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**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of )  
AT&T Petition to Launch a Proceeding ) GN Docket No. 12-353  
Concerning the TDM-to-IP Transition )

**The AT&T Petition Should be Denied and the FCC Should Close Down All  
Proceedings Pertaining to the Closing of the Public Switched Telephone Networks  
and Start Investigations.**

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AT&T's U-verse is a PSTN-copper-to-the-home-based service, making everything in these proceedings nothing more than AT&T's plan to remove basic telecom regulations. AT&T's petition is based on principles established by AT&T, Verizon, Centurylink and the American Legislative Exchange Council (ALEC) who created state-based model legislation that all three companies have used in their state-based campaigns. This petition is now the federal version.

AT&T has not only failed to disclose basic material facts but is manipulating other basic data. It has failed to mention in any state or federal filing that U-Verse relies on the old copper wires -- the PSTN.

Moreover, this entire proceeding is a farce as U-Verse's VOIP and broadband service travels over the PSTN wires – so what really is being 'transitioned'?

Digital Dead Zones: Meanwhile, in the backdrop of this discussion is the fact that AT&T is abandoning about 50% of their territories, as their plan has been to remove basic telecom regulations like 'carrier of last resort', meaning they no longer have to supply

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service to customers. Combined with the removal of basic regulatory oversight, including quality of service issues, this plan creates new digital dead zones – blocking customers’ basic rights to communicate, not simply with voice but anything a wire can handle.

And the outcome is bleak. [Dave Burstein, of Fast Net News](#) wrote

“AT&T’s Project VIP, if approved, means more than half of the U.S. will lose landline phones when Verizon follows. No cutback like this has ever been proposed anywhere in the world since Elisha Gray and Alexander Graham Bell invented the telephone.”

The FCC should start investigations immediately into basic questions of AT&T’s failure to properly upgrade their 22 states with true fiber optic services, their privatization of publicly funded PSTN-utility assets – i.e. that customers have been paying for upgrades for decades which they never received and U-Verse and other assets have been created using public-customer overcharging. Moreover, when the PSTN access lines are converted to U-Verse, the revenues appear to be going into a different financial bucket, even though the lines were part of the public utility networks.

This is not a ‘test; this is a foot in the door to remove telecom regulations.

Also, the FCC must stop parroting AT&T’s data but instead investigate AT&T’s deceptive data, from access line accounting to basic truths about U-Verse.

Finally, the FCC’s Inspector General should commence an investigation into regulatory capture of the Technical Advisory Council, (TAC), the group that has been responsible for calling for the ‘sunsetting’ of the PSTN. The TAC members have massive financial and ethical conflicts of interest as the majority of the members have direct financial ties to the very caretakers of America’s PSTN utilities -- AT&T, Verizon, who are also on the TAC.

Here is a scorecard showing just how prevalent TAC members’ direct financial ties are to AT&T and Verizon.

- <http://www.newnetworks.com/TACADVISORYCOUNCIL.htm>

We have filed a separate petition in August 2012, calling for an investigation of the TAC as well as a Data Quality ct complaint because of the failure to have accurate statistics. The FCC has failed the public by ignoring our petition.

