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Audit, Investigate and Halt AT&T California’s Unlawful, Multiple Billion Dollar Cross-Subsidies, Deceptive Accounting of Access Lines, and the Manipulation of Basic Material Facts.

Second, All 5 Year Plans being presented in the state of California, and throughout the AT&T territories, should be questioned as they have failed to include material facts about the incumbent state-based telecommunications public utility, like AT&T-CA.

NOTE: We created this document to address: RE: AT&T has [filed a request with the California Public Utilities Commission \(CPUC\)](#) to remove their “carrier of last resort” obligations, (COLR). AT&T California is the largest California telecommunications public utility, and it wants to no longer have obligations to provide service over the existing copper wires, especially in rural areas.

Deny the request; the accounting has been manipulated to hide millions of lines.



The Copper-Wire World of AT&T

			Access Line
1.	Total Number of 'Locations' in AT&T Territories	76,000,000	
2.	Fiber Optic Locations 'Passed'	4,600,000	Not Counted
3.	Retail Consumer Switched Access Lines	5,853,000	Counted
4.	Percent of Customers Using "POTS"	17%	
5.	Households 100%	34,000,000	Not Counted
MISSING ACCESS LINES: COPPER			
6.	U-Verse Consumer VoIP Connections	5,425,000	Not Counted
7.	"IP"	12,888,000	Not Counted
8.	DSL	1,291,000	Not Counted
9.	U-Verse	4,253,000	Not Counted
10.	Connections 15 -20 million		Not Counted
11.	Missing: Special Access Lines, Wires to Cell Sites	?	Not Counted
12.	Missing: Business Access Lines	?	Not Counted
13.	Missing: Access Lines Wholesale	?	Not Counted
14.	Access Lines Not Counted	50-90%	Not Counted

Source: AT&T 2016 Annual Report, AT&T FCC Filings

‘Common wisdom’ in America claims there are very few still using wired phone services, much less the legacy copper-wire-based utility services. Moreover, AT&T claims that there is not only competition but superior wireless services with lower prices, even in rural areas.

In reality, according to the FCC, in 2023, there were almost 100 million phone lines used for voice service in America and almost 30 million are copper-based POTS, ‘plain old telephone service’ lines.

But the accounting we present shows that this is a fraction of the total copper-based access lines in America. The chart above shows that AT&T manipulated the accounting of the copper access lines in the states, including California, and the other AT&T utility territories, to leave out critical material facts. In fact, the majority of copper lines that are used to deliver data services, special access, DSL, U-Verse (which relies on the existing copper to the home), and even VOIP, are hidden from the public, thus corrupting public policies in the state.

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CA Fiber Failure History: In 1993, Pacific Bell announced it would be spending \$16 billion to upgrade 5.5 million households with fiber optics by 2000, replacing the existing copper utility networks. Never happened. In 2006, Pac Bell, now AT&T-CA, claimed it would roll out fiber with U-Verse, but it's copper to the home, not fiber. By 2011, AT&T announced it was moving toward wireless for all rural areas, and never upgraded the state, but got rate increases and tax perks and used the utility as a cash machine, even in 2023.

IRREGULATORS Position: Instead of discussions about 'shutting off the copper' wires, the real story requires immediate investigation, including audits so that the state can halt AT&T's unlawful, multiple cross-subsidies, especially going to the wireless and other subsidiaries, and remove the quagmire of misleading, or simply untrue facts.

Time to Get Serious: We are requesting the CPUC to start a proceeding immediately to remove AT&T's franchise for a telecommunication utility in California as they claim there is no telecommunication utility. Moreover, they have irresponsibly created the Digital Divide, by leaving most of their service territory with inferior, mostly copper-based networks, not fiber. AT&T should be held accountable and pay massive penalties for their unlawful cross-subsidies identified by the IRREGULATORS and other parties.

