



Communications Workers of America

**The Union for the
Information Age**

AFL-CIO, CLC

CWA: FCC Rulemaking on Open Internet Should Support Investment in Networks, Job Creation

October 16, 2009

Contact: Candice Johnson, CWA Communications, 202-434-1168, cjohnson@cwa-union.org

Washington, D.C. -- The Communications Workers of America has called on the Federal Communications Commission to ensure that its rulemaking process and discussions on how to preserve a free and open Internet take into account investment and job creation.

CWA has long contended that the FCC is the appropriate place to address this issue, and the process should lead to "reasoned discussion among all stakeholders about the technical requirements of network management and the economics of broadband build-out to ensure continued private sector investment in advanced high-speed Internet networks while protecting an open Internet," CWA President Larry Cohen said in a letter to FCC Chairman Julius Genachowski.

Get text of the letter at www.cwa-union.org/cwafccletteropeninternet.

Cohen stressed that the United States depends on private capital to invest in next-generation wireline and wireless networks and to create and maintain jobs in the industry. It's critical that this rulemaking process "does not have an adverse impact on investment and job creation," he said.

CWA called on the FCC's rulemaking process to:

- Put network investment and associated job creation at the center of the discussion, acknowledging that telecommunications is essential to economic recovery and our nation's long-term economic competitiveness.
- Frame a proposed fifth principle protecting consumers from unreasonable discrimination that includes robust carve-outs for managed networks and reasonable network management, while promoting a dynamic, open and public Internet.
- Protect consumers' access to vibrant competition and transparency among all Internet participants, including network providers, application and service providers and content providers.
- Formulate rules regarding wireless networks that recognize the vibrant competition, capacity constraints and other unique characteristics of wireless, especially the financial and legal ramifications of the most recent 700 MHz Auction.

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Via Fax

October 15, 2009

The Honorable Julius Genachowski
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Dear Chairman Genachowski:

The Commission has announced that it will issue a Notice of Proposed Rulemaking (NPRM) on policies to preserve a free and open Internet at its next public meeting.

The Commission undertakes this rulemaking at a time of 10 percent unemployment, and must ensure that this rulemaking does not have an adverse impact on investment and job creation.

CWA has long contended that the Commission is the appropriate place to address this highly contentious and technically complex issue. It is imperative that the Commission begin the rulemaking process with an NPRM that encourages thoughtful dialogue. The NPRM should lead to reasoned discussion among all stakeholders about the technical requirements of network management and the economics of broadband build-out to ensure continued private sector investment in advanced high-speed Internet networks while protecting an open Internet.

We depend on private capital to invest in next-generation wireline and wireless networks, and create and maintain jobs in the industry. A comparison of two market leaders is instructive. Despite the fact that Google has a larger market capitalization than AT&T, AT&T's employment in the United States is 15 times higher. AT&T annual capital expenditures in the United States of \$17 billion is at least ten times higher.

In its recent status report, the Commission's Broadband Task Force showed that private investment, plus Universal Service Funds, plus stimulus dollars fall short of Congressional objectives. The investments made by the top network providers in 2008 (\$63 billion) are five times as much as the federal programs combined. It is crucial that the Commission support the right policy mix of incentives to sustain and enhance these investments that are so critical to America's future.

As a starting point for rational discussion, the NPRM should

- Put network investment and associated job creation at the center of the discussion, acknowledging that the telecommunications sector is essential to recovery in the current downturn and our nation's long-term economic competitiveness.

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- Frame a proposed fifth principle protecting consumers from *unreasonable* discrimination that includes appropriately robust carve-outs for managed networks and reasonable network management, while promoting a dynamic, open, and public Internet. Consumers will benefit from telemedicine, education, energy conservation, entertainment, and other applications and services that will require considerable network management. In addition, revenues from managed services are an essential component of the business case for broadband investment. Higher capacity networks in turn promote a robust public Internet alongside managed networks.
- Ensure consistency in all proposed principles by protecting consumers' access to vibrant competition (4th principle) and transparency (6th principle) among all Internet participants, including network providers, application and service providers, and content providers.
- Carefully formulate proposed rules regarding wireless networks that recognize the vibrant competition, capacity constraints, and other unique characteristics of wireless. In particular, the proposed rules must recognize the financial and legal ramifications of the most recent 700 MHz Auction. In that Auction, the Commission sold off restricted (subject to some open Internet requirements) and unrestricted spectrum. Bidders paid four times as much for the unrestricted as for the restricted spectrum. Imposing after-the-fact open Internet rules on the unrestricted spectrum would artificially interfere with competitive forces in the wireless market.