**Part 1: AT&T’s Deception: U-Verse is a PSTN-based-Copper-to-the-Home Service.**

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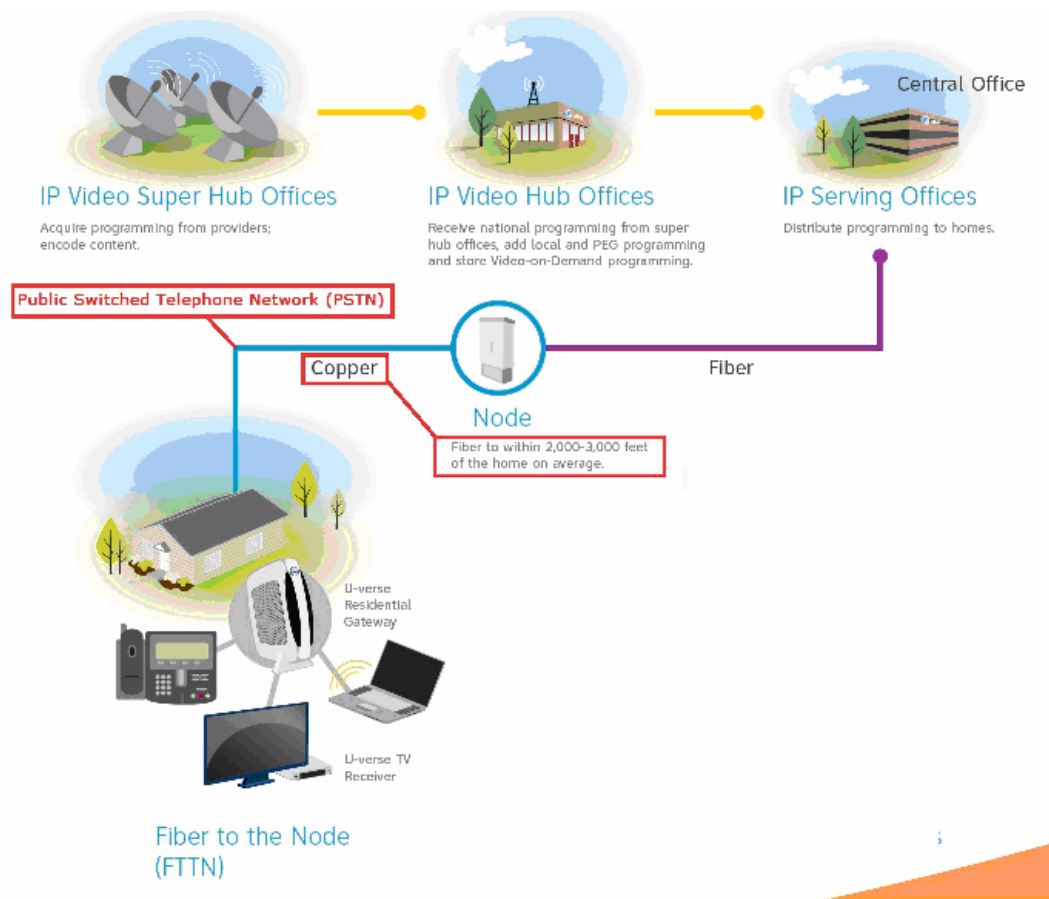
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Our article: “AT&T U-verse Is a Copper-Based PSTN Service: Lawmakers and the Media Were Duped.” supplies links to the information presented. (See appendix) [http://www.huffingtonpost.com/bruce-kushnick/att-uverse-copper\\_b\\_2522703.html](http://www.huffingtonpost.com/bruce-kushnick/att-uverse-copper_b_2522703.html)

1) **Fact:** AT&T's U-Verse service is a PSTN-based-copper-to-the-home service which relies on the aging copper wires that go into customers' homes and offices and have been there for decades. AT&T has failed to disclose this material and essential fact in any state of federal proceeding.

AT&T claims that there are two networks – a broadband network and the PSTN – but they are one in the same.

This AT&T supplied chart shows one of the only places AT&T even mentions the word copper. Notice it doesn't mention that it is the PSTN wires.—We added that in red.



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2) **Fact:** AT&T's U-verse already handles VOIP as AT&T's "digital voice" is an IP based service. Therefore, where is the transition?

3) **Fact: Bait and Switch** -- AT&T has been using deceptive materials claiming U-Verse is a fiber optic based service, and this deception has been used to fool regulators, legislators and reporters.

One of many examples (See the article in the appendix.)

- [What is AT&T U-verse?](#): "AT&T U-verse is a suite of services and products that primarily consist of internet, television and phone services. These services are delivered using highly advanced fiber-to-the-node and fiber-to-the-premises technologies."
- <http://www.highspeedexperts.com/what-is-att-u-verse/>

It specifically DOES NOT mention that it is using the customers' own existing phone line – anywhere.