- Halt all current cross-subsidies and utility perks that have been abused or used by AT&T subsidiaries for unlawful competitive advantages and harms.
- AT&T has been using the utility as a cash machine to build its other lines of business-- thus violating all separations requirements of the subsidiaries.
- AT&T has let the entire state telecom utility deteriorate, diverting billions of the utility construction budgets to the other lines of business, especially wireless-- instead of upgrading the state to fiber optics, as it was supposed to do.
- Audit the books to find out how much money was already collected to do the upgrades-- and is still being collected in 2023, and find out whether that money was unlawfully transferred to cross-subsidize the wireless and other lines of business.
- Halt the AT&T overcharging and the continuous rate increases, known as 'harvesting'. The average wireline customer was overcharged at least \$3,500 for a fiber optic wire to replace their existing copper wire -- which they never got.
- Did AT&T unlawfully charge local telephone customers for the construction of fiber optic data lines or 'special access' lines, sometimes called "backhaul" to be used by its wireless services, rather than POTS?
- How much money has been transferred to wireless? How many fiber optic wires ended up being used for wireless instead of for wireline broadband to homes?
- How many actual copper-based lines are in service, regardless of the tech in use?
- Does AT&T's actions to manipulate the accounting of access lines, leaving out the majority of copper-based services, such as U-Verse, DSL, or even special access and data lines—violate the requirement to provide accurate information to a regulatory agency from which it is requesting an action?
- How many millions of miles of fiber optic wires were installed, but are "Dark", not in use? Do they go through unserved and underserved areas?

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- Ignorance and Institutional Amnesia -- Not one State Broadband Office (SBO) or the NTIA, or the FCC, even mention that there are still state telecommunications public utilities that have extensive networks paid for by the public.
- How can you create a 5 year plan that does not even mention AT&T California?
- Question: Previous commitments? AT&T had 30 years to complete network upgrades to fiber and any map of AT&T territories shows it has the massive “unserved” and “underserved” areas. What happened to all the money?
- We request a full investigation to locate all Dark Fiber; the last available FCC data shows millions of miles that were never put into use; cities, suburbs and other rural AT&T service territories should be investigated to see why these lines were not put into use.

In Sum: Not one cent should be given to the incumbent telecom utilities and cable companies until they remove all made up fees and make prices ‘just and reasonable’, and AT&T’s wireless and other subsidiaries should be paying market prices for the use of the networks. No provider that uses the networks to deliver services should be getting a free ride.

Let us be clear: Wireless is NOT a substitute nor a solution for what customers have been overcharged for. It has been a bait and switch and the state needs to immediately audit for the cross-subsidies and take appropriate actions to get refunds from AT&T that the state can then use as grants to complete the universal buildout to all homes, institutions and businesses.

Worse, while AT&T claims that its wireless services or IP services are ‘superior’ and that these are competitive alternatives, [AT&T’s own terms and conditions](#) for the various products claims that AT&T is not responsible, even if the 911 service doesn’t work, or the alarm or medical emergency system, and there are no guarantees that the networks are ‘secure’ or even ‘error free’.

At the core, AT&T et al have been able to rewrite the history, and all of the impacts caused in all of the AT&T states have been hidden from view.

The IRREGULATORS submit a full analysis, with a library of back up documentation. We have previously filed with the State’s CPUC, and the Broadband Council and it is clear that our independent analysis have been ignored, even with our expert telecom team, each with over 40 years of experience and a track record that predicted the Digital Divide, and warned of the failure to upgrade and maintain the state’s telecom infrastructure, multiple times.

We note that the track record of the federal and state regulators, including the FCC and CPUC, is to give these same companies that created the Digital Divide billions in state and federal grants so they can continue to maintain their monopoly control.

[The IRREGULATORS](#) is an independent, consortium of senior telecom experts, analysts, forensic auditors, and lawyers who are former senior officials from the FCC, state advocate and Attorneys General Office experts and lawyers, as well as former telco consultants.