

Thank you, Jonathan for the introduction.

- And thank you for the outstanding work that you and USTelecom are doing on behalf of our industry. We're grateful to have you in our corner.
- It's good to be with all of you in Park City.....where, I will note, the climate is as dry as our country's spectrum pipeline!
- Uh oh.....maybe you just got some foreshadowing of where I might be going, but I really do appreciate the opportunity to outline our views at AT&T on the critical policy issues facing this nation and our industry.
- I've probably been around too long, but in all my years I don't know that I recall a time when we seemed more adrift confronting the big telecom policy issues.
- Even during the after-years of the Telecom Act the stakes weren't as high..... because at that time we had yet to build an entire economy on the backs of the internet and connectivity.

- But here we are.....
 - Initiating endless studies,
 - Launching sweeping prophylactic regulations to anticipate potential problems where none yet exist, and
 - Introducing new requirements of unknown and unnecessary application.....
 - All because we were coming off years of record investment in what has proven to be some of the world's most resilient and capable infrastructure.
- The main thing I want to impress on you all today is this:
We need to come together around a deliberate policy agenda to secure the future of U.S. telecommunications leadership... because on the current trajectory, that leadership is in jeopardy.

For two decades, the U.S. has astutely had a deliberate policy to lead the world in telecommunications.

- U.S. telecommunications leadership has been built on the effective capital allocation and innovation of the private sector... and scaled through policy to support efficient government partnerships and co-investments.

- Our industry's future depends on a forward-looking agenda that follows the same approach to support the next generation of affordable, accessible, high-performance networks.

We are at a critical juncture.

- No matter who holds the White House and governorships next year, or which party has the majority in Congress and state legislatures, we need to be prepared to speak with one voice.
- I believe we must focus our advocacy around three areas: Access, Affordability, and Airwaves.
- This same 3-pronged focus has supported exceptional investment, affordability, and network performance to date.
 - On the broadband side:
 - Thanks to trillions of dollars of private sector investment, 9 out of 10 Americans now have access to affordable, high-speed internet.
 - In recent years, upload and download speeds have increased dramatically, and average prices for both the most popular and fastest speed tiers have been falling, according to US Telecom's own research.

- On the wireless side, it's a similar story.
 - The US wireless industry has put hundreds of billions into networks over the years, and last year outspent most of the world per capita, including 5x more than China and nearly 2x more than South Korea.
 - Today, the U.S. has world-leading 5G availability.
 - Wireless speeds are up, and prices for unlimited data plans are down, all while data consumption has grown by orders of magnitude.
- We have to recognize the importance of spectrum allocation in spurring innovation and affordability, amid rising demand for data.
 - Today, GSMA data shows U.S. mobile data traffic per connection is more than double most European countries.
 - Meanwhile, mobile data is far more affordable in the US than in Europe, when normalizing for GDP.
 - Why? Because US networks simply work.....and they offer consumers amazing value and utility.

- There's a reason the world's leading tech firms are based in the U.S..... the heart of the app ecosystem innovation is right here in the US on this high-performing infrastructure.

The three most important issues before us today are:

- ONE: Sound implementation of the historic opportunity to expand broadband and close the digital divide.
- TWO: Re-architecting sustainable and streamlined subsidies for low-income households to insure universal access and affordability, and
- THREE: Establishing a pipeline of licensed mid-band spectrum to sustain US competitiveness.

But recently, we have seen a shift away from the deliberate investment-led US policy that enabled us to lead for so long.

- As pressing challenges await solutions, some in Washington seem intent on spending time and taxpayer dollars on solutions in search of a problem.
- Abroad, our global competitors are moving ahead.

- At home, our government is opening paths to micromanaging our companies' decisions under the guise of ensuring Net Neutrality and preventing Digital Discrimination, when we all support the open internet and abhor discrimination.
- Policymakers have prioritized outcome-based regulatory approaches and political expedience at the expense of effective market-based capital allocation.
- In wireless...the US deliberately led in making licensed spectrum commercially available to drive development, investment and capability for innovation and economic growth.
- But Washington has backed away from that priority.

We need sound, coherent policy.

- The right solutions around Access, Affordability, and Airwaves will have immense and lasting benefits for the United States.
- I'll outline these one by one, starting with Access.

We all agree that widespread access to high-speed broadband is critical to success in modern life.

- Our industry should be recognized for all we do to increase access.
- Over the past five years, AT&T has invested more than \$145 billion to enhance and expand our networks.
- And we have committed \$5B this decade to help close the digital divide.
- We're not an anomaly. Every company in this room has invested heavily in broadband deployment.
- But the market-based policy that got us this far will not solve circumstances for the small percentage of the US population where there isn't an economic foundation to invest.
- This is today's "broadband universal service" challenge.
- We need effective policies that stretch taxpayer dollars in scaling the social and economic benefits of access to high-speed connectivity.
- I'll call your attention to two specific policy examples – Broadband Equity Access and Deployment funding (what we call BEAD) and Network modernization.
- They should be highly related and coordinated.

