

AT&T: Let's junk the old phone system

The telephone giant says the traditional network is obsolete and needs to be scrapped so that broadband access can become a nationwide reality.

Posted by [Charley Blaine](#) on Wednesday, December 30, 2009 7:32 PM
Do you think your old telephone service is obsolete?

You're not alone. No less than **AT&T** ([T](#)) thinks it's obsolete. And it has [asked the Federal Communications Commission](#) when it plans to relieve the phone companies of the obligation to provide plain old telephone service.

AT&T isn't asking a rhetorical question.

In a Dec. 21 filing, it is actually arguing that telecommunications companies can't achieve Congress' goal of making broadband Internet access available across the country if they still must operate the old land-line systems.

Broadband is available to 90% of Americans now. Getting it to the last 10% or so who don't have it will require an investment of \$350 billion or so.

Moreover, revenues from land-line business, aka plain old telephone service (POTS) and the public-switched telephone network (PSTN), are in "a death spiral," the company says.

"Revenues from POTS are plummeting as customers cut their land lines in favor of the convenience and advanced features of wireless and VoIP (Voice over Internet Protocol) services," the filing says.

In fact, one study suggested that 22% of households have cut their land-line service entirely.

That creates a big problem. "Due to the high fixed costs of providing POTS, every customer who abandons this service raises the average cost per line to serve the remaining customers."

The solution, AT&T says, is to start to change the obligation to maintain the old telephone system to a charge to provide a flexible system built on the Internet and newer technologies.

What that means, Stacy Higgenbotham wrote on the GigaOM blog, "the (almost) one in five Americans relying exclusively on a plain old telephone line should prepare to kiss that wall jack goodbye as the major wire line telephone providers back away from that dying (and expensive business)."

It gets more complicated than that.

AT&T calls for the FCC to seek input on additional regulatory changes to enable a transition away from copper phone lines.

Those include putting broadband regulatory jurisdiction at the federal rather than local or state level, reforming intercarrier compensation and changing the aims and structure of the Universal Service Fund.

AT&T would also eliminate state regulations dictating that a carrier serve all people in a geographic area.

It also told the FCC that it needs to figure out how to handle public safety and folks with disabilities in this VoIP world.

What's not clear in the filing is how consumers would fare in a new regime.

But the issue is now on the table.