

**TESTIMONY OF EDWARD J. LOPEZ, JR.
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FCC PUBLIC HEARING: OVERCOMING OBSTACLES
TO TELEPHONE SERVICE FOR INDIANS ON RESERVATIONS
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Thank you for your interest in New Mexico and for giving me the opportunity to speak with you today. U S WEST is the largest telephone company in New Mexico with over 800,000 access lines throughout the state. We're also the largest rural telephone company in New Mexico, serving 71 percent of all rural access lines in the state. Because of this, we have an interest in telecommunications issues that extend far beyond the boundaries of Albuquerque.

U S WEST has long been concerned with the quality of service for Native American communities throughout New Mexico. Recently, we started work on a fiber link to the Laguna and Acoma pueblos that will change the way people in these communities do business, receive health care, and educate their children. This project took many months to get off the ground and we're very proud of it.

But please understand that for every Laguna or Akoma there are several other Native American communities that are relegated to the dirt road of the Information Superhighway.

And I want to stress that this problem is not confined to the pueblos of New Mexico. Over the last several months I've been part of a U S WEST team that has met with dozens of communities all across this state. We've been to Portales, located 40 miles from the Texas border, to talk about ATM switch upgrades and other critical technologies that will help them attract call centers to their community. We've talked to communities like Raton, Silver City and Grants about Frame Relay upgrades and building telemedicine and distance learning networks – all things that we can provide as a company if barriers to investment are removed.

What we've learned from working with these communities is that access to the Information Superhighway is just as critical today as it was 50 years ago when we built the Interstate Highway system. That was a national effort and we're still receiving the dividends as a nation. We need to continue this same commitment at the federal and state level in the area of telecommunications.

There are two prevailing views on how we can close the gap between the telecommunications services available in Albuquerque and those available to Native American communities. I expect you'll hear both expressed today.

The first holds that as long as we cap basic rates and protect service quality, all companies should compete under the same terms. Under this scenario, barriers to investment and efficiency are eliminated and customers throughout the state benefit. I can say today that by removing these regulatory barriers companies like U S WEST can provide solutions to needy communities on a far greater scale.

The second approach suggests we can regulate a solution that provides advanced services regardless of where people live. This approach requires a few companies to provide a certain level of service in communities throughout the state. It ignores the laws of the marketplace that encourage companies to target lucrative business customers in Albuquerque and ignore the rest of the state.

The problem with the second approach is that we've been there and done that here in New Mexico. Your very presence here today suggests that the regulatory approach has not produced the proliferation of advanced services that communities need in today's economy. And those who think we can tinker around the margins by removing one layer of regulation while adding another are fooling themselves.

It should not go unnoticed that this panel does not include a single competitive local exchange carrier. Where are AT&T, MCI-Worldcom, e.spire, GST or any of the other companies who provide competitive local service in New Mexico. It's a fact that 95 percent of the competition for local phone service is concentrated in a single metro area: Albuquerque. It's a fact that practically 100 percent of the customers in this state who have switched local service providers are high volume businesses. We'd like to have the AT&Ts and MCIs bring their resources to bear to help solve this problem, but so far they've not been willing to do so.

So what should public policy makers at the state and federal level do to correct this problem.

First, throw away the Joint Board's recommendations on Universal Service. The Joint Board's recommendations will exacerbate the digital divide, creating a two-tiered society of haves and have-nots. I will go into greater detail in my written testimony, but let me provide an example of how New Mexico loses if the Joint Board's recommendations are adopted. Using HAI 5.0 data at the low-end 115 percent benchmark, New Mexico's high-cost customers, including Native American reservations, would receive no federal Universal Service funding. At the high-end 150 percent benchmark, only Wyoming would receive federal funding. That's devastating to New Mexico. In New Jersey there are 30,000 low cost customers for each high cost (\$100/month or more to serve) customer. In New Mexico there are 58 low cost customers to support each \$100 customer. New Mexico simply cannot afford to go it alone.

The second thing public policy makers must do is tear down the barriers to investment. We're in the process of doing that here. Community leaders from all over New Mexico are working with U S WEST to develop a plan that will level the competitive playing field and guarantee tens of millions of dollars of investment in communities throughout the state.

In closing, I would like to commend you once again for coming to New Mexico and seeing first hand the challenges that exist in serving Native American communities. No one understands better than U S WEST that telecommunications is the "great equalizer" in today's society. We're determined to make New Mexico one of the first digital states in the nation and move it from the bottom to the top of the list in state-of-the-art technologies and advanced services. We need your help.