



What California Is Giving Up to Keep Copper Online

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During a moment when affordability remains a top concern for voters, policymakers must be especially sensitive to the downstream costs of their regulatory choices. Regulatory requirements that increase the cost of building and maintaining networks also raise prices for consumers and slow network improvements. In California, the embattled requirement to maintain the state's outdated copper networks is a costly example of how regulatory obligations can become a burden that raises costs and slows deployment of modern networks.¹

INTRODUCTION

As daily life continues to move online, reliable, high-speed internet has become a necessity. From work to healthcare to education, Americans depend on broadband to participate in the modern economy and remain connected. Rising consumer demand, combined with intense competition and government funding, has driven heavy investment across different technologies, with better coverage and quality of service than ever before.

Still, achieving high-quality, universal connectivity is a challenging goal, and policy plays an instrumental role in making it happen.² One branch of policy is national. For example, with the 2021 passage of the Bipartisan Infrastructure Law, Congress created

¹ This report updates and revisits a topic explored by PPI in our November 2023 report: Malena Dailey, "The Opportunity Cost of Maintaining Copper Networks in California," Progressive Policy Institute, November 14, 2023. <https://www.progressivepolicy.org/wp-content/uploads/2023/11/California-Telecom-PPI.pdf>.

² Michael Mandel and Elliott Long, "A Radically Pragmatic Agenda to Connect Rural America," Progressive Policy Institute, June 2021, <https://www.progressivepolicy.org/a-radically-pragmatic-agenda-to-connect-rural-america/>.

the Broadband Equity, Access, and Deployment (BEAD) program, allotting more than \$42 billion over the next several years to expand broadband to underserved communities across the country. These funds supplement the massive spending by broadband companies such as AT&T, Verizon, Comcast, and Charter. According to estimates in PPI's annual "Investment Heroes" report, these four companies alone have invested \$325 billion in the United States over the past five years.

The second branch of policy is at the state level, where regulatory choices can make it easier or more costly to expand high-speed broadband. Consider California, for example, where a regulatory framework designed for a different era is complicating the expansion. By designating certain service providers as "carriers of last resort," California requires them to provide basic telephone service to all customers within a designated service area.

These obligations, in turn, require the maintenance of copper networks, which represent a relic of the past that have not kept up with the standards of modern technology. In California, only 3% of the households served by AT&T still use traditional phone services.³

In 2024, the California Public Utilities Commission (CPUC) dismissed AT&T's application to be relieved of these obligations, making California the only one of 21 states where AT&T still operates copper networks not to grant relief. The decision has triggered a legal fight and federal action that could preempt the CPUC's authority on the issue, both of which remain unresolved.⁴

³ Jeff Baumgartner, "AT&T Sues California Amid Big Push to Retire Copper in the State," Light Reading, May 21, 2026, <https://www.lightreading.com/regulatory-politics/at-t-sues-california-amid-big-push-to-retire-copper-in-the-state>.

⁴ While this paper won't explore the detailed legal dynamics at the center of the ongoing lawsuit between the California Public Utilities Commission (CPUC) and AT&T, the conflict does speak to the broader tension between regulatory requirements and the goals they are meant to advance.

WHAT COPPER COSTS CALIFORNIA

Despite the small and continually shrinking user base, significant resources are still expended on maintaining legacy networks. AT&T, for example, reported in its May 2026 federal complaint that it spends over \$1 billion annually operating and maintaining copper networks in California alone.⁵

That annual cost is more than half of the \$1.86 billion California received in total from the BEAD program.⁶ The cost of maintaining copper networks can also be compared to the \$19 billion that AT&T has publicly committed to expanding high-speed connectivity across California through 2030.

At the same time, the costs of maintaining copper networks are growing. Surging copper prices have triggered a wave of theft targeting vulnerable infrastructure like aging copper wires in remote regions. In 2025, AT&T experienced more than 4,300 incidents for a loss of more than \$57 million.⁷ Rising energy costs have also impacted operations, with AT&T estimating that retiring its California copper network would save about 300 million kilowatt-hours annually — equivalent to approximately 17 million gallons of gasoline.⁸ Every year that the state's transition to high-speed broadband is delayed, the costs of maintaining the old networks grow.

