition to 5G.

“Thankfully, the FCC has recognized this challenge, and is well underway in considering much-needed reforms to encourage small cell deployment. Likewise, many other jurisdictions – including approximately 20 states and some cities – have already acted and put in place measures that facilitate the deployment of wireless infrastructure. These reform efforts are vital and must continue.”

### **11) Verizon 2018 Is Still Cross-Subsidizing the Wireless Fiber Optic Build Outs Via the Wireline CapEx**

On the Verizon 2<sup>nd</sup> Quarter 2018 Earnings Conference Call, July 24, 2018, Jennifer Fritsch of Wells Fargo asks about the wireline construction expenses.

“Can I just explore the wireline CapEx component -- it's down about \$500 million from the first quarter and yet I hear you're doing it 50 fiber [ph] cities. Can you talk Matt maybe about the -- should we begin to see that wireline portion of that CapEx ramp as this fiber build comes together? And then I guess what does that mean for what I'll call traditional wireless spend?”

Matthew Ellis, Verizon CFO, responded; we’re just going to continue what we’ve been doing.

“So on the CapEx side, certainly as you look between first and second quarter you got timing in there; but as we build out fiber and as you say, we mentioned the 50 cities outside of the ILEC footprint where we're deploying fiber today -- you'll see a blurring of the line of the CapEx between the segments, **so obviously that fiber build shows up in our wireline segment but the largest customer for that build is the wireless piece of the business, so this is part of densifying the network, prepositioning the network to not just excel in 4G but also be ready for 5G, especially using millimeter wave spectrum as you mentioned. So I would expect to see a continuation of those spend but the total CapEx number as I said earlier, you should see consistency there, and as you -- what you're seeing is the continued evolution of our CapEx from one generation of technology to the next, and fiber build out is a key component of that. So you should expect to see a continuation of those trends and as part of the Intelligent Edge Network that will deliver 5G, and we’re excited about it as we go forward.**”

“Consistency”, in this case, is to have the wireline networks fund the fiber optic build outs for wireless. The wired, copper-based, intrastate services, and thus the customers, are funding and cross-subsidizing this fiber optic deployment for wireless.

## **AT&T**

We will focus on the fact that AT&T had commitments to offer broadband to 100% of their 22 state territories by 2007 based on the AT&T-BellSouth merger. This is on top of all of the other ‘state-based’ and previous merger commitments. However, later statements detail that AT&T failed to upgrade about 25% of their territories. AT&T then claimed it would be using wireless because it wasn’t economical to do the build outs. Even as part of the IP Transition Trials, AT&T’s plans were to substitute the existing wired networks with inferior wireless service, and it even throws in the DirecTV satellite services.

### **12) AT&T: AT&T-Bellsouth Merger Required 100% of 22 States to have Broadband; 15% with Wireless.**

AT&T, in 2006, claimed that it would be offering 100% coverage of broadband in 22 states, [based on the AT&T-BellSouth deal](#). Albeit slow, this merger agreement condition claimed that it would fulfill their obligations by having 15% be WiMax or satellite or fixed wireless service.

The actual text from the [AT&T-BellSouth merger agreement](#)

#### **Promoting Accessibility of Broadband Service**

1. By December 31, 2007, AT&T/BellSouth will offer broadband Internet access service (*i.e.*, Internet access service at speeds in excess of 200 kbps in at least one direction) to 100 percent of the residential living units in the AT&T/BellSouth in-region territory.<sup>2</sup> To meet this commitment, AT&T/BellSouth will offer broadband Internet access services to at least 85 percent of such living units using wireline technologies (the “Wireline Buildout Area”). AT&T/BellSouth will make available broadband Internet access service to the remaining living units using alternative technologies and operating arrangements, including but not limited to satellite and Wi-Max fixed wireless technologies. AT&T/BellSouth further commits that at least 30 percent of the incremental deployment after the Merger Closing Date necessary to achieve the Wireline Buildout Area commitment will be to rural areas or low income living units.<sup>3</sup>

And [AT&T signed documents](#) that they had completed their commitments.

**13) AT&T-DirecTV merger claimed that 15 million customers in the AT&T territories were not served.**

The [AT&T-Direct TV merger press release](#) of May 19th, 2014 claimed that a major reason for the merger was that it would bring broadband to 15 million customers in AT&T's territories that did not have high-speed service.