Thank you for your consideration of these issues. CWA looks forward to active participation in this process as we all keep our eyes on the prize – vibrant investment and job creation in this vital sector of the U.S. economy and protecting an open Internet.

Sincerely,



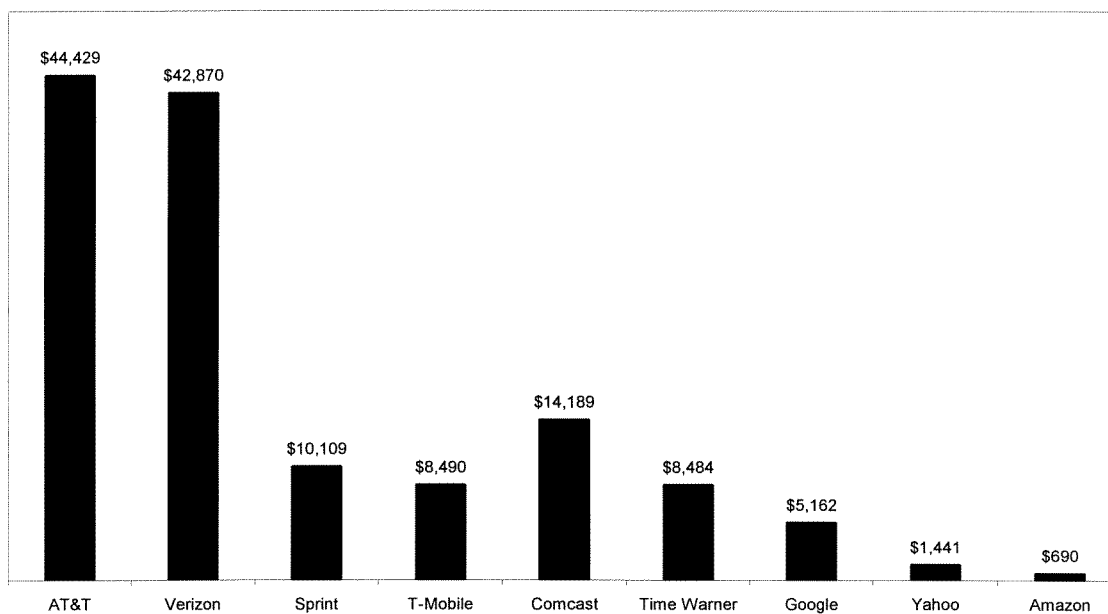
Larry Cohen
President

cc: Commissioner Michael J. Copps
Commissioner Mignon Clyburn
Commissioner Robert M. McDowell
Commissioner Meredith Attwell Baker

