

Bruce Kushnick, bruce@newnetworks.com

Dear Los Angeles County,

IRREGULATORS Request: Investigate AT&T California; Halt All Plans for Wireless Substitution to Fix the Digital Divide.

On Nov. 15th, 2022 the Board of Supervisors is going to have a hearing and to vote to [modify Title 16 and Title 22](#) -- with the claims that this relaxation of regulation will help to give low income families in rural America and inner cities a potential for wireless, with the hopes of solving the Digital Divide.

(SEE PAGE 4) We submit 3 open letters that request the County does not go forward on these wireless plans as history shows it will be just another failed attempt to close the Digital Divide. Instead, the [IRREGULATORS](#) (a consortium of senior telecom analysts, forensic auditors and lawyers) request that the County immediately start investigations into AT&T California, (as well as GTE-Verizon-Frontier and the cable companies) - for not only creating this Digital desert, but overcharging customers billions of dollars, literally, as well as halting the massive financial cross-subsidy scheme, and redirecting the funds to build out the wired networks to fiber optics.

- [Dear LA County: Time to Investigate How AT&T \(Pac Bell\) Helped to Create the Digital Divide.](#)
- [Dear LA County: Investigate the Real Shockeroo; America's Egregious Broadband Rates vs the EU 27 Prices.](#)
- [Treasure Chest of Billions to Solve the Digital Divide for Cities, Counties and States: Dear LA County.](#)

Moreover, the real question is - how can the County make any meaningful public polices when it has decided to throw government subsidies at the very companies that have kept prices inflated and worse, let the entire California wired public telecommunication utility to deteriorate?

As we will discuss, we believe that AT&T California is overcharging customers \$1.5-2.4 billion annually, and at least \$20 billion has been charged to customers for fiber optic network upgrades that never showed up since 1994.

But most troubling is the fact that the County never even acknowledged AT&T California, or that it actually helped to create the Digital Divide so that they could divert billions to build out their wireless networks illegally using the wired construction budgets -- and charge it to local phone customers,

[The first letter focuses on AT&T California](#), formerly Pac Bell. The County never mentions that AT&T California is the state telecommunications public utility that covers over 80% of the state and most of Los Angeles County, or the fact that this utility's aging copper networks were supposed to be replaced with fiber optics, starting in 1994. By 2000, 5.5 million homes should have been upgraded to fiber optics and \$16

billion spent, and this includes Los Angeles. In fact, state laws and regulations were changed to give then-Pacific Bell more profits to be used for the construction.

And this *'promise them new networks'* and then pocket the money, happened multiple times, from U-verse, which was actually copper-to-the-home, or Gigapower or... and AT&T always came back with an inferior wireless service, or nothing.

Even stranger, by 2007, according to Pac Bell's filing with the FCC, AT&T California had actually put in 4.8 million Km of fiber but a whopping 81% was not put into use, known as 'dark fiber'.

[Letter 2 requests that the County investigate how America is being gouged](#) with inflated prices; there is no competition and there has been continuous rate increases, known as "harvesting". And this is happening on all services. In 2004 and 2008 our group, working under grants from the California Consumer Protection Fund, collected hundreds of communications bills and found major issues -- which included made up fees that added to the continuous increases.

Using findings from Rewheel Research we found that in France, Italy and even Slovakia, the average 5G wireless service overseas comes with 100GB and is less than \$10 dollars. Meanwhile, Spectrum Cable wireless service (which is reselling Verizon wireless) is \$14. per GB. -- **that's \$14 dollars per GB vs \$.10 cents**. And the US prices have other made up taxes, fees and surcharges that can add 10-20% more.

And the high speed broadband services average price of a triple play is only \$35 -- phone, cable and broadband vs the US average of \$220 a month -- and in some countries, the price is under \$22 dollars; and only \$10-\$15 for broadband with speeds of over 100 Mbps for the double play.

But probably the most egregious is the Sports and Broadcast fee, which can add \$20-25 extra a month. It is not mandated, it is not audited, there is no cost justification and it is not included in the advertised price. If the County is serious about fixing the Divide, it needs to put a halt to all of these made up fees but get at the core of why America is paying outrageous amounts.

If the price of services were equal to overseas prices, then even low income families could afford the services. We consider these acts overcharging -- because if they control the wires, thus, they control the prices.

