In the Matter of  

AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition  

GN Docket No. 12-353

Comments of the American Consumer Institute

The American Consumer Institute Center for Citizen Research (ACI) is a nonprofit (501c3) educational and research institute with the mission to identify, analyze and protect the interests of consumers in selected policy and rulemaking proceedings related to information technology, health care, retail, insurance, energy and other matters.

In this proceeding, the Commission seeks comments on the AT&T Petition regarding the transition from legacy voice to Internet Protocol (IP) platforms and services. We support the petition and urge the commission to permit carriers to conduct trials to determine the best practices for transitioning consumers to these services. Delay would only forestall the evitable, but it would create unnecessary costs that would reduce consumer welfare.

Discussion

Investment is a scarce resource and should be spent wisely. Regulations that require some carriers to invest in outdated networks and services – ones based on antiquated copper infrastructure and voice-centric services – discourage investments in state-of-the-art networks and services. That, in turn, adds duplicative costs for investors, limits broadband build outs and ultimately leads to higher prices for the
fiber and wireless-based services that consumers want. When consumer costs rise and build out is limited, consumer welfare suffers, and that undermines the national broadband goals of widespread deployment and use.

Regulations are effectively requiring carriers to invest in technologies that are rapidly being replaced, which means that these old investments will be stranded and new investments will be delayed. A better approach would encourage the private market to find solutions and best practices that move the country forward, encourage increased investment in high technology services, and refocus investment to where it is most needed and demanded by consumers.

Consumers want new and innovative technologies, including faster wireline and wireless services. In contrast, consumers are shunning their old copper based networks that now account for a fraction of its once dominant market share. For example, the Commission's newly release local competition report shows that incumbent switched access lines represent 19% of all telephone connections. With switched access lines declining each year for the last decade, consumers would be better served by policies that enable the migration to broadband networks, and away from obsolete, costly and duplicative networks.

Migrating to an all IP network would also add an economic stimulus. According to the Bureau of Economic Analysis, the jobs and economic output resulting investment in broadband services is greater than an equally-sized investment in standard telecommunications. This means that just diverting spending from the legacy network to an IP network would benefit the economy by increasing economic output, employment earnings and jobs. For consumers, that investment would provide more than just telephone services – enabling Internet

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2 According to the Regional Input-Output Modeling System, investment multipliers are higher for Internet services compared to telecommunications services, according to data from the Bureau of Economic Analysis.
browsing, video services, apps like free navigation, messaging, remote medical monitoring, access to coursework and reading materials, telecommuting, shopping, banking and other applications. These are the services that consumers want.

**Conclusion**

Regulations should not hold back innovation and investment. Continuing outdated regulations that reduce consumer welfare and discourage investment jeopardizes national broadband goals. We support the petition and urge the commission to allow telecommunications providers to conduct customer trials on transitioning to an all IP network.