“15 Million Customer Locations Get More High Speed Broadband Competition. AT&T will use the merger synergies to expand its plans to build and enhance high-speed broadband service to 15 million customer locations, mostly in rural areas where AT&T does not provide high-speed broadband service today, **utilizing a combination of technologies including fiber to the premises and fixed wireless local loop capabilities.**”

If AT&T was already supposed to have 100% completed, how could 15 million locations — at least 20% of all AT&T areas, not already have had high-speed broadband?

**14) AT&T's “VIP” Announcement Shows that 25% May Never Have Been Upgraded with Broadband.**

**Second Source:** In AT&T's 2013 announcement of its “VIP plan”, AT&T claimed that it would have 75% of their territories covered with wireline broadband networks by the end of 2015.

“AT&T plans to expand and enhance its wireline IP network to 57 million customer locations (consumer and small business) or 75 percent of all customer locations in its wireline service area by year-end 2015.”

25% of it would be wireless because it was not ‘economically feasible’ to build this IP broadband network.

“In the 25 percent of AT&T's wireline customer locations where it's currently not economically feasible to build a competitive IP wireline network, the company said it will utilize its expanding 4G LTE wireless network — as it becomes available — to offer voice and high-speed IP Internet services.”

**Do the Math: It's Ugly.**

AT&T had 76 million ‘locations’ according to their own statements. (Note: If 75% equals 57 million then 100% is 76 million.) AT&T would have a total of 33 million locations by the end of 2015 — which meant that AT&T would still only have about 40% of their 22

states covered with TV competition or very high-speed broadband. And it also states that 25% would ever get properly upgraded — and this obviously was the case in the year 2007.

**15) The AT&T IP Transition Was a Con Job from the Start— to Push Customers onto Wireless, Their Wireless, and Remove Regulations.**

In 2014, AT&T filed with the FCC to convert the working basic phone lines (TDM) with the new, shiny “IP” protocol service, and the company stated it would be doing “IP Transition trials”. They were a failure, except when it comes to AT&T using this to get rid of basic regulations.

**Basic Points: By the End of the Trials, Circa 2016-2017**

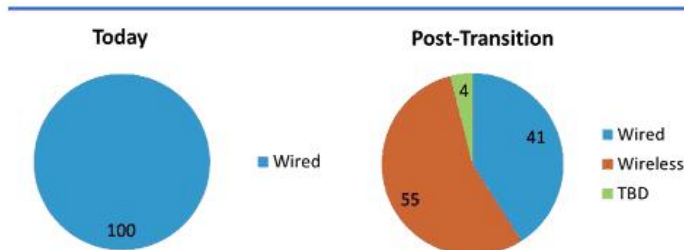
- AT&T wireless replacement for a landline is called “Wireless Home Phone” — and it can’t do IP and it can’t handle basic data applications, like alarm services.
- The numbers are terrible—AT&T lost 32% of the ‘legacy telephone customers’ and even with new “IP” customers, it lost approximately 15% of the entire original client base.
- The company after spending millions in each location, manipulated the stats for a “Happy Face”, and the information has been redacted. This data should be public.

This is still very important because the FCC claims this was successful and it is basing some of the current proceedings on this ‘success’.

This next chart was in the original AT&T filing for Carbon Hill, Alabama, a small rural town. 100% of the AT&T customers that had regular ‘wired’ services would have their working wires ‘shut off’. The target was to have the majority, 55% of the customers, move onto wireless, while the ‘wired’ services would be replaced with U-Verse, which is a copper-to-the-home service that uses the existing copper, (but is magically reclassified; the ‘fiber optic’ part of this equation are the wires that go to a ‘node’, somewhere within the neighborhood.)

And in this case, there were 4% of the customers that the company would not reach at all; “TBD”— to be determined. This also proves that the AT&T-BellSouth merger never had 100% of customers upgraded to broadband in 2007.

### AT&T's Trial Proposal: Carbon Hill



**16) Even the “Wireless Home Phone”— (VoiceLink) Chart is Deceptive.**

But this is all pure snake oil, even in the details of AT&T’s IP Transition Trial documents, AT&T clearly doesn’t believe in telling the truth. This chart shows that AT&T, for their Wireless Home Phone product, had essentially given a totally false collection of answers that is exposed when one reads the fine print. (Notice that there are asterisks on almost every ‘Yes’ answer.) If this chart looks familiar it should — it was identical to Verizon’s’ Voice Link applications’ chart.

