



AT&T Response to Rick Karr, "Need to Know"

10 May 2011

AT&T supports policies that promote market access and competition, both in the US and around the world. With respect to national broadband policies, each country will be different. There is no "one-size fits all" regulatory regime to promote the goal of 100% broadband access. Each country starts with different market characteristics that merit different policy approaches towards a shared goal. These geographic, historic, industry and market characteristics merit different policies in different regions.

The US and UK markets have different characteristics, and it is reasonable for industry and policy-makers to recognize that the same policies would not be equally appropriate to the different markets. Lord Currie, the former Chair of Ofcom, has addressed the market differences in the past when discussing the particular form of LLU regulation in the UK, as compared with the market factors in the US:

"If we had the same conditions as pertain in the US, Ofcom might have made a different call. US loop lengths are such that LLU is not the prospective route to broadband it is in much of Europe. And for historic reasons, it is cable that had the pre-eminent platform and which upgraded its network to deliver broadband and 'triple play' in the dense urban areas first. The incumbent telcos are playing catch-up." (Lord Currie speech to London Business School Global Communications Consortium Conference, November 2007)

Contrary to frequent misconceptions, US regulation continues to mandate that incumbent Telcos provide wholesale availability of LLU at cost-oriented (TELRIC) pricing. Despite this availability of LLU, US competitive local exchange carriers generally have declined to install their own DSLAMs and connect them to LLUs. There are many reasons. One is that these competitive local exchange carriers will face retail competition not only from the incumbent, but also from the near ubiquitous facilities of cable modem operators who control the lion's share of the US residential broadband market. Further, US infrastructure is more complex than in the UK. Loops are much longer, and many DSL services need to be served from costly remote terminals.

Of great importance, the US is performing very well through a policy oriented towards sustainable competition among multiple facilities-based providers. Broadband (which in the US means speeds of at least 4 Mbps down and 1 Mbps up) is available to over 92% of all households. And competition in the US between facilities-based carriers has already resulted in next generation FTTx (Fiber to the Home or Node) services, such as AT&T's U-Verse and Verizon's FiOS, being made available to roughly 40% of US households and DOCSIS 3.0 (Cable Broadband) to over 70%. The May 2011 "Connectivity Scorecard" report from the University of Calgary - which reflects the ability of connectivity to contribute to economic growth - shows the US coming a close second to Sweden in the global rankings, with the UK in eighth place. Even Ofcom's own International comparisons reveal a higher fixed broadband penetration per household figure for the USA compared to the UK. (see <http://www.ofcom.org.uk/static/cmr-10/ICMR-5.14.html>). This indicates that in terms of next generation broadband, the US policies are performing well. As the facts show, the US is making strong and sustainable progress within our regulatory framework. The UK also is making good progress, starting from different facts and different policies.