

AT&T - Fiber's Next Mile

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Decision scope: U.S. consumer and business broadband expansion

Case convention: Historical disclosures are separated from the hypothetical choice. This case does not represent private AT&T deliberations or an approved alternative investment plan.

The decision

AT&T ended 2023 with fiber passing more than 26 million consumer and business locations. Management said the company was on track to pass more than 30 million by the end of 2025. AT&T also offered Internet Air, a home broadband service delivered over its 5G network where available. It reported 93,000 Internet Air subscribers at year-end. [S1](#), Item 1, Consumer Wireline; [S2](#), “A leading investor in America’s broadband infrastructure”; [S5](#), prepared remarks, p. 6.

The two offerings draw on different parts of AT&T’s network and require different customer and capacity economics. Fiber extends a wired access connection with substantial, upgradeable capacity. Internet Air can serve a home through the 5G network without a new wired last mile, but its service depends on local radio coverage, available capacity, spectrum and backhaul. AT&T had not publicly disclosed product-level returns or a fiber-versus-Internet-Air budget.

Assignment: As a member of AT&T’s strategy team at the 23 February 2024 cutoff, recommend how the company should approach its next phase of broadband expansion. Should it maintain the announced fiber-location trajectory and use Internet Air selectively as a complement, or direct a greater share of marginal expansion toward fixed wireless in locations where the existing 5G network has serviceable coverage and capacity? You may recommend a conditional approach. Identify the evidence and decision rules needed to support your recommendation. Any proposed shift is a classroom alternative, not an announced or approved AT&T plan.

Use only information available by 23 February 2024. Do not assume that the company-wide capital outlook is a broadband budget or that fiber and fixed wireless are interchangeable at every location.

A network in transition

AT&T described Internet Air as fixed wireless home internet delivered over its 5G network where available. The company also reported approximately 15 million customer locations receiving broadband or internet service and 8.307 million fiber connections at year-end 2023. The 15 million figure is a customer-location measure; the 8.307 million figure is connections. Neither is the number of locations passed by fiber, and neither provides a direct measure of Internet Air availability. [S1](#), Item 1, Consumer Wireline, “Broadband Services”; Item 7, “Selected Subscribers and Connections.”

The 2023 operating figures show movement in both offerings alongside continuing changes in the legacy base:

Exhibit 1. AT&T broadband snapshot

Measure	Reported result	Period and scope
Fiber locations passed	26 million+	Year-end 2023; consumer and business locations
Fiber-location ambition	30 million+	Company target by year-end 2025
Fiber subscriber additions	1.1 million	Full year 2023
Fiber net additions	273,000	Q4 2023
Internet Air net additions	67,000	Q4 2023
Internet Air subscribers	93,000	Year-end 2023; service offered in parts of 35 locations
Total broadband gains, excluding DSL	19,000	Q4 2023; other non-fiber losses more than offset the fiber and Internet Air additions

Sources: S2, “A leading investor in America’s broadband infrastructure,” “Communications Operational Highlights” and “Consumer Wireline”; S5, prepared remarks, p. 6. “Locations passed” is availability, not a connected customer. Product net additions are not equivalent to total broadband growth.

AT&T said broadband revenue growth in 2023 reflected fiber customer growth and higher average revenue per user, partly offset by declines in copper broadband. Management described fiber’s efficiencies and “owner economics” as part of its strategy. Those explanations do not provide a matched comparison of fiber and Internet Air investment returns. The 10-K also said the company was evaluating where existing copper infrastructure could be turned down. S1, Item 7, Consumer Wireline, “Operating Results” and “2024 Revenue Trends”; Item 1, Consumer Wireline.

Copper migration carried regulatory and customer considerations. AT&T disclosed that it was transitioning services from its copper-based network and seeking state or federal approvals where required. It warned that failure to obtain approvals, or approvals with onerous conditions, could cause significant costs and competitive disadvantages. The filing did not provide a jurisdiction-by-jurisdiction approval schedule or say that each migration required the same approval. S1, Item 1A, risk factor on regulatory approvals and transition of services from the copper-based network, p. 11.

Scale and competitive context

The investment choice sits within a large company-wide capital programme. AT&T reported capital expenditures of \$17.9 billion for 2023. Its broader capital-investment measure was \$23.6 billion, including \$5.7 billion of cash payments for vendor financing. For 2024, management expected capital investment of \$21-22 billion and free cash flow of \$17-18 billion. At year-end 2023, total debt was \$137.3 billion and net debt was \$128.9 billion. The company's capital-investment and free-cash-flow figures are non-GAAP measures. None of these totals identifies the amount allocated to fiber or Internet Air. [S2](#), "Full-Year Results" and "2024 Outlook."