4) **Fact:** AT&T's current plan is based on the state-based American Legislative Exchange Council's (ALEC) model legislation that AT&T et al helped to create. AT&T, with Verizon and Centurylink, all ALEC members, have been able to use a verbal jujitsu to confuse the public -- including the FCC. They state that VOIP should not be regulated and the networks should no longer have basic requirements such as "carrier of last resort" -- where the company no longer has to supply service -- or removing government oversight or even common carriage-- i.e., not having the companies invade what goes over the networks' wires.

- **'Internet Freedom'? AT&T's Verbal Jujitsu to Close Down Telecom in America**
- [http://www.huffingtonpost.com/bruce-kushnick/internet-freedom-att\\_b\\_1869358.html](http://www.huffingtonpost.com/bruce-kushnick/internet-freedom-att_b_1869358.html)

This ALEC-based plan was outlined in AT&T's letter of August 30<sup>th</sup>, 2012.

- <https://prodnet.www.neca.org/publicationsdocs/wwpdf/83112att.pdf>

VOIP is not the network. It rides over the wires, yet the plan is to close down the wires. And VOIP is regulated or more to the point, it has all of the same taxes , fees and surcharges as regular phone service, including the made up charges, like 'access recovery charge' or others.

5) **Fact:** AT&T and Verizon plan to close down 1/2 of America and it is now clear that this plan is part of this overall deception that the PSTN is old, when in fact AT&T's entire broadband network is, in fact, the PSTN wires.

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And the outcome is bleak. [Dave Burstein, of Fast Net News](#) wrote

“AT&T’s Project VIP, if approved, means more than half of the U.S. will lose landline phones when Verizon follows. No cutback like this has ever been proposed anywhere in the world since Elisha Gray and Alexander Graham Bell invented the telephone.”

- <http://fastnetnews.com/dslprime/42-d/4871-atat-turning-off-copper-to-more-than-half-territory-99-pops-lte-in-territory-90-out-fiber-to-businesses>

**6) FACT:** The term “PSTN” should never have been used; it should have been the “PSNIT”, which is “Public Switched Network Infrastructure and Technology” -- a term used in the Telecom Act and state laws. “PSNIT” are the entire utility wires, network switches, etc. And this also covers 'non-switched' services which are the data services that have been riding over these wires since the break up of AT&T.

Texas law, an AT&T state outlines this definition. [Public Utility Regulatory Act, Texas Utilities Code §51.002\(4\) \(Vernon 1998\) \(PURA\)](#).

“(2) Public switched network infrastructure and technology -- Includes, but is not limited to:

(A) Basic public switched network infrastructure and technology -- The physical plant and corresponding functionalities that provide basic network services such as those listed in PURA §58.051.

(B) Advanced public switched network infrastructure and technology -- The physical plant and corresponding functionalities that provide integrated services digital network (ISDN) services as set forth in PURA §58.203(c), optical fiber or equivalent facilities...

**7) FACT: The PSTN is Not POTS, Plain Old Telephone Service.**

In another article we outline that the PSTN has never been simply ‘voice calling’, POTS, as the wires can handle, fax, DSL and all other services.

- **What are the PSTN networks and Why Should You Care**  
[http://www.huffingtonpost.com/bruce-kushnick/public-switched-telephone-networks\\_b\\_2377773.html](http://www.huffingtonpost.com/bruce-kushnick/public-switched-telephone-networks_b_2377773.html)

In fact, in the FCC’s own Connect America Fund report from 2011, this definition of the PSTN was supplied.

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“The public switched telephone network is not a single-use network. Modern network infrastructure can provide access not only to voice services, but also to data, graphics, video, and other services.”

- [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/FCC-11-161A1.doc](http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-11-161A1.doc)

This conflict in definitions and terms is clear -- AT&T decided that the PSTN was “just voice calling phone service” but it is their deception – and the FCC appears to have been duped by the carriers – or worse is collusion with them.

**8) Fact:** There has been no investigation of the failure of AT&T and Verizon to upgrade their networks to fiber optics as committed to in state-based laws that were created since the 1990's to give massive financial incentives to these companies to do the transition of copper to fiber.

