



**Presentation to  
Science Technology & Telecommunications Interim Committee  
November 14, 2016  
Santa Fe, NM**

Mr. Chairman, members of the Committee, thank you for the opportunity to address you this afternoon concerning broadband services in rural New Mexico. My name is Charlie Ferrell and I am the Executive Director of the New Mexico Exchange Carrier Group (NMECG). The NMECG is a Telephone Association comprised of telecommunications cooperatives and companies offering services to customers throughout rural New Mexico. The NMECG members are 7 cooperatives, 3 small commercial companies and 2 larger commercial companies.

I have provided the make-up of NMECG Membership in the past and to save time for this committee I will dispense from naming them.. In last month's ST&T meeting I highlighted what our NMECG High Cost companies done in providing broadband services to its customers. Several of the communities have fiber to the home and 90% to 95 % can have broadband services if they want it. Our high cost companies have been leaders in providing broadband services for rural NM customers.

But still more work to do especially For the rural customers that do not live in some of the communities that have access to good broadband speeds.

Our companies have made very good progress in providing broadband services because of the Federal Universal Support mechanism and the NM State Universal service fund.

The NMECG members are utilizing the support they have received from the Federal USF and the NM SRUSF to make substantial investments in broadband in rural areas of New Mexico.



**Despite the progress, there is more to be done:**

The New Mexico High Cost companies who have receive support from Federal Universal Service fund are now facing some uncertainties about whether they will receive the same support in the future. Based on recent information from the FCC, **some carriers will receive less.**

That is why the NM Universal Service Fund is so important to the rural carriers. The fund has done what it has intended to do, keep rural rates at affordable levels, similar to what is provided in urban areas. It has provided the financial stability to continue to make investments in broadband services for its rural customers as well as landline support. Loss of the fund support for landline services will price the land line cost so high, the land line customer will not be able to afford the service. Again, without both support mechanisms the high cost companies cannot continue to make the investments in broadband services.

**PRC Establishes a Broadband Funding Process Taskforce:**

The NMECG members enthusiastically supports the NMPRC new Broadband Plan to offer grants requires the companies to provide part of that investment requirement themselves and want to invest in rural areas of NM.

**That Broadband Program is currently scheduled to commence in 2017 and, pursuant to a detailed application/review/prioritization procedure, will provide support for eligible broadband projects proposed by wireline and wireless carriers for rural areas that lack**



**broadband service. The amount of funding that will be available is still under review. It is estimated that the program will generate \$5.0M a year. The PRC program appears to be the start of an opportunity for crucial additional financial support to be made available for the greatly needed expansion of broadband in New Mexico's rural areas.**

**There is no doubt that more is needed in the way of support to continue and expedite the expansion of broadband in our State. Federal support will not be enough, and the PRC's Broadband Program will likely have relatively small funding available, at least at the outset. I know these are difficult financial times and that the budget crisis is serious. If the Legislature finds it can appropriate State funds for expanding broadband, the NMECG will certainly do what it can to support such initiatives. The Committee may wish to consider the PRC's Broadband Program as a vehicle for directing support on a project-by-project basis that will enable expansion of broadband to the most underserved and unserved customers in a prompt and effective manner.**

In any event, the members of the NMECG will do all they can, as they have in the past, continue to do all they can to provide affordable and high quality telecommunications services, including broadband service, to their customers in rural areas of our State.

Again, thank you for the opportunity to talk about what our rural telephone companies have done to provide broadband services in rural New Mexico and what they need in the way of continuing support as they expand the availability of broadband services to their rural customers.

I stand for questions.



Questions: to refute

1. Fiber to the home?
2. NECA REQUIREMENTS