Montana Independent Telecommunications Systems

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United We Stand

MONTANA TELECOMMUNICATIONS

JANUARY 2003

OPASTCO recently released a White Paper, "Universal Service in Rural America: A Congressional Mandate At Risk", focusing on six key principles for policy relating to the high-cost universal service fund. The White Paper can be viewed at: http://www.opastco.org/docs/USFWhitePaper.pdf

MITS BITS

Helping others understand what we do

The strength of cooperative companies lies in their ability to work together to achieve common goals. Staff and management of co-ops demonstrate that every day. We at MITS express our appreciation to the directors and managers of our member companies for all you do to help us do our work well.

Our recent Tech Symposium is an example of what we can accomplish when we share our talents. A special thanks to **Nemont's** Pat Kanning, Doris Adams, Rosie Hudyma & Diane Archer and **Triangle's** Cheryl Carlson & Christy Keto for the tremendous help both "at home" behind the scenes and at the symposium. Thanks to **Northern's** Wayne Vick, **Triangle's** Tim Hodges and **Vision Net's** Corey Jensen for conducting workshops and sharing their expertise and experience.

MITS thanks Nemont for sharing staffer Ron Ostberg with MITS during the 2003 Montana Legislative Session. Ron, a veteran lobbyist, is a familiar face in the legislative halls and, given the tremendous fiscal pressures on this Legislature, is a vital member of the MITS legislative team.

Mark Your Calendar

- √**Feb 10-13:** NARUC Winter Committee Meetings (Washington, D.C.)
- √**Feb 2-6:** NTCA Annual Meeting & Expo (Phoenix, AZ)
- √ **Feb 19 - 22:** RMTA/WRTA meetings (Kauai, Hawaii)
- √**Mar 16-19:** Current Issues Challenging Utility Industries - New Mexico State University Center for Public Utilities (Santa Fe, NM)
- √**Mar 18:** Northern Telephone Cooperative Annual Meeting (Sunburst High School Auditorium 7:00-9:00 p.m.)
- √**March 24-26:** NTCA Legislative Conferences (Washington, D.C.)

Montana Independent Telecommunications Systems

Providing Professional Services to the Telecommunications Industry since 1994

MITS Board of Directors

Tom Bangs - President
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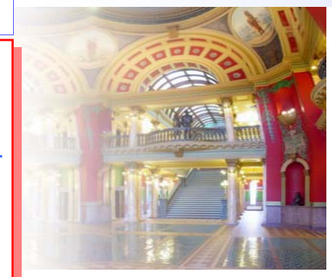


Montana's 58th Legislature Convenes

2003 Session in full swing

Although the midnight oil may not be burning yet, intense discussions and an unusually frantic pace permeate the halls of Montana's state capitol as legislators struggle in these early weeks of the 2003 Session to review state spending, evaluate agency programs and maneuver to find a way to meet the needs of the majority of Montanans in a time of fiscal uncertainty. From proponents of economic development to advocates for human services, the varied voices of the people of Montana struggle to be heard and to be answered in committee rooms, on House and Senate floors, in informal meetings and in casual conversations throughout the capital city. Virtually everyone agrees on one thing. There are no easy answers to the questions being asked.

MITS' Mike Strand and Bonnie Lorang, along with Nemont's Ron Ostberg, are the eyes, ears and voices for Montana's rural telephone companies as they tag team legislative hearings and functions. The pace of MITS' lobbyist staff parallels that of other active participants in the Session, with over 60 bills on MITS' "A- List", bills identified as significantly impacting MITS member companies, and with a secondary monitoring B-List of nearly 300. Technology, however, makes tracking the staggering number of proposed legislative bills a little easier through the use of LAWS, the official Internet site for the Montana State Legislature (www.leg.state.mt.us). With a click of a mouse, one can easily maneuver to review the latest legislative information including text of bills, committee assignments and bill status including times and places of scheduled committee hearings and floor action. The Legislative Services Division has done an exceptional job in streamlining public access to legislative information.

Mike Strand Testifies Before Legislative Committees

SB 62, sponsored by Senator Don Ryan of Great Falls, requires the Montana Attorney General to establish and enforce a No-Call List designed to limit telemarketing to residential telephone subscribers. Customers who object to receiving telephone solicitations could, at no cost, add their name to a list which, in turn, will be used by telemarketers for restricting calls. Telemarketers will pay a fee to have access to the no-call list. The bill sets out penalties for violations, with the attorney general or county attorney initiating violation proceedings. It also allows subscribers to bring action for damages. It creates an advisory group for consumer protection from telemarketers. MITS testified in support of the bill.