- Verizon, New Jersey was supposed to have 100% of the state completed with a fiber optic wire capable of 45 mbps in both directions by the year 2010. In March 2012, the New Jersey Board of Public Utilities issued a ‘show cause order’ to have Verizon explain why they had failed to do these upgrades. And yet, starting in 1993, the company was able to collect over \$13 billion dollars in excess charges on phone bills to pay for these upgrades as the State cut a deal with New Jersey Bell – in exchange for the upgrades the company would get alternative regulations, which gave the company excess profits from customers to fund these upgrades. The money never went into the construction of upgrading the PSTN.
- **Broadband Wars: The Battle for New Jersey Has Begun**
- [http://www.huffingtonpost.com/bruce-kushnick/broadband-wars-the-battle\\_b\\_1541089.html](http://www.huffingtonpost.com/bruce-kushnick/broadband-wars-the-battle_b_1541089.html)
- AT&T was supposed to have upgraded multiple states including Illinois, Ohio and California with fiber optic services. This 1994 Pacific Telesis Fact Book outlined how 5.5 million homes would be upgraded with fiber by 2000 and the company would spend \$16 billion dollars to do these upgrades. Like the Verizon states, AT&T received massive financial incentives to do these upgrades. And it is now clear that they pulled a massive bait and switch.
- <http://www.newnetworks.com/cabroadbandpacbell.htm>

There have been no investigations of how customers have been charged for broadband upgrades and no investigation of this bait and switch by the FCC.

We have been filing comments, complaints and petitions about this failure of the FCC to investigate customer-funded broadband deployments since 1999.

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### 9) **FACT: Customers as Defacto Investors: Where's the Investigation of This?**

The AT&T and Verizon funded think tanks and fake consumer groups and associations paid by these companies have all filed claiming that the companies are making these 'investments' and that moving to IP will stabilize the marketplace.

In the case of Verizon or AT&T, investments are being done, not by the shareholders but by customers – who have received no benefit from their investments.

In the case of Verizon, FiOS construction is coming directly out of the monies that were part of the original construction and maintenance of the PSTN.

- **The Great Verizon FiOS Rip-off**
- [http://www.huffingtonpost.com/bruce-kushnick/the-great-verizon-fios-ripoff\\_b\\_1529287.html](http://www.huffingtonpost.com/bruce-kushnick/the-great-verizon-fios-ripoff_b_1529287.html)

And let us be very clear. Verizon is able to get customers to fund these fiber optic upgrades via new rate increases – which the FCC has never acknowledged.

This is a quote from the NY State Department of Public Service that specifically points out that the 'fiber optic' services are being paid for by rate increases. New York State Department of Public Service, June 2009

“We are always concerned about the impacts on ratepayers of any rate increase, especially in times of economic stress,” said Commission Chairman Garry Brown. “Nevertheless, there are certain increases in Verizon’s costs that have to be recognized. This is especially important given the magnitude of the company's capital investment program, including its massive deployment of fiber optics in New York. We encourage Verizon to make appropriate investments in New York, and these minor rate increases will allow those investments to continue.”

Verizon announced in 2010 it would stop its FiOS deployment. This means that customers throughout the state are now paying for services they will never get.

### 10) **FACT: Massive Cross Subsidization Goes Unchecked.**

And, to make matters worse, because of massive cross-subsidization of the affiliates of the companies, the companies not only dump expenses into the utilities, but also don't pay their fair share back to the utility. This creates losses at the utility, which are then used as an excuse to go to the state commissions and get rate increases.

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- Report: "[Verizon's State-Based Financial Issues & Tax Losses](#): The Destruction of America's Telecommunications Utilities, the Public Switched Telephone Networks (PSTN)."
- <http://www.newnetworks.com/Verizonshellgame2012.pdf>

## 11) **The FCC, the Phone Companies and the State Commissions Erased Data Requirements.**

This research today can't be done because:

- a) The FCC stopped collecting basic ARMIS data in 2007.
- b) Verizon stopped publishing its state-based annual reports.
- c) AT&T doesn't publish its state-based annual reports
- d) The state commissions are not collecting or auditing the data.
- e) The annual reports are a work of fiction as they cover over all pertinent data.