On BEAD, the Biden Administration and members of Congress in both parties deserve credit for allocating record funding to expand broadband.

- Unfortunately, what was bipartisan compromise at the federal level has, in many cases, turned into ideologically-driven state policies that could undercut the program's effectiveness and legislative intent.
- The Administration must be more deliberate in guiding states toward fostering capital allocation on the foundation of market realities.
- This will ultimately determine whether experienced and capable providers can participate in making BEAD a once-in-a-generation success, or be relegated to watch from the sidelines while an historic opportunity is mismanaged.
- What should be our goal with BEAD?
- Plain and simple...develop policy that ensures every dollar of taxpayer money attracts private capital to get **ALL** Americans connected to the internet as soon as humanly possible – with adequate levels of performance to achieve the same economic and social benefits as their fellow citizens. Full stop.

- This process shouldn't devolve into building fiber to every home, which would exhaust funding before every American is connected.
- And it shouldn't introduce delay and scaling risk with taxpayer money on new and untested ventures.
- BEAD was never legislated to create a backdoor opening to rate regulation in competitive and effective markets.
- And it certainly shouldn't take five years from enactment before a single new unserved location is able to be connected.
- Again, policy must reflect market realities.
- This means:
 - Flexible, sensible rules that minimize complexity and costs.
 - Smart, rational geographic areas of service that logically align to existing service footprints, capabilities and scale, where feasible.
 - Protecting customers in subsidized markets by ensuring they have access to the same competitive rates as customers in functional markets..... rather than government rate regulation that would hinder BEAD participation.
- The key design element and deliberate intent of the program was to attract private investment.

- Companies will not risk co-investing their shareholders' capital without a process and path to economic return.

On network modernization, everyone here understands the significance of an expedient transition from legacy copper networks to high-speed connectivity.

- Every dollar spent maintaining outdated copper-based services is one that cannot be invested in bringing next-generation connectivity to the millions of Americans who want it.
- Today, following a massive, customer-led migration away from legacy services, just 1.3% U.S. households rely solely on landlines.
- But, with a 1930's regulatory framework in place, we are being forced to operate and sustain antiquated and energy-intensive technology – regardless of how many customers need it.
- Ironically, some state policymakers fail to grasp the necessary connection (pun intended) between getting BEAD right and achieving their transition goals.
- We know that fiber, 5G, and satellite are far better for our customers than TDM-based copper – all more capable of improved resiliency, performance, and future innovation.

- We've set a smooth path to help our traditional landline customers upgrade to new technology.
- If they want to keep a product that functions like their landline phone, we'll accommodate that choice with options like our AT&T Phone – Advanced product.
- This product allows home phone customers to keep their existing devices, but it brings them onto today's networks and technology.
- Over 90% of our customers in our territory have already chosen to leave traditional copper-based voice services.
- There's opportunity to transition remaining customers to newer, better services from us or even another provider, but decades-old regulatory frameworks are limiting our ability to do so.
- Many state policymakers are recognizing this fact.
- So far, 20 states in our footprint have implemented Carrier of Last Resort regulatory reforms.
- Still, some state and federal policies continue to serve as copper-wired handcuffs to the past.
- In California, a state where this policy has been frozen in time, we spend more than \$1 billion dollars a year maintaining a legacy network that is no longer used by 95% of households we serve.

- That investment could be used to bring consumers more connectivity choices in a market that sorely needs them.
- Legislation was recently introduced in the California General Assembly to update these policies, thanks to the recognition of the changing market and competitive environment.
- I'm hopeful they will pass this thoughtful legislation to create a transition to modern communications infrastructure in a state that prides itself on innovation.

It's time for the federal and state governments to provide us with the flexibility to fully transition to modern networks.

- The existing FCC process to file Section 214 applications is layered and slow.
- At the current rate and pace, this transition will take a decade or longer.
- And sadly, the only people happy about this are those who make their living stealing copper for salvage value.

Our second key policy area is Affordability.

- Today, programs to support universal service and affordability remain moored to policies developed in the age of princess phones and dial-up internet.
- Using taxpayer dollars to subsidize internet connectivity is a charge we take seriously. We can't allow waste or inefficiency.
- But the current disjointed approach is ineffective and simply unsustainable.

We need to roll the various federal and state subsidy programs into a unified approach.

- Currently, there are four Universal Service Fund (USF) programs, and a multitude of other broadband subsidy programs across federal and state agencies.
- By splitting the funding across many departments, we've got all these agencies examining the same problem... but they're looking at it through the wrong end of the telescope.

- Many of these programs are designed to focus on narrow slices of the population – rural connectivity as an example. No one sees the bigger picture and the broader outcome we are trying to achieve.
- You wouldn't design a business to run this way. If you did, you wouldn't last long... and neither should disjointed and duplicative government programs.
- So what's the solution? Streamline the design. Align agencies, widen the aperture, and focus on the larger problem we all want to solve.
- We saw this approach work with the Affordable Connectivity Program.
- While not perfect, ACP effectively demonstrated how industry and government can work together to connect low-income households.