THE OPPORTUNITY COSTS OF COPPER

The opportunity costs associated with the state requirement to maintain deteriorating copper networks are higher than ever. In particular, the resources dedicated to

⁵ Pacific Bell Telephone Company d/b/a AT&T California, "Complaint for Declaratory and Injunctive Relief," Pacific Bell Telephone Company d/b/a AT&T California v. Reynolds et al., No. 3:26-cv-03148 (S.D. Cal.), May 20, 2026,

<https://storage.courtlistener.com/recap/gov.uscourts.casd.856308/gov.uscourts.casd.856308.1.0.pdf>.

⁶ Office of Governor Gavin Newsom, "California Gets Nearly \$2 Billion in Federal Funding to Boost High-Speed Internet Access," State of California, June 26, 2023, <https://www.gov.ca.gov/2023/06/26/california-gets-nearly-2-billion-in-federal-funding-to-boost-high-speed-internet-access/>.

⁷ Rahdeese Alcutt, "Copper Theft — What We're Missing," AT&T, April 3, 2026, <https://about.att.com/blogs/2026/copper-theft.html>.

⁸ "AT&T Makes \$19 Billion Commitment to Bring High-Speed Connectivity to California," AT&T, May 20, 2026, <https://about.att.com/story/2026/att-makes-ca-commitment.html>.

maintaining legacy copper networks could instead be put to use in expanding coverage.⁹

Forecasting the precise cost of extending coverage to any particular location is challenging, and depends on factors like terrain, proximity to existing infrastructure, density, and other engineering considerations. However, a straightforward estimate can be constructed using publicly available data from California's BEAD program, which acts as a useful benchmark because it puts a price on connecting many of the state's underserved locations. California's BEAD Final Proposal includes two related datasets: one listing each approved project and its funding amount, and another with each of the approximately 338,000 locations to be served, along with the technology type assigned to it. PPI matched the datasets to calculate the total "all-in" cost of a project (federal support plus private provider matching) and divided it by the number of locations each project served, producing an average cost per location for each technology.¹⁰

According to PPI calculations, fixed wireless projects funded through California's BEAD funds cost an average of \$1,469 per location, including both federal support and provider match. The average cost per location using fiber technologies was \$14,733. As Figure 1 indicates, the billion dollars spent annually on maintaining California's copper networks is equivalent to the cost of deploying fixed wireless to roughly 680,000 locations. Freed from sustaining a network that serves a shrinking subset of Californians, providers would have additional flexibility to invest in accelerating deployment where it is needed most.

⁹ Jake Neenan, "California Announces Grant Winners with BEAD Final Proposal," Broadband Breakfast, December 3, 2025, <https://broadbandbreakfast.com/california-announces-grant-winners-with-bead-final-proposal/>.

¹⁰ Our methodology omits two projects which cannot be straightforwardly categorized.

Figure 1: Projection of Opportunity Cost Presented by Continuing to Maintain Copper Wiring

Technology	Cost per location (all-in)	Locations served annually (\$1 billion)
Fixed wireless	\$1,469	680,570
Fiber	\$14,733	67,875

Source: PPI analysis of California BEAD Final Proposal data

CONCLUSION

In California, getting high-speed broadband into customers' hands should be policymakers' paramount goal. Yet at the precise moment when aggressive investment is needed most, the state's antiquated requirements to keep outdated copper phone networks online work against this objective. This self-imposed drag on investment also raises costs for providers and strains consumers who already face rising living expenses elsewhere.

Regardless of how the ongoing legal battles surrounding California's copper networks are resolved, the underlying principle will not change: costly regulatory requirements are undercutting efforts to connect more Californians to modern, reliable technology. Freeing up essential resources currently used to sustain a network few Californians still use — a transition AT&T plans to pursue where customers have alternative services available — would pave the way for providers to accelerate ongoing buildout efforts. Now is the time for policymakers to modernize these rules and get high-speed broadband into the hands of Californians as soon as possible.

ABOUT THE AUTHOR

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Founded in 1989, PPI started as the intellectual home of the New Democrats and earned a reputation as President Bill Clinton's "idea mill." Many of its mold-breaking ideas have been translated into public policy and law and have influenced international efforts to modernize progressive politics.

Today, PPI is developing fresh proposals for stimulating U.S. economic innovation and growth; equipping all Americans with the skills and assets that social mobility in the knowledge economy requires; modernizing an overly bureaucratic and centralized public sector; and defending liberal democracy in a dangerous world.

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