## 12) **Fact: The FCC is Allowing AT&T to Pick Winners and Losers by Its Decision to Abandon the PSTN.**

Since U-Verse is nothing more than additions to the PSTN, then whatever areas AT&T does not upgrade will be abandoned, not because of some economic model but because AT&T wants to directly harm customers.

Or worse, Verizon has started a campaign to have customers move to 'Cantenna' an expensive wireless service. Verizon doesn't mention that the wireless towers to support this service are part of the original PSTN as "special access" lines which were part of the original utility carry the wireless traffic.

## 13) **AT&T's Access Line Accounting is Made Up.**

When AT&T puts a customer on U-Verse, they reclassify the access line as VOIP and even though it is the EXACT SAME WIRE – the company doesn't count it as a line – so it shows up as a 'line loss'.

This is AT&T's information for first quarter 2012. AT&T claims that they lost over 5.2 million 'switched access lines' in 1 year or over 12%.

“At March 31, 2012, our total switched access lines were 35.4 million compared with 40.6 million at March 31, 2011.... Our total broadband connections were 16.5 million at March 31, 2012 and 2011. U-verse High Speed Internet subscribers totaled 5.9 million at March 31, 2012, a 60.9 percent increase over the year-earlier quarter. At March 31, 2012, the



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number of U-verse video subscribers totaled 4.0 million, with a net gain of 200,000 subscribers in the first quarter of 2012. ...The number of U-verse voice connections (which use VoIP technology and therefore are not included in the access line total) increased by 164,000 in the quarter to reach 2.4 million.”

But then, reading the rest of the information, AT&T doesn't count its other 'voice phone calling', which uses "VOIP" technology for "U-Verse" so it is not counting 2.4 million lines; these services go over the identical PSTN wires that were already in place. Nor does it go into the additional 60% increase of 'high-speed subscribers', which also goes over the same wire and which would add 5.9 million lines, or the 4 million 'video subscribers', which also goes over the exact same PSTN wire.

### **14) The \$14 Billion Dollar Con.**

As part of this 'petition' AT&T claims it is going to spend \$14 billion on upgrades and deliver high speeds.

- AT&T's \$14 Billion Dollar 'Bribe' to Get Rid of Telecom Regulations Is a Multi-Layered Hoax
- [http://www.huffingtonpost.com/bruce-kushnick/atts-14-billion-dollar-br\\_b\\_2104100.html](http://www.huffingtonpost.com/bruce-kushnick/atts-14-billion-dollar-br_b_2104100.html)

### **The Math is Pure Fiction.**

In 2010 and 2011, [AT&T averaged \\$20.3 billion on construction](#) on total revenues averaging \$126 billion dollars. If they actually spent \$14 billion, the expenditures would jump an additional \$4.67 billion annually -- i.e., \$14 billion divided by three years.

If AT&T spent \$20.3 billion annually and is now telling us they are going to spend a total of \$22 billion, then they are only spending -- at best, an increase of about \$1.7 billion a year.

The total, then, should be \$25 billion annually or \$75 billion total for three years; it's short \$9 billion dollars.

In other words, the \$14 billion is really only \$5 billion extra over three years -- only an 8 percent increase over what they were spending.

History shows that every time AT&T wanted to get regulatory favors they promised regulators broadband deployments or competition and in no situation did AT&T comply.

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## **Part 2: Regulatory Capture and Massive Data Quality Deception Needs Immediate Investigations.**

The FCC has ignored our petition filed in August, 2012 to investigate the Technical Advisory Council's massive ethical and financial conflicts of interest and the manipulation of data used by this Council.

We now request a formal public hearing to make the public aware of the FCC's practices, which have harmed America's economic growth by allowing the corporations to take control over the telecommunications agenda at the detriment of every US broadband, phone, internet, cable and wireless subscriber.

