

RURAL BROADBAND INSIGHTS FOR CLOSING THE DIGITAL DIVIDE



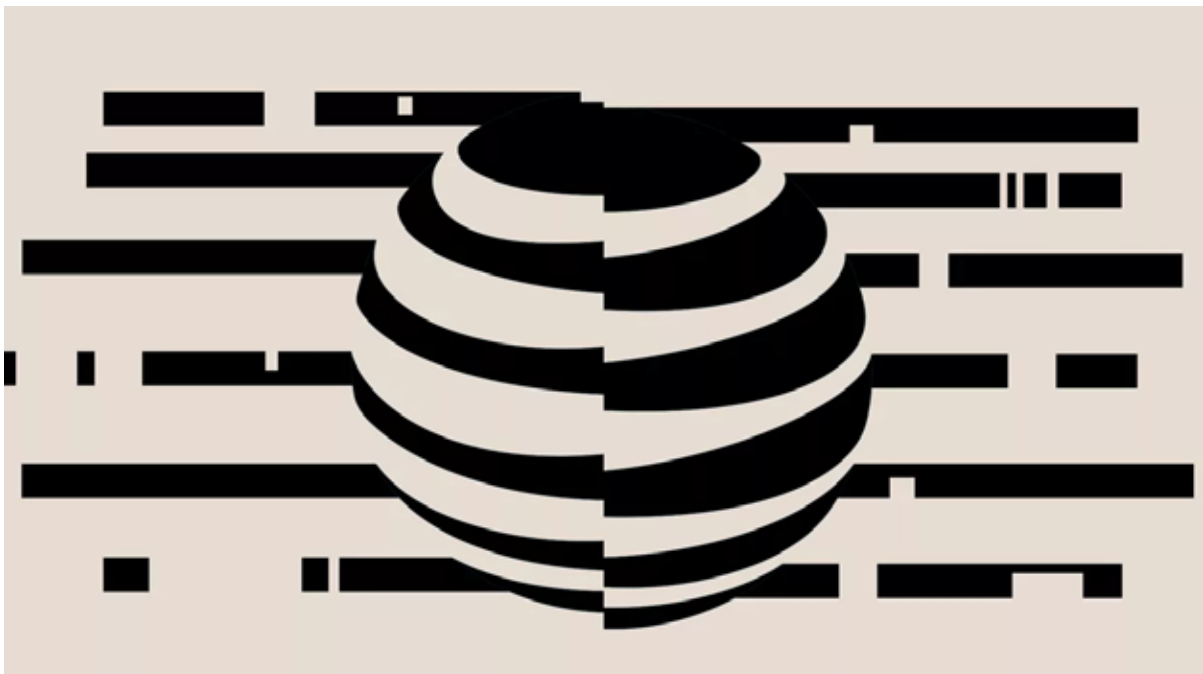
WITH PARTNER JONATHAN CHAMBERS

Co-ops Connect FYI

By Jonathan Chambers • Apr 28, 2023

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AT&T Should Change Its Name to
UST&T (The Urban Suburban
Telephone & Telegraph Company)



“We think there's **50 million homes, urban, suburban**, in America that **deserve** fiber.”

— **Jeff McElfresh, AT&T Chief Operating Officer**, at a March 2023 investor conference (emphasis added)

(Source: Industry publication [Fierce Telecom](#))

This is such a revealing choice of words.

- In the past, the federal government and every company *not* named Conexon have asserted that fiber-optic networks are not economical in rural America and other less densely populated parts of the country.
- 50 million homes comprises 35-40% of the population of the country. These 50 million homes have been the focus of most companies building fiber because those companies believe the financial returns are better in urban and suburban areas.
- No one has previously suggested the other 60-65% of Americans don't **deserve** world-class internet service. **That would be, well, un-American.**

The Abandonment of Rural America



In 2010, when the Chairman of the FCC published the National Broadband Plan, he set a national objective **to reach 100 million households with 100 Mbps service to be provided by fiber or hybrid fiber coax networks.**

- For the remaining 20 million households (largely rural America), the stated objective was 4 Mbps downstream, 1 Mbps upstream. This was the speed the FCC was told could be delivered by telephone companies over their copper networks at distances of greater than a mile from a DSLAM to the home.

Mr. McElfresh's statement is not a casual slip of the tongue. Nor is it new.