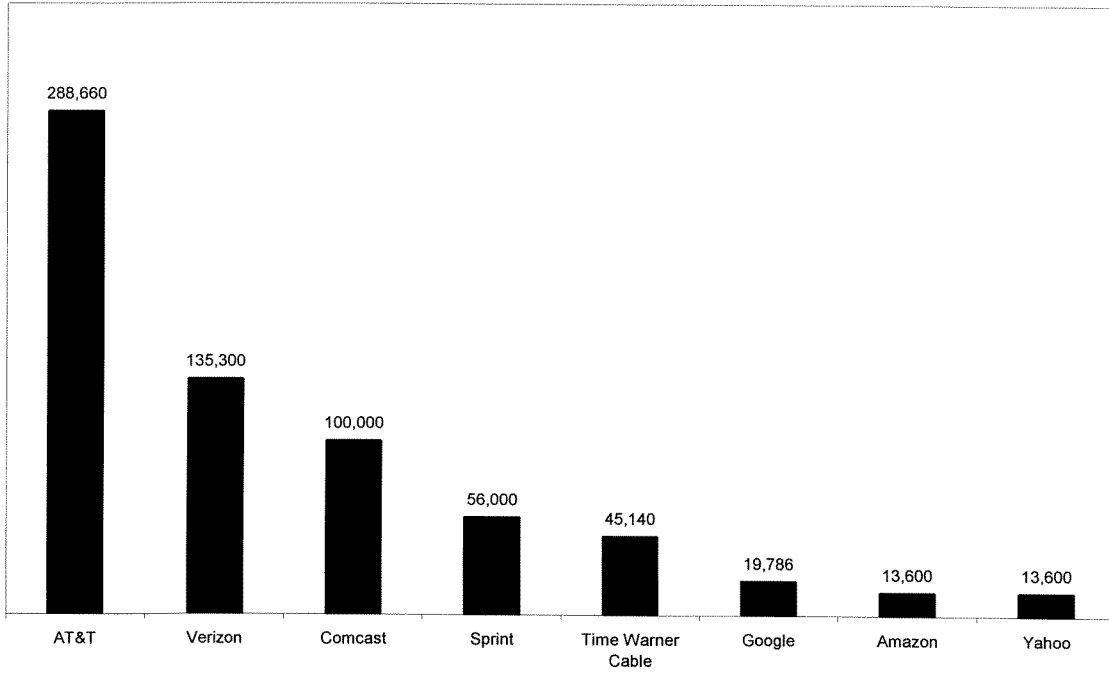
Attachments

Market Leader Comparison		
	Google	AT&T
Market Cap (10/10/09)	\$164 billion	\$151.4 billion
Cap Ex – 2008	\$ 2.4 billion	\$ 19.7 billion
Revenues – 2008	\$ 22 billion	\$123.7 billion
Employees (full-time) 2008	19,786	288,660

Capital Expenditures
2007 through First Half 2009
\$ millions



Employees - 2008



Capital Expenditure, 2007 - First Half 2009
\$ millions

	2007	2008	1H09	2.5 Yr Total	% 2.5 Yr Total
AT&T	\$ 17,717	\$ 19,676	\$ 7,036	\$ 44,429	28.1%
Verizon	\$ 17,538	\$ 17,238	\$ 8,094	\$ 42,870	27.1%
Qwest	\$ 1,669	\$ 1,777	\$ 682	\$ 4,128	2.6%
CenTel	\$ 326	\$ 287	\$ 131	\$ 744	0.5%
Windstream	\$ 388	\$ 317	\$ 140	\$ 845	0.5%
Cinn Bell	\$ 234	\$ 231	\$ 94	\$ 559	0.4%
Sprint	\$ 6,458	\$ 3,039	\$ 612	\$ 10,109	6.4%
T-Mobile	\$ 2,677	\$ 3,603	\$ 2,210	\$ 8,490	5.4%
US Cellular	\$ 565	\$ 586	\$ 229	\$ 1,380	0.9%
MetroPCS	\$ 768	\$ 955	\$ 455	\$ 2,178	1.4%
Leap	\$ 505	\$ 796	\$ 426	\$ 1,727	1.1%
Comcast	\$ 6,158	\$ 5,750	\$ 2,281	\$ 14,189	9.0%
Time Warner	\$ 3,433	\$ 3,522	\$ 1,529	\$ 8,484	5.4%
Cox	-	-	-	\$ -	0.0%
Cablevision	\$ 781	\$ 909	\$ 379	\$ 2,069	1.3%
TWT	\$ 260	\$ 277	\$ 135	\$ 672	0.4%
DirectTV	\$ 2,326	\$ 1,765	\$ 785	\$ 4,876	3.1%
DISH	\$ 1,445	\$ 1,130	\$ 467	\$ 3,042	1.9%
Network Operators Total	\$ 63,248	\$ 61,858	\$ 25,685	\$ 150,791	95.4%

Google	\$ 2,402	\$ 2,358	\$ 402	\$ 5,162	3.3%
Yahoo	\$ 602	\$ 674	\$ 165	\$ 1,441	0.9%
Amazon	224	333	133	\$ 690	0.4%
Content Providers Total	\$ 3,228	\$ 3,365	\$ 700	\$ 7,293	4.6%

Network Operators + Content Providers Total	\$ 66,476	\$ 65,223	\$ 26,385	\$ 158,084	
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Source: SEC Forms 10-K and 10-Q