SB215
This bill adds even more expense to the already expensive proposition of deploying basic and advanced telecommunications services in rural Montana. Such expense will discourage such investment."
Mike Strand

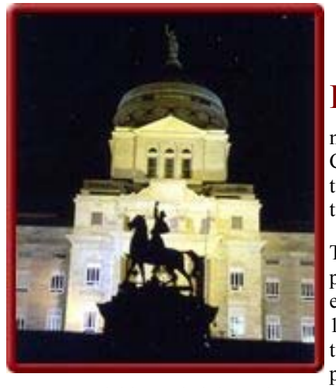
SB 132, sponsored by Senator Walter McNutt of Sidney, authorizes the Department of Administration to adopt rules to assist the implementation of a statewide 9-1-1 emergency telephone system. MITS testified in support of the bill.

SB 215, sponsored by Helena Senator Ken Toole, requires entities locating utility lines and facilities along state-owned or controlled right-of-ways to pay an annual fee up to $1 per linear foot to the entity controlling or owning the right-of-way. Opponents, including MITS, outnumbered proponents by over three to one. In addition to utility companies, the Montana Taxpayers Assoc. and the Governor's office opposed the bill.

SB 62
"The companies I represent fully support this ... and would fully cooperate in disseminating information about the do-not-call list."
Mike Strand

MITS MEMBER COMPANIES

Central Montana Communications, Inc. | Nemont Telephone Cooperative | Northern Telephone Cooperative Inc.
Project Telephone Company | Triangle Telephone Cooperative Association | Valley Telecommunications



Hilltop Commentary

PSC Gives T-Com Primer

Newly elected PSC Chairman Bob Rowe presented a quick course in current telecommunications and energy issues to the House and Senate Energy and Telecommunications Committees in two separate workshops scheduled during the first two weeks of the Legislative Session. All five PSC Commissioners accompanied Bob and supplemented his presentation with their own perspectives.

The PSC Chairman detailed the federal-state regulatory partnership mandated by the 1996 Federal Telecom Act, emphasizing that the Act directs action by state PSC's 111 times. He explained how the components of competition, advanced services, universal service and consumer protections work in conjunction to further goals of the Act. He quickly waded through the complex issue of universal service, explaining how important the issue is to Montanans. Included in the Commissioner's presentation was the rural telecom facilities map showing the extraordinary digital footprints of rural telephone companies across Montana demonstrated by the deployment of DSL (Digital Subscriber Line) in over 150 communities, the successes of MAIN's fiber optic network and the proliferation of Vision Net's and Mid Rivers/Range's video conferencing facilities.

"There is a lot of good work going on in Montana on behalf of the rural carriers. Montana small companies invest over $50 million in federal universal service funds back in a first-class telecommunications infrastructure."

PSC Chairman Bob Rowe

Bill Amending Electric TAC may metamorphous to T-Com Oversight

Everything about SB 67 looked like an energy bill. Sponsored by Senator Stonington, it proposed changing the electric Transition Advisory Committee into an interim committee continuing oversight of electric utility industry restructuring. But quickly into the initial hearing before the Senate Energy and Telecommunications Committee, the sponsor spoke to various amendments, one of which would expand the scope of the proposed interim committee to a broader PSC oversight that would include both energy and telecommunications issues. Montana's Public Service Commission supported the proposal.

Mike Strand Testifies

(Cont from page 1)

SB 198, introduced by Senator Emily Stonington of Bozeman, will allow counties to regulate, by authorizing permits and collecting fees, the siting, construction or modification of wireless telecommunications facilities. The bill, as initially proposed, gave broad regulatory authority to the counties that included permitting of even unstaffed enclosures used for the transmission or reception of telecom signals, whether by wire, radio frequency, microwave or other signals. The bill required a waiting period of at least three weeks after notification to the county before the "placement, construction or modification" of a defined facility. MITS testified in opposition to the bill. However, after the hearing MITS agreed to assist Senator Stonington in a bill redraft that will address legitimate concerns about placement of cellular towers in sites adversely affecting public safety.

SB198

"The effect of this bill will be to slow the deployment of new telecommunications services in some places and stop the deployment in others...I can assure you that rural Montana is one of the least attractive markets in the country for such services already, simply because of our demographics." — Mike Strand

SB 173, introduced by Senator McNutt at the request of MITS, will bring a section of Montana statutes dealing with designation of carriers eligible for federal universal service funds in line in line with the Federal Telecommunications Act. It clarifies that the FCC and the Montana PSC may define certain service areas in which carriers are eligible for federal universal service support.

SB173

"We strongly believe the decision to change service area boundaries is one of immense importance to rural customers and that such a decision should be made jointly by the FCC, with its expertise on federal telecom law, and by the PSC , with its expertise on state telecom law and local conditions."