In 2012, the senior leadership of AT&T met with the senior leadership of the FCC to begin preparing the FCC for its plan.

At the time, I thought of it as AT&T's plan to abandon rural America:

- AT&T told the FCC it projected that it could build fiber to perhaps 35-40% of the households in its service territory, **the ones in urban and dense suburban areas.**

- It said it would upgrade its copper networks to some flavor of DSL in another 40% of its service territory, **achieving speeds of 25/3 Mbps there.**
- **For the rest of its service territory — rural areas —** AT&T wanted permission to abandon its copper networks and provide service over its wireless network.

Why it matters: Under FCC rules, since AT&T (like all telephone companies) had been granted a monopoly decades before and been subsidized for providing rural service, AT&T needed FCC permission to abandon its copper networks.

- **In 2012, AT&T began that process.**

Money Talks



Heretofore, AT&T portrayed the decision as an economic one, not a question as to whether rural areas or poor neighborhoods **deserve the benefits of fiber.**

Never mind that AT&T had received billions of dollars in public subsidies for those areas, as well as tens of billions of spectrum licenses for free.

- AT&T and other telephone companies received free licenses to this public resource **only because** they were the monopoly incumbent providers at the time.
- When AT&T proposed abandoning its commitment, I don't recall it offering to give back all the spectrum licenses nor to pay for those licenses.
- Come to think of it, those licenses are periodically up for renewal. They are not guaranteed forever.
- It would probably make sense for the FCC to begin charging AT&T (and Verizon) for the public resource they were provided for free in areas where they've abandoned their previous commitments.
- The FCC could use those proceeds to fund rural universal service programs instead.
- But I digress.

What matters now:

Mike Conlow published a piece this week titled, ***“Yes, there really is enough money to reach most of the unserved and underserved.”*** ([Read his piece here](#))

I'd have put it differently.

- **There is more than enough public funding** to build fiber cable to every location where an electric utility has built an electric line.
- **It is far less expensive to build a fiber network** than it was to build an electric network. Yet, throughout rural America, electric cooperatives built electric networks from the Mississippi

Delta to the Colorado Rockies, from the Florida panhandle to the Oregon coast. **With no federal grants.**

- Simply put, anywhere it has been economically feasible to build an electric network, **it is feasible to build a fiber network.**
- We, the electric cooperative community, are proving that today without BEAD.
- The BEAD funding will be excessive. The problem with excessive funding is that it attracts bad actors, as happened with RDOF.

The bottom line:

BEAD should, first and foremost, be used to build out long-term fiber infrastructure. A priority should be placed on funding networks owned by the communities served by those networks.

The Final Word



Earlier this week, I attended a community meeting in East Carroll Parish. A tapestry on the wall quoted Matthew 5:4: “Blessed are those who mourn, for they shall be comforted.” I have never felt as welcome in any place in my life as among the good people of East Carroll.

East Carroll is part of AT&T’s service territory, a majority minority parish, a persistent poverty area, and apparently not deserving of an AT&T fiber network.

Conexon begins construction on a fiber network in East Carroll Parish within the next few weeks.

As I said to the people of East Carroll: In Hebrew, the United States is Artzot Ha-Brit, **the lands of the covenant**.

- The American covenant can be summed up in three words: ***We, the People***.
- Our national covenant is all of us together. We don’t say one group is deserving and another is not. One area of the country deserving and another not.
- As a nation, we commit to infrastructure for the entire nation, all areas of the country, not one type of service for parts of the country and another type of service for other parts.
- Where there have been gaps – in roads, water, electricity, telephone, broadband – the nation has worked together to close those gaps. To do otherwise would be un-American.

The big picture:

To be clear, I support AT&T’s approach to geographic markets. It is a publicly traded company acting in its shareholders’ best interests.

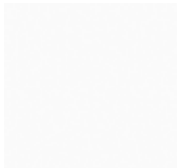
AT&T’s decision in 2012 and its execution of that plan will prove to be of enormous benefit to rural America:

- **Communities will discover they can replace AT&T with their own fiber-optic networks.** What one generation discovered in the 1930s, a new generation is discovering in the 2020s.
- **Rural communities**, especially those led by electric cooperatives, can build networks for themselves, provide for themselves, ***and kick inattentive incumbents to the curb.***

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