

Connect Iowa
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Beth Canuteson remarks

Good morning. My name is Beth Canuteson, Regional Vice President of External Affairs for AT&T-Iowa.

Thank you for having me here today and providing me with an opportunity to talk about wireless broadband.

I'm sure that it's not news to anyone in this room, but wireless broadband has become a wildly successful and popular technology. That popularity is not only because of innovative and useful devices such smartphones and tablets, it's also because wireless is getting faster.

In 2012, North America's average mobile data connection speed was the fastest in the world, nearly twice that available in Western Europe, and more than five times the global average. And with only 5 percent of the world's population, we now have more than 50 percent of the world's subscribers to 4G LTE advanced mobile broadband.

During its earnings call last week, Google touted the growth of wireless and pointed out that 40% Of YouTube traffic is now Mobile, up from 25% in 2012, 6% In 2011.

Facebook said it had 819 million monthly mobile users (73%) out of its total 1.15 billion users in the second quarter of this year. The 819 million mobile Facebook users is up from 543 million in 2012, 325 million in 2011 and 155 million in 2010.

The reason YouTube and Facebook users are going mobile is speed. Since 2009, average broadband speeds have doubled, private sector telecom investment has surged, especially for wireless, and the number of homes reached by high-speed networks has more than quadrupled.

High-speed wired and wireless networks place the United States at the center of a digital economy that is one of the brightest parts of our economic recovery and long-term competitiveness.

Expanding broadband is vital, not just because it's nice to be the global leader, but because of the benefits that come with it.

Broadband creates vast new economic opportunities across the economic spectrum and delivers new access to quality healthcare and education for minorities, low income Americans and rural communities that haven't always had access to the services they need.

An analysis by the Progressive Policy Institute shows a rapid job growth rate of 40 percent in the mobile apps economy over the past year, accounting for approximately 752,000 U.S. jobs today.

The success of wireless broadband can be traced to a “light touch” regulatory policy that enables and encourages private sector innovation and investment in Internet-based networks, services, applications, and devices.

The results are clear. Americans are benefitting from a stunning array of choices in devices, connecting more than 500 million devices to the Internet, eagerly embracing innovative new applications and services, and leading the world in the adoption of LTE for wireless connectivity.

As a result of these advances in wireless broadband, consumers are rapidly moving away from highly regulated “plain old telephone service” and instead are

communicating via new technologies and innovations, including wireless, VoIP, video chatting and non-voice services such as texting and social media.

Today, communications encompasses anything and everything enabled by broadband IP platforms. You are no longer just connected to a place, but instead to a person or thing. The connection isn't to somebody's home but rather to a mobile device in somebody's purse or pocket.

This consumer-led transition away from traditional telephone service to alternative communications offerings has been underway for a number of years, and the vast majority of consumers have already made the transition.

For example, every month 500,000 consumers cancel their traditional landline service in favor of wireless service or IP.

Today only 5% of US households rely on plain old telephone service as their only voice service. In 2002, it was 88%. Think about that. In just over 10 years, we have witnessed a sea of change in communications technology.

1 out of 3 American homes are now wireless-only and nearly another third use VoIP.

In Iowa, about 35% of households have cut the cord and are wireless-only.

As a result, consumers are demanding Internet access anytime, anywhere at the fastest speeds possible with their mobile devices.

For AT&T to keep up with that type of demand here in Iowa and throughout the U.S., we are investing heavily in our wireless broadband network.

In just the past couple of years, AT&T has invested more than \$170 million in our Iowa wireless network with a focus on expanding 4G LTE mobile internet coverage to bring residents a bigger, better and faster wireless network. The investments included deployment of new macro cell sites, small cells and Distributed Antenna Systems across the state.

Part of this substantial investment in Iowa comes from AT&T's recent announcement of Project Velocity IP which is a huge multi-billion dollar project to deploy 4G LTE nationwide. By the end of next year, the goal is to cover 300

million people. More than nine out of 10 Americans would reside in our LTE footprint.

This investment is about improving our customer's service today, and anticipating how best to meet their needs in the future. It is a commitment to provide the best experience possible to all of our customers across all fifty states by improving quality and reliability.

The substantial investment I have discussed is, for us, a business imperative to keep pace with consumer demand. At the same time, it is exactly the kind of infrastructure investment that policymakers have been urging in order to push America ever closer to achieving the national policy goal, first outlined in the FCC's National Broadband Plan, and now through this committee, appointed by Governor Branstad, to provide ubiquitous, competitive broadband throughout IA. This investment, and our plan for expansion, gets us ever closer to achieving that goal, and does so using private investment – not government funds.