In tandem with streamlining programs, the government needs to broaden the base of financial support for the USF.

- The USF is funded only by a shrinking base of voice services – when today's universal service need is access to the internet and all its benefits.

- The seven largest and most profitable companies in the world built their franchises on the internet and the infrastructure we provide.
- They stand to benefit handsomely from every home that is incrementally connected to our networks.
- I doubt there is anyone in this room who wouldn't gladly swap places with the return profiles of Google, Meta, Apple and others.
- And I can factually assert that the investment community agrees with you.
- Many in politics and media seem to incorrectly conclude that the absolute price of a service is the measure of profit or return.
- Congress should provide the FCC with authority to expand the subsidy base to include Big Tech companies.
- These companies make money offering today's equivalent of yesterday's universal voice service..... text messaging, email, Voice over IP, and so on.
- Why shouldn't they participate in ensuring affordable and equitable access to the services of today that are just as indispensable as the phone lines of yesteryear?

Finally, the third piece of the agenda... Airwaves.

- Right now, you might be asking yourself... why is he talking here about wireless? In my view, it's pretty straightforward.
- The future will not be defined by fixed and mobile.....only robust fiber networks with different access technologies hanging off of them.
- Maybe it's an RJ45, but it could just as easily be a Wi-Fi access point, or a distributed cell site radiating licensed spectrum, to name a few.
- Wireless services – and the spectrum that powers them – will be essential to filling connectivity gaps in places where a direct fiber or wired connection is not feasible.
- They offer the opportunity for yet another layer of scaled resiliency, offering more protection against public enemy number one..... the infamous backhoe.
- Robust wireless offerings only develop demand and often point to where tomorrow's fixed investment should be directed.

- Innovation in mobile communications drives more demand for all networks.
- A healthy spectrum pipeline makes all this possible, and we simply don't have that today.

Right now, we've got a classic supply and demand mismatch with spectrum, and federal inaction is the wedge between the two.

- No new spectrum has been brought to market in four years.
- The FCC's auction authority has lapsed, and there is no clear pipeline of spectrum auctions as demand for wireless data grows exponentially.
- Without action in Washington, we are entering a spectrum desert for the foreseeable future.
- What does that mean?
 - Congested networks.
 - Higher cell phone bills.
 - Curtailed investment.
 - Fewer individuals employed building networks.
 - Fewer Americans connected to affordable internet.

- Less global competitiveness and innovation.
- Less resilient U.S. networks – both wireless and wireline – in times of crisis.

The U.S. will not continue to lead in innovation without a dramatic change in the availability of spectrum.

- The FCC has too often given valuable spectrum away for free to be used in unlicensed or experimental technologies... instead of allocating airwaves for licensed use.
- When carriers invest in licensed spectrum, the outcome is universal access, interconnection, and non-discrimination.
- For the life of me, I can't figure out how giving away massive amounts of unlicensed spectrum advances any of these objectives.
- Licensed spectrum is what drives the significant private investment needed for ubiquitous service.

We are glad that spectrum legislation is a focus in the Senate Commerce Committee right now.

- Congress should pass a bill that:
 - Extends the FCC's authority to auction spectrum,

- Creates a significant pipeline of mid-band spectrum in contiguous blocks for full-power use, and...
- Preserves the roles of the NTIA and FCC as the expert agencies on spectrum allocation, rather than create a new “United Nations” of agencies and departments with control over federal spectrum – with all the speed and efficiency that usually comes with government inter-agency coordination.

Washington cannot stall as other nations move forward aggressively.

- China has already allocated three times more mid-band spectrum for 5G services than the U.S., and is expected to dedicate much more in the coming years.
- China is not the only player making moves – and making themselves more attractive to foreign investment.
- Without action, South Korea, France, Japan and the UK are all expected to have allocated more mid-band licensed spectrum than the US by 2027, according to CTIA data.

I'll close with this: The stakes are high. We must get this right.

- We owe it to our customers – now and into the future – to deliver high-performance, modern networks.
- Again, no matter who sits in the White House, we must articulate the cohesive and well-reasoned policy framework that drives investment, deploys subsidy equitably and wisely, and sustains this great nation's great communications infrastructure
- Our industry issues have always been complex.
- Sadly, I'm not sure we as industry leaders have always done an effective job explaining to our customers why it matters to them.
- In today's politically and social-media-charged environment, we need to educate the customer and directly communicate the policy implications for better and more affordable products.
- We can be successful if we stay aligned and speak with one voice.

- I also think we can be successful when we articulate a coherent, coordinated and informed framework that exposes bad policy as outcome-based and politically expedient.
- To truly connect all Americans, private investment must be married with good public policy.
- I ask each of you to join me and raise these issues. Tell your stories. Educate lawmakers and regulators... and explain to customers why this matters.
- The time to act is now.
- Thank you for your interest and attention this morning and support of USTelecom.
- Now, I'll open it up to all of you. We have about 20 minutes remaining for discussion.
- Questions? Thoughts? Reactions?