

**Mesilla Valley Economic Development
Hotel Encanto
November 18, 2014**



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Broadband and Economic Development

Education, healthcare, and economic development are three critical sectors that impact the lives of all New Mexicans, and all those sectors rely on technology. That reliance includes high-speed, reliable, broadband infrastructure as well as a huge array of technology applications.

New Mexico ranks in the bottom quarter of states with minimally adequate broadband. Even more critical is the lack of broadband in rural areas where 25% of the state's population and 39% of the businesses reside.

Broadband Assessment and Recommendations: Education, Healthcare, and Economic Development
November 2013



Broadband and Economic Development

- Speedmatters.org says that for each \$5 billion in new broadband investment, 250,000 jobs are created in the United States.

- Creating a more business friendly environment for broadband investment is an economic vitality and development decision. Investment in broadband is imperative for our state to adequately support education, telemedicine and create a regionally competitive state for economic investors.

The Current Regulatory Environment

The issues we face in New Mexico:

- Currently, New Mexico's phone companies are governed by complicated and disparate regulations. For example: incumbent phone carriers have three levels of regulation based on size while other companies, such as wireless carriers, are not regulated at all.
- The regulations that govern telecommunications are outdated. CenturyLink, for instance, is governed by a 1985 law that went into effect well before the wide adoption of wireless and the internet.
- These out-of-date rules have hurt investment in New Mexico's broadband as companies like CenturyLink are required to divert resources to 20th century regulatory voice requirements in the 21st century era of broadband and wireless. Surrounding states have modernized their regulatory environments and have experienced more investment in broadband and more competition.

The Regulatory Environment

- CenturyLink is currently regulated under a system that was devised when Toney Anaya was governor (1985) and there were very few telephone options for consumers.
- Up until 1999 , CenturyLink was regulated like all other carriers under the 1985 law.
- Since 1999, the rural telephone companies have been regulated under § 63-9H-1 *et seq.*, the Rural Telecommunications Act. In 2006 Windstream was given special mid sized provisions.
- The Rural Telecom act has successfully regulated incumbent carriers in the state and fostered healthy competition since 1999.
- In the 14 years since those companies have been regulated under this framework, there has been no monopoly and healthy competition and investment in infrastructure has dramatically changed the competitive landscape.