Our Petition: <http://newnetworks.com/FCCTACCOMPLAINT.pdf>

AT&T has constantly claimed that they are at disadvantage as the incumbent provider and that they want 'an even playing field.

Our petition outlines how customers do not have an even playing field. Their basic rights have been taken away at the FCC because they have nominal representation. AT&T and Verizon have been able to take over the TAC and now control the agenda at the determinant of the American public.

AT&T's controls have ended up as no direct competition on the wires, continuously higher prices, the harvesting of basic customers and a failure to properly upgrade their 22 states.

The public deserves investigations – instead we have a 'please sir may I have another' regulatory parity—a one-sided, unlevel playing field.

## APPENDIX:

### **AT&T U-verse Is a Copper-Based PSTN Service: Lawmakers and the Media Were Duped.**

I just made a rather disturbing finding. AT&T's U-verse service -- its broadband, internet and TV service -- is a copper-to-the-home service. More importantly, it is a fiber-to-the-press-release. Going through hundreds of blogs and articles as well as AT&T's state and federal testimony and filings -- including AT&T's recent FCC petition to close down the Public Switched Telephone Networks, (PSTN), AT&T never once mentioned that AT&T's U-verse is a copper-based PSTN service. U-verse uses the same, exact wires that have been in homes and offices for decades, even though AT&T is claiming that the PSTN is "too old" and needs to be "retired," closing down about 50 percent of their 22 state territories' utility networks.

AT&T has also told anyone who will listen that the company needs to "transition" the PSTN networks to an "all Internet protocol network" to make "Voice Over the Internet Protocol" (VOIP) work.

And yet -- AT&T has pulled off a massive deception: The PSTN is the U-verse delivery vehicle for cable, broadband, internet and phone and yet AT&T has never disclosed this fact and, in fact, has hid the truth.

[Click here for a description of the PSTN.](#)

Moreover, based on continued exploration, the correct term AT&T should have been discussing all along is -- "PSNIT" -- the "Public Switched Network Infrastructure and

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Technology," which are all the wires, network switches, infrastructure and technology, whether it be copper or fiber, that was part of the original state-based utility. However, not using the term is part of AT&T's machinations to fool the public. I'll discuss this term in more detail shortly.

This AT&T-created diagram shows that [U-verse is "copper."](#) AT&T places a U-verse "node," a large box, in a neighborhood and then uses the old, existing copper which travels from the customer's home about one-half mile (2000-3000 feet on average) and is then attached to this box.



And in this diagram, AT&T didn't bother to properly label the graphic with the fact that the "copper" wire is the 10-50 year old PSTN wires, which we added in red.

[The original graphic shows fiber-to-the-home](#) as equal in deployment to this "copper" wire.

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However, according to multiple sources, [90 percent or more of U-verse households](#) are copper-based -- PSTN-based wire service. U-verse is only fiber-to-the-home when there is "new construction," and considering the current housing slowdown throughout America over the last few years, U-verse, then, is copper-based.

AT&T has essentially deceived every state and federal regulator, lawmaker, the press and even the public. Don't take my word for it. These are links to current AT&T U-verse information that can be found with any search engine where they define U-verse as "fiber optic."

- [AT&T U-verse Fiber Technology](#): "Learn how AT&T is taking the fiber optics within our network and turning it into the vehicle that's delivering all your entertainment to your television, computer and phone."
- [Welcome to the Evolution of Digital TV, Internet, and Voice](#): "AT&T U-verse® includes fiber optic technology and computer networking to bring you better digital TV, faster Internet, and a smarter phone. Bring it all together by customizing your own bundle now."
- [U-verse Modified Neighborhood](#): I particularly like the AT&T modified neighborhood with its animation that never tells the customer that the wires that actually go on the road and on the poles to the house are copper.
- [Save with AT&T U-verse® Bundles AT&T U-verse®](#): "Better DVR, Better Features, A Better Experience. The universe is at your fingertips with AT&T U-verse®. U-verse is an exciting new AT&T product that uses fiber optic technology and computer networking to bring you advanced digital television, high speed Internet and digital home phone service."
- [What is AT&T U-verse?](#): "AT&T U-verse is a suite of services and products that primarily consist of internet, television and phone services. These services are delivered using highly advanced fiber-to-the-node and fiber-to-the-premises technologies."