In [Letter 3 we expose one of the largest accounting scandals in American history](#). It is underway and no government agency understands what is going on much less will fix it. The entire wired utility has been under siege for the last 2 decades as AT&T and Verizon were able to manipulate the accounting so that it made the entire US infrastructure appear unprofitable. Moreover, AT&T et al. have been dismantling the networks and moving the construction bidets to wireless and dumping the corporate operations expenses of billions, creating losses and tax benefits.

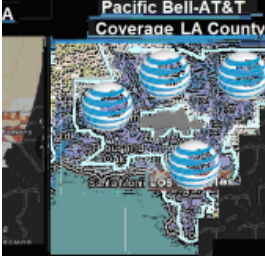
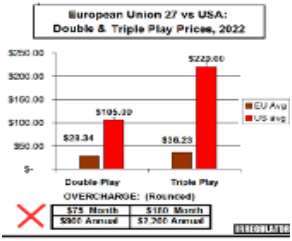

With some of the leading experts in telco accounting in the US, it took our team almost a decade to figure out that the companies diverted billions to build out the wireless networks and they keep the underlying backhaul, Business Data Service, prices inflated, even when it was just the copper wires in use. Using the Verizon New York 2021 Annual Report, published in June 2022, you can see that the cross-subsidies of the other lines of business are out of control -- and we know from historical models that AT&T California has done identical things; it moved the budgets that should have been used to upgrade the state to their wireless business, and figured out how to fool the regulators. Ironically, the fiber optic wires were always part of the state utility... the utility was never just the copper-basic phone service.

We filed a full report with the [California Broadband Counsel](#) and filed previously with the CPUC about these issues. We believe they are negligent in their duty to not only protect the public but also have left out material facts in their decisions; meanwhile AT&T et al. punked the American public over a 30 year period.

The Digital Divide is not new and we have institutional amnesia of the past. Not one state which focuses on the Digital Divide or digital equity can explain just how we ended up in this mess. And we can blame them when they don't even know that AT&T California is a state utility, that the copper wires were supposed to have been replaced and that the company collected over \$20 billion (estimated) over a series of bait and switch actions.

The IRREGULATORS stand ready to help the County and the State clean up this mess and close the Digital Divide, bring in competition to lower rates and most importantly, hold those companies and persons accountable.

**Solve the Digital Divide.
Investigate AT&T; Halt the Overcharging and Cross-Subsidies:**

 <p>A Pacific Bell-AT&T Coverage LA County</p>	<p><u>Dear LA County: Time to Investigate How AT&T (Pac Bell) Helped to Create the Digital Divide.</u> Los Angeles County, (and the iconic cities, towns, and municipalities that it encompasses, such as Santa Monica and Los Angeles, to Hollywood and Compton), like most of America, has proclaimed it is time to close the Digital Divide once and for all. ...</p>									
 <p>European Union 27 vs USA: Double & Triple Play Prices, 2022</p> <table border="1"> <thead> <tr> <th>Service</th> <th>EU Avg</th> <th>US Avg</th> </tr> </thead> <tbody> <tr> <td>Double Play</td> <td>\$38.34</td> <td>\$105.09</td> </tr> <tr> <td>Triple Play</td> <td>\$36.25</td> <td>\$222.60</td> </tr> </tbody> </table> <p>OVERCHARGE: (Rounded) Double Play: \$75 Month / \$907 Annual vs \$110 Month / \$1327 Annual Triple Play: \$110 Month / \$1327 Annual vs \$222.60 Month / \$2671.20 Annual</p> <p>IRREGULATED</p>	Service	EU Avg	US Avg	Double Play	\$38.34	\$105.09	Triple Play	\$36.25	\$222.60	<p><u>Dear LA County: Investigate the Real Shockeroo; America's Egregious Broadband Rates vs the EU 27 Prices.</u> Read: First LA County Open Letter The prices for communications and information services, including everything from broadband and internet to wireless and even basic phone service, are out of control and this is the primary reason given by households as to why they don't go online and thus this is...</p>
Service	EU Avg	US Avg								
Double Play	\$38.34	\$105.09								
Triple Play	\$36.25	\$222.60								
 <p>II Divide LA County, CA</p>	<p><u>Treasure Chest of Billions to Solve the Digital Divide for Cities, Counties and States: Dear LA County.</u> In just 2019, the IRREGULATORS estimated that AT&T California, also known as Pacific Bell, had overcharged customers about \$1.7 billion — \$2.4 billion, and this is a fraction of the total. Moreover, it has been going on for decades. Fixing the cross-subsidies and overcharges should provide enough funds to upgrade...</p>									