The Current Regulatory Environment

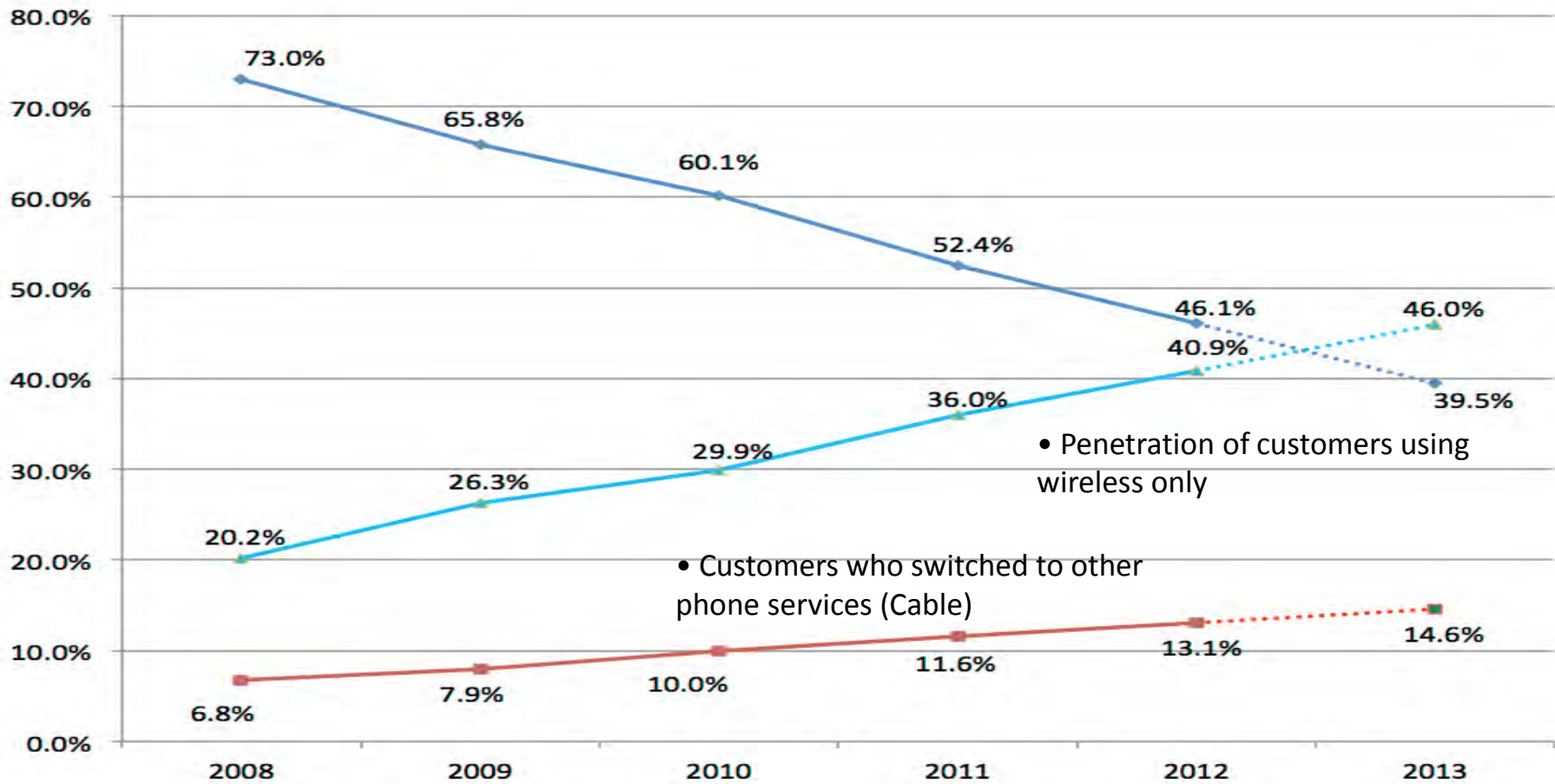
- The 1985 law was written when the predecessor Bell company had 90-percent market share. CenturyLink currently has less than 30-percent market share (nowhere near a monopoly) in a landscape where other wireline carriers are lightly regulated and wireless companies aren't regulated at all.
- CenturyLink supports a level of regulation equal to its competitors so that it is free to make investments in the state's future and new technologies, rather than in a shrinking industry.
- No other state regulates Incumbent carriers with 50k lines or more the way CenturyLink is regulated in New Mexico. This level of regulation is costly and prevents full investment potential in broadband.

Where should investment in our future be?

- Like every other incumbent carrier, CenturyLink has experienced significant line loss in New Mexico: **From over 800,000 in 2001 to about 364,000 today.**

New Mexico

Primary Line Telephone Service Penetration as a % of Households, 2008 - 2013E



- ILEC Switched
- Landline Other than ILEC Switched
- Wireless Only

Sponsorships and Memberships

- Greater Las Cruces Chamber of Commerce
- Las Cruces Hispanic Chamber of Commerce
- Mesilla Valley Economic Development Alliance (MVEDA)
- New Mexico State University Athletics
- Big Brothers Big Sisters of SWNM
- Cornerstone Building Block Partner at the United Way of Southwest NM

Investment in your community

- 94% of households in Dona Ana County have access to internet from CenturyLink and 78% of Dona Ana County customers qualify for 7 Mbps or higher internet speeds
- Since 2011 CenturyLink has invested over 28 million dollars in the Las Cruces metropolitan network
- 49 employees in Las Cruces
- Annual combined Food Drives of 2013 and 2014 gave \$98,565 and 1,594 lbs of food to Casa de Peregrinos
- Recent technology advancements in the Las Cruces allow CenturyLink to now extend its fiber network all the way to the home

Local Teachers and Technology Grant Winners

- Jennifer Mora, Jornada Elem School, \$4,500 in 2014
- Susan Clark, Tombaugh Elem School, \$4,500 in 2014
- Mindy Tapia, East Picacho Elem, \$4,910 in 2013
- Michelle Estrada, Desert Hills Elem, \$5,000 in 2013

THANK YOU

"There are many examples of how competition stimulates innovation, creates market opportunity and delivers better customer value. This winning formula contributes to economic development." Larissa Herda, Chief Executive of TW Telecom.

THANK YOU!!!!!!!

Katherine Martinez

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