Very often, when we talk about the importance of delivering broadband to all corners of the state, we focus on wired broadband. But LTE, or Long Term Evolution, means mobile speeds 10 times faster than 3G, with download speeds of

up to 12 megabits per second. That means being able to do many of the same tasks on your tablet and smartphone that you do on your wired computer. And it's only going to get faster as we enhance our network.

The number of overall fixed broadband connections has been growing steadily over the last decade. But the growth in mobile broadband connections is absolutely exploding. In fact 65% of all broadband connections in the US are now mobile connections. That percentage will grow.

So, what does all of this mean to Iowans? Well, it means real benefits for the health, education and welfare of everyone across the state.

It means access to healthcare through Telehealth applications.

It means students and teachers have the proper tools and technologies to bolster academic achievement.

It means jobs.

When looking at the projected wireless infrastructure investments, research firm Information Age Economics found in a new study that, over the next five years, **private investment in wireless broadband** infrastructure will:

- **Create 1.2 million net new jobs**—122,000 of which will be in the wireless infrastructure industry.
- Generate **\$1.2 trillion in cumulative economic development**, which represents a 606 percent increase over the total amount the wireless industry will invest.
- Yield a direct impact of **\$85 to \$87 billion in economic growth per year**.
- Increase **U.S. GDP by 2.2 percent**.

To illustrate these numbers, let's look at the impact wireless broadband has on agriculture. As we all know, farmers don't work in an office. They're out on the land. They need and want mobile connectivity.

Iowa farmers are using their smartphones to check the weather, the price of grain and manage deliveries. They are using their tablets to monitor water, power, and energy consumption; consult with experts on veterinary telehealth; monitor pesticide applications and much more.

Broadband services also include machine-to-machine applications that promote increased operational efficiency and effectiveness. These applications have already had a tremendous impact on the economy and promise to usher in sizable productivity gains over the next several years.

GPS driven tractors are fertilizing fields and saving farmers time and money by covering fields more accurately, without overlap, dispatching the precise levels of fertilizer needed for the terrain. A recent John Deere study found that an Indiana farm saved over \$180,000 a year in operational costs, and added over \$1 million in revenue due to more accurate seeding from machines controlled by M2M applications.

The details vary from farm to farm, but the collective picture leaves no doubt that wireless broadband has revolutionized modern agriculture, just as it has every other industry.

To deliver these benefits and more, AT&T has a number of recommendations that would speed wireless broadband deployment across the state.

- **Establish uniform, statewide statutes for cell siting.** One of the challenges that AT&T faces in building out our wireless network is ambiguity in local laws and ordinances. It can be a struggle to work through a patchwork system of ordinances, terminology and processes that differ among various communities. This lack of uniformity slows investment, deployment and construction of wireless infrastructure, denying Iowans timely access to new technologies. AT&T would like to propose a legislative solution that would standardize the cell siting process across the state to help ensure a timely buildout of wireless broadband.
- **Provide or maintain tax incentives for wireless broadband providers to ensure that Iowa is “open for business” and an attractive state for technology investment.** Since wireless operators may ultimately be subject to corporate taxation, a reduction in the corporate income tax is simply a prudent business-friendly tax policy. A recent study completed by Dr. Raul Katz for the Broadband Tax Institute concluded that there is direct

correlation between lower sales taxes on initial equipment purchasing and broadband investment. Simply put, keeping this tax incentive represents a business-friendly policy that attracts private investment in technology.

- **Embrace a “light touch” regulatory policy on IP-related services to encourage investment and innovation in next-generation broadband networks.** There is heavy competition among states for investment by technology companies. Investment decisions are heavily influenced by the regulatory environment. Companies want to know whether their investment will be regulated, or whether they will be able to make decisions more purely on sound business grounds. For states to effectively compete, lawmakers and regulators need to send the right message.

Some 28 states and counting have passed legislation that codifies light touch regulation on IP providers. In other words, many states are looking to attract technology investment by committing to keeping innovative new IP enabled technologies free from outdated telephone regulations that simply don't apply. This is exactly the approach that allowed the Internet and wireless technology to grow and innovate at an unprecedented rate.

This kind of legislation would provide certainty for technology companies looking to invest in their broadband networks and ensures that statutes incent investment in IP enabled services here in Iowa.

We look forward to continuing the dialogue and are delighted to be here today to meet and talk with all of you.

Thank you.