— Mike Strand

Additional Introduced Bills

HB 30 authorizes the MT Dept of Transportation to install electronic communication equipment, including kiosks, on highway right of ways. **HB 96** eliminates the advanced telecom infrastructure tax credit. **HB 168** creates a Performance Assurance Account required for continued PSC oversight of Qwest's service quality performance after their entry into the long distance business. **SB175** would prohibit the use of cell phones while driving. **SB234** requires PSC approval for acquisition or transfer of public utilities, as well as selling, assigning, leasing or transferring utility property.

Regulatory Rap

FCC Simplifies Filing and Review of Documents

The FCC has rolled out a more simple and consumer-friendly version of its electronic comment filing system. ECFS Express now focuses on topics rather than docket numbers, both for filing and retrieval of documents, and can be accessed from the E-Filing tab on the FCC's Web site (www.fcc.gov).

FCC Seeks Comments on Opening a Proceeding to Examine Obligations of Telcos to Exchange Customer Information

After receiving petitions from Americatel Corporation (Sept 2002) and AT&T, Sprint and WorldCom (November 2002), the FCC's Consumer & Governmental Affairs Bureau opened Docket 02-386 to receive comments on whether the FCC should initiate a rulemaking proceeding to address imposing mandatory minimum Customer Account Record Exchange ("CARE") obligations on all local and interexchange companies. Final date for filing comments (reply) is Feb 4, 2003. (CG Docket No. 02-386)

FCC Seeks Comments on Further Universal Service Contribution Reforms

Market and technology trends may be affecting the long-term viability of the current Universal Service Fund (USF). Carriers often now offer bundled service packages (including multiple services in a single offering) and combine telecommunications and non-telecommunications service products (i.e. a basic phone line and a caller I.D. unit) in single offerings, making it more difficult to differentiate between interstate and intrastate revenues, while increased consumer use of wireless telecommunications and Internet-based services have resulted in a decline in the revenues upon which universal service contributions are based. The FCC is seeking comments on further reforms to its USF contribution methodology including three connection-based funding proposals:

1) Imposing a minimum contribution obligation on all interstate telecommunications carriers and a flat charge for each end-user connection depending on its nature or capacity;
2) Assessing all connections based purely on capacity wherein contribution obligations for each end-user connection would be shared between access and transport providers; and
3) Assessing providers of switched connections based on their working telephone numbers.

Currently, carriers' USF contributions are assessed as a percentage of their interstate and international end-user telecommunications revenues, with wireline long distance companies contributing 63% of the USF and the remainder coming from local telephone companies and wireless companies.

New Looks at the PSC

Newly elected Greg Jergeson and Tom Schneider took their seats at the Commissioner's table January 6, 2003, and fully participated in the regular PSC agenda weekly meeting and work sessions held that day. The quick initiation into the daily business of the PSC followed a morning filled with swearing in ceremonies and a welcoming reception at the PSC offices. One of the first items for Commission action was the election of a chairman and vice-chair and the selection of a Commission secretary. By unanimous vote, the commissioners selected Democrats Bob Rowe as their new chairman and Tom Schneider as vice-chair. Rhonda Simmons will continue in her role as secretary to the commission. In other business, the Commissioners voted to commence a regional search to fill the vacant Utility Division Administer position and directed staff to post openings for the open Attorney, Rate Analyst, and Compliance Specialist positions. No action was taken concerning the open Policy Advisor position at the commission.

PSC First out of the Chute in 2003 Legislative Budget Appropriation Reviews

Two days after the initial call of the Session, PSC Chairman Bob Rowe stood before the Joint Appropriations Finance Subcommittee reviewing the PSC's budget for the next biennium and responded to Legislative questions concerning the PSC's proposed budget. Although not funded by general revenues, the PSC was not spared funding cuts, with the committee voting to slice the PSC's consulting budget. Recognizing the importance of the PSC's active participation in regional and national telecom fora, MITS submitted a letter to the Joint Appropriations subcommittee supporting the PSC's proposed budget.

MITS Responds to PSC's Notice of Inquiry on Scope of Interconnection Filings

On January 17, 2003, MITS filed comments in response to the PSC's Notice of Inquiry to determine exactly what interconnection agreements must be filed with them for approval. The PSC further asked for comments on how they should distinguish between agreements that must be filed and those that need not be filed. MITS' comments suggested limiting the filing requirement to agreements between incumbent telecommunications carriers. MITS' position is that written interconnection agreements which are entered into in anticipation of competition between the parties to the agreement and that contain a schedule of itemized charges for interconnection and for each service or network element must be filed with the PSC for approval. Filing is not required in instances where incumbents lack written agreements or where written agreements do not contemplate competition between the incumbents. (D2002.12.150)