

PRESS RELEASE

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An Open Letter to the Public Regulation Commission Hold Qwest Accountable

Dear Commissioners,

On November 8, you have a decision to make that will resonate throughout New Mexico and the United States. In the case of Qwest's failure to invest in infrastructure improvements in accordance with their agreement, I urge you to stand up for the concerns of ratepayers and everyday New Mexicans.

Qwest has been operating in New Mexico for many years, under one name or another. They have made a lot of money serving our communities, both residential and commercial customers. And, frankly, they have a record of doing inadequate work.

In 1987, Qwest was caught overcharging its customers, and the Corporation Commission ordered them to invest \$2 million annually in the Rural Extension Fund, to establish infrastructure in places most in need of basic telecommunication improvement. They failed to do invest that money, and now \$15 million sits languishing in their bank accounts while many New Mexicans still can't get basic service. But that's penny ante.

In 2001, when Qwest wanted to raise its phone rates, the PRC granted conditional approval, requiring Qwest to invest about \$750 million locally, again primarily for infrastructure improvements. Five years later, it turns out they came up short- way short. They underinvested by \$220 million. Those are real stakes.

When you, the PRC, ordered they refund the difference, Qwest refused. They sued, claiming you had no regulatory authority. Now that they've lost their suit, it's again up to the PRC to determine what to do about the underinvestment.

But this case is about much more than Qwest's breach of contract. It's about the role of corporations and the governmental agencies that regulate them. It's about the balance between corporate "rights" to make a profit versus corporate responsibility to the communities they serve.

Qwest has an annual income of over \$13 billion and reported profits of \$205 million dollars in the first six months of 2006. Yet President Loretta Armenta, in her opinion piece printed Aug 4 in the Albuquerque Journal, feels she "must make one thing perfectly clear: if Qwest is required to refund the \$220 million shortfall in AFOR investment, there will be few, if any, dollars left over to invest in New Mexico's telecommunications infrastructure."

Qwest made a promise to New Mexicans, and it is up to the PRC to enforce that promise. Qwest's failure to fulfill its obligation has slowed economic development in New Mexico, particularly in rural and tribal areas. Many small and home based businesses rely on high speed internet to succeed, as do many students pursuing high school diplomas and advanced degrees. All New Mexicans, urban and rural, deserve access to quality phone and internet service.

The PRC has a clear solution: require Qwest to invest the \$220 million shortfall immediately. I propose an 18 month timetable, with strict oversight and intermediate targets. The investment should be audited every six months, and if Qwest fails to reach their targets, their license to do business in New Mexico should be revoked. Qwest should also be required to submit to a full audit of their books by PRC accountants, annually, to ensure that they offer just and reasonable rates, and provide efficient and honest service.

Requiring Qwest to invest in the promised infrastructure will not only help New Mexico finally get the telecommunications service we so desperately need, but it will create construction jobs in areas which would benefit from the infusion of capital. It is the least Qwest can do in exchange for the privilege of operating as a monopoly in our beautiful state.

New Mexico is watching. Will the PRC stand up for everyday New Mexicans, or be a rubber stamp for corporate malfeasance?

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