Application/Devices	TDM Voice	U-verse Voice	Wireless Home/Business Phone	NOT TRUE
E-911 with Address	Y	Y	Y <sup>a</sup>	<b>FALSE</b>
Alarm Monitoring	Y	Y	Y <sup>c</sup>	<b>FALSE</b>
Medical Alert	Y	Y	Y <sup>d</sup>	<b>FALSE</b>
411	Y	Y	Y	
DVR Services <sup>24</sup>	Y	Y	N	N
Credit Card/Merchant Services	Y	Y	Y <sup>g</sup>	<b>FALSE</b>
800 # Service <sup>25</sup>	Y	N	Y <sup>i</sup>	<b>FALSE</b>
3 <sup>rd</sup> Party Pay per Call (500, 976, etc.)	Y	N	N	N

Here are the notes for this chart - Nothing was truthful.

“Notes a-h: Currently, Wireless Home Phone and Wireless Home Phone and Internet, which are CMRS, comply with the Commission’s existing 911 requirements for CMRS, and **do not provide E-911 with street address. Nor does Wireless Home Phone and Wireless Home Phone and Internet currently support alarm monitoring, medical alert and**

**credit card validation applications. However, AT&T currently is developing enhancements that will provide all of these applications which we plan to introduce in the [CONFIDENTIAL -NOT FOR PUBLIC DISCLOSURE].**

“Notes i-j: 800 number service is not supported by Wireless Home Phone/Wireless Home Phone and Internet for consumer customers. Notes k-m: U-verse Voice, Wireless Home Phone and Wireless Home Phone and Internet do not support collect calling.”

NOTICE: “...which we plan to introduce in the [CONFIDENTIAL -NOT FOR PUBLIC DISCLOSURE].”

As of October 1st, 2018, the [AT&T web information](#) claims it has the same technology shortfalls and thus, is not an alternative to a wired phone line for E911 or the use of alarm services, etc.

“Wireless Internet device required. **For emergency calls, provide your location address to 911 operator.** Wireless Internet device has backup battery to operate during power outage. However, a cordless phone connected to the Wireless Internet device will not operate (incl. 911) during power outage. To use backup battery power, you must plug a corded phone into the Wireless Internet device. Corded or other landline home phone equip. and internet-capable devices not incl. Provides voice & wireless data svc. **Not compatible w/ wireless messaging svcs, security systems, fax services, med. alert & monitoring systems, credit card machines, IP/PBX Phone systems, or dial-up Internet svc. May not be compatible with DVR/Satellite systems,** please check with your provider.”

#### **17) Wireless Government Subsidies in “Unserved Areas”.**

In 2015, [Seeking Alpha](#) story detailed that AT&T would be getting an additional almost \$3 billion in government subsidies to build out rural unserved areas with broadband – which was now, again, a wireless replacement.

“AT&T’s accepted \$428M per year of Connect America Funding (Phase II) over six years, with an option on a seventh -- meaning [almost \\$3B in subsidies](#) it could receive to provide rural broadband in underserved areas.... As with the other recipients of the second tranche of funds, the company's committing to provide 10 Mbps downstream and 1 Mbps up -- in its case, for more than 2.2M people across 18 states.”



And yet, in September 2017 [Ars Technica revealed](#) that only 1.1 million customers were going to be given services for the \$3 billion.

*“AT&T got nearly \$3 billion federal subsidy to connect 1.1 million rural customers.”*

“The 1.1 million customers is also a far cry from the amount that AT&T said its fixed wireless service might cover a few years ago. In 2014, AT&T [said](#) that in order to get its DirecTV merger approved, it would commit to bringing "fixed wireless local loop broadband to 13 million new customer locations, largely in underserved, rural locations" within four years of the merger closing. About 85 percent of those 13 million wireless locations would have been outside AT&T's traditional wireline telephone territory; the deadline for that commitment would have been July 2019.”

And it gets worse as the speed is only 10Mbps down, 1Mbps up.

**AT&T spent \$133 billion dollars** -- \$48 billion on DirecTV and \$85 billion on Time Warner, but in 21 states (selling off CT) it has not been able to properly upgrade the state utility over decades and made the rural areas ‘unprofitable’.

5G, in this context, is just another con, another bait-and-switch, to get rid of the remaining state utility laws and obligations, as well as preempting state’s rights.

It is not about new technologies and the public’s interests.

**See the rest of this research series:**

**THEY CREATED THE DIGITAL DIVIDE BY DESIGN**

<https://newnetworks.com/digitaldividebydesign/>