Exhibit 2. AT&T capital and balance-sheet context

Measure	Reported amount	Scope / definition
2023 capital expenditures	\$17.9bn	Full company, FY2023
2023 capital investment	\$23.6bn	Full company; includes \$5.7bn cash payments for vendor financing
2024 capital-investment outlook	\$21-22bn	Full company, management outlook
2024 free-cash-flow outlook	\$17-18bn	Full company, management outlook; non-GAAP
Total debt at year-end	\$137.3bn	31 December 2023
Net debt at year-end	\$128.9bn	31 December 2023; non-GAAP

Source: [S2](#), "Full-Year Results" and "2024 Outlook." Amounts are company-reported; they do not constitute a broadband allocation or a financing constraint specific to this decision.

Competitors were also using mobile networks to serve home broadband customers. T-Mobile reported 4.8 million High Speed Internet customers at year-end after 2.1 million net additions during 2023. Verizon reported approximately 3.1 million fixed-wireless broadband connections across its Consumer and Business segments combined. AT&T separately reported 93,000 Internet Air subscribers. These figures use company-specific product and reporting definitions; they do not establish comparative market share, address-level overlap or profitability. [S3](#), "High Speed Internet"; [S4](#), FWA description; [S2](#), "Consumer Wireline"; [S5](#), prepared remarks, p. 6.

Exhibit 3. Competitor fixed-wireless indicators

Company	Disclosed measure	Date / scope
T-Mobile	4.8m High Speed Internet customers	31 December 2023; company-defined product metric
Verizon	3.1m FWA broadband connections	31 December 2023; Consumer and Business combined
AT&T	93,000 Internet Air subscribers	Year-end 2023; offered in parts of 35 locations

Sources: [S2](#), "Consumer Wireline"; [S3](#), High Speed Internet section; [S4](#), Part I, Item 1, fixed wireless access; [S5](#), prepared remarks, p. 6. Product definitions and segment scopes differ; the values are not a direct comparison of penetration, service quality or customer economics.

The choices

The announced plan gives AT&T a clear fiber expansion trajectory. Fiber can provide a high-capacity connection and may support other network and customer benefits. It also requires construction and customer acquisition, and returns may vary with density, construction conditions, competition and take-up. The public disclosures do not provide project-level costs or returns.

Internet Air offers another way to extend home broadband over AT&T's 5G network. In selected areas it could reduce the need for a new wired last mile and add customers to an existing network. Its economics and customer experience may depend on whether the cell and backhaul have capacity for additional fixed traffic, what upgrades are needed, and how many customers can be served reliably. The public disclosures do not provide those local inputs or Internet Air cohort profitability.

Three approaches are available for this exercise:

1. **Maintain the announced fiber trajectory.** Continue toward the more-than-30-million location target and use Internet Air where it fits the network and customer proposition. Explain how AT&T should assess construction pace and the role of fixed wireless.
2. **Shift more marginal expansion toward fixed wireless.** Propose a greater role for Internet Air in suitable locations while preserving fiber for areas where its capacity or customer economics justify construction. State how to identify suitable locations and guard against capacity or customer-experience problems.
3. **Use explicit local conditions to sequence both.** Preserve the announced ambition while making the timing and mix of incremental deployment depend on specified evidence, triggers and review points. Explain how this approach handles the cost of waiting and the risk of locking in the wrong network choice.

These are analytical alternatives for students. AT&T did not announce them as options under board review. Do not assign a dollar amount to a shift without clearly labeling it as a classroom assumption and explaining the evidence required.

Your recommendation

Prepare a two-page recommendation for AT&T's strategy leadership. Select an approach and explain:

- Which customer and location conditions should determine the role of fiber and Internet Air?
- How should AT&T balance construction economics, service capacity, customer experience, legacy-network transition and competitive response?
- What evidence would management need before accelerating, holding or slowing either path?
- What metrics and decision triggers would you use over the next 12 months?
- What is the strongest argument against your recommendation, and what would cause you to change course?

Sources and conventions

All facts and definitions above were public by the 23 February 2024 cutoff. Management targets, forecasts and descriptions are attributed as company statements. The alternatives and assignment are hypothetical. All values retain the period and scope reported by the source; locations passed, customers, subscribers and connections are not interchangeable.

S1. AT&T, [FY2023 Form 10-K](#), filed 23 February 2024; year ended 31 December 2023. Item 1, Consumer Wireline and Broadband Services; Item 1A, copper-transition approval risk, p. 11; Item 7, Consumer Wireline and capital investment; “Selected Subscribers and Connections.”

S2. AT&T, [“AT&T Delivers Strong 2023 Results Driven by 5G and Fiber Growth”](#), 24 January 2024. Full-year results and outlook; infrastructure strategy; communications operating highlights; Consumer Wireline.

S3. T-Mobile US, [“T-Mobile Delivers Industry-Leading Growth in Customers, Service Revenues, Profitability and Cash Flow in 2023”](#), 25 January 2024. Opening highlights and High Speed Internet section.

S4. Verizon Communications, [FY2023 Form 10-K](#), filed 9 February 2024. Part I, Item 1, Business, fixed wireless access; 3.1 million Consumer and Business connections combined.

S5. AT&T, [Q4 2023 earnings-call transcript](#), 24 January 2024. John Stankey prepared remarks, p. 6.