

AT&T Perspectives on Net Neutrality

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What Is Net Neutrality?

- Net Neutrality is an elusive concept
 - Initial concerns were about blocking or degrading customer access to Internet web sites
 - Debate has shifted to one that deals with network providers' ability to enhance their broadband networks and under what terms those enhancements should be made available to others
- AT&T wants to preserve Internet freedom and allow the Internet to develop through commercial agreements, not government regulation

AT&T Will Not Block or Degrade Internet Applications, Websites or Content

- AT&T has demonstrated commitment to enhancing and expanding Internet access
 - AT&T serves over 8 million broadband customers today
 - AT&T's DSL footprint covers almost 80% of service territory
 - AT&T is a price leader in the market
 - AT&T is deploying new state of the art, fiber-rich, all-IP network
- Customers demand robust broadband Internet access product
 - If not, customers will look to other competitors
- Not a regulatory vacuum today -- FCC oversight already exists
 - Broadband Policy Statement ensures active monitoring of the marketplace
 - Access lawful content
 - Run applications and services
 - Connect devices
 - Competition amongst application providers, content providers, service providers and network providers
 - Targeted enforcement against clear violators

Network Flexibility, Not Neutrality

- Performance optimization on the Internet already exists
 - E.g., Content distribution enablers such as Akamai
- Internet applications are evolving and will continue to evolve
 - More websites streaming video and audio
 - End users not just content consumers, but content producers
 - All electronic devices, not just PCs, will expect connectivity
- Loss of flexibility a problem
 - Less broadband investment from existing providers
 - Less broadband investment from new providers
 - Less customer choice

Extreme Versions of Net Neutrality Would Harm Customers

- Stripping network providers of their ability to offer differentiated, innovative services means that true video competition will not be realized
- Restrictive net neutrality rules would keep broadband network enhancements out of the hands of customers
- Prohibiting or deterring network providers from deploying QoS would drive up the price of broadband or saddle the Internet with congestion

Today's Commercial Reality

Different levels of service at different prices are a fixture of everyday life:

- The price of wireless phone service depends on the number of minutes purchased.
- Premium TV channels like HBO are available only at an extra charge.
- The cost of shipping is dependent on a range of factors.

This is likewise true on the Internet:

- On-line retailers like Amazon.com do not expect UPS to deliver their goods to consumers for free, or to deliver a package overnight at the 7-day rate.
- Web sites charged for premium content, e.g., the *New York Times* now charges for columnists' content and ESPN charges for fantasy-baseball advice.
- Search engines like Google prioritize results based on commercial factors, such as advertising fees.
- Consumers understand and accept these variations. They would, for instance, rather pay only for the shipping they need, rather than being forced to buy a higher one-size-fits-all shipping service. In short, consumers have many choices that allow them to match precisely their needs and demands with their own pocketbooks.
- Consumers benefit when they can purchase services that meet their needs, rather than paying more for one-size-fits-all services.

Policy Summary

- The Internet has thrived without government regulation
- No evidence of consumer harm from network providers
- Changing nature of the Internet demands flexible responses at both the edge and the core of network
- Net neutrality rules requiring nondiscrimination would severely limit network investment and innovation and is a slippery slope to common carriage regulation of the Internet