And there are tens of thousands of web places, blogs, etc. that repeat this hype.

- [What is U-verse?](#) "ConnectMyHighSpeed," "AT&T has combined fiber optic technology and computer networking to offer U-verse, providing faster Internet, telephone and television services."
- See Details: [Geographic and service restrictions apply to AT&T U-verse® services](#). Call to see if you qualify. "Fiber optics may apply to all or part of the network, depending on your location." (See bottom)

Where does it say anywhere on any page that U-verse is based on the "copper-PSTN" wiring? Nowhere.

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And AT&T even fooled the FCC, especially [FCC Chairman Julius Genachowski](#), who announced the formation of "technology transitions policy task force" with the goal to closing down the PSTN because we're going from "copper to fiber": "The nation's broadband transition means that communications networks are increasingly migrating from special purpose to general purpose, from circuit-switched to packet-switched, and from copper to fiber and wireless-based networks."

And if you want a real laugh, according to [Fierce Telecom](#), "The Task Force will conduct a data-driven review and provide recommendations to modernize the Commission's policies in a process that encourages the technological transition." Data-driven at the FCC appears to be, take AT&T and Verizon's word for it -- regardless of what the actual facts reveal.

### **Call for Immediate Stoppage of ALL 'Closing of the PSTN' Proceedings and an investigation of AT&T and ALEC for Deceptive Practices.**

The implications of this verbal bait-and switch are enormous and need to be investigated at the FCC, Congress and in every state where AT&T received deregulation claiming that the laws should be changed because of innovation and the next generation of the Internet, including using VOIP.

It is now clear that the PSTN can handle VOIP; the transition isn't to fiber optics but to remain on copper and U-verse is based on the very networks AT&T claims are too old and need to be retired.

Did AT&T fail to disclose these essential and material facts to the state legislators and regulators before they were able to remove regulations in various states? And is it deceptive for AT&T to not disclose these facts to the FCC, who is pursuing AT&T's agenda for creating digital dead zones, where AT&T and Verizon are abandoning about ½ of America? And finally, did AT&T pull a massive bait-and-switch, as many of the states where AT&T is the incumbent had major obligations to upgrade the utility plant to an all-fiber-optic high-speed network for residential and business customers?

Let's examine the state of Texas's utility regulation -- and AT&T.

### **The Ultimate Insult: The PSNI&T -- Public Switched Network Infrastructure & Technology.**

While researching the last two articles we found that AT&T should be using a different, more significant and better-fitting term to discuss the "wires, networks and services" -- the PSNI&T -- Public Switched Network Infrastructure & Technology.

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Let me be specific: Texas is an AT&T state. The term PSNI&T is defined below as all of the PSTN wires, networks, and infrastructure -- regardless of whether they are copper or fiber.

[Public Utility Regulatory Act, Texas Utilities Code §51.002\(4\) \(Vernon 1998\) \(PURA\).](#)

(2) Public switched network infrastructure and technology -- Includes, but is not limited to:

(A) Basic public switched network infrastructure and technology -- The physical plant and corresponding functionalities that provide basic network services such as those listed in PURA §58.051. (B) Advanced public switched network infrastructure and technology -- The physical plant and corresponding functionalities that provide integrated services digital network (ISDN) services as set forth in PURA §58.203(c), optical fiber or equivalent facilities...

Meanwhile the FCC's Chairman Genachowski is not only clueless but I realized has a sense of humor announcing a [gigabit city challenge](#) He also repeated what former FCC Chairman Michael Powell, now head of the cable association' claims --- that 80% of the US cable networks has 100 Mbps services capability, and he claimed that this 'transition' to close down the PSTN was based on going from copper to fiber.