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MITS MEMBER COMPANIES

Central Montana Communications, Inc.
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 Northern Telephone Cooperative, Inc.
 Project Telephone Company
 Triangle Cooperative Association
 Valley Telecommunications
 InterBel Telephone Cooperative, Inc.
 CC Communications, Inc.

MITS' Expertise Recognized Nationally

Strand Speaks at National Summit



Mike Strand, CEO of MITS

On May 20th, Mike Strand participated in a national summit on universal service sponsored by Senators Burns and Dorgan and moderated by Montana PSC Chairman, Bob Rowe. The purpose of the "closed door" event was to allow a select group of about 20 telecom industry representatives to converse with members of Congress and the FCC about critical issues surrounding the continued viability of the nation's long-standing policy of universal telecommunications service.

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MITS Welcomes Its Newest Members

INTERBEL TELEPHONE COOPERATIVE

Good things sometimes come in small packages. InterBel Telephone Cooperative may not be the biggest telco around, but it may be one of the most progressive. InterBel subscribers, located in remote northwestern Montana not far from the Canadian and Idaho borders, have both dial up and high-speed DSL (Digital Subscriber Line) Internet access. They can opt for e-billing. They can obtain cable T.V. through InterBel's subsidiary, Tobacco Valley Communications. They can become involved in local economic development through the Eureka Rural Development Partners, established by InterBel and Lincoln Electric, and even get some assistance writing grants. They can attest to high service quality standards (as evidenced by InterBel's gaining an 81% market share of the customer base shortly after it began operating as a competitor using its own facilities within the town of Eureka). And, as a fringe benefit, they can log on to InterBel's Web site, click on the Web Cam, and see what's happening on Eureka's main street, the theatre or the local pottery shop.



Randy Wilson, General Manager of InterBel, with FCC Commissioner Michael Copps in June 2002.

MITS is pleased to welcome InterBel, an innovative rural company that shares the philosophies of other MITS members. Randy Wilson, general manager of InterBel agrees, "InterBel is pleased to be a part of MITS. I believe we have a lot in common with the MITS group of companies and we hope to complement MITS with their positions and issues facing in the telecom industry today."

CC COMMUNICATIONS

"Owned by the people we serve" is the motto of CC Communications, located in western Nevada with headquarters in Fallon. Churchill County has owned and operated CC Communications since 1889, after purchasing it from Western Union Telegraph for \$975. CC's 102 employees are dedicated to diversifying and staying on the leading edge of technology, providing innovative products and enhanced services at affordable rates.



Bob Adams, General Manager of CC Communications.

The only county-owned telephone company in the United States, CC Communications now has a strong Montana link in its general manager Bob Adams, formerly operations manager for Nemont Telephone in Scobey, Montana. Soon after arriving last May, Bob began looking for a telecom organization in Nevada that would provide assistance to CC similar to what MITS provides to rural Montana companies. Finding none with an emphasis on rural cooperative interests, he turned back to Montana's MITS.

"We're real happy to be a part of MITS to help us on the national scene. We're glad to be with people who think like we do, with other member companies who cooperate and work together on common issues," said Bob Adams. MITS, in turn, is pleased to welcome CC as its first member based out of the state. "When I visited CC Communications, I was pleased to find a company that provided state-of-the-art services and took great pride in the quality of those services," said Mike Strand, MITS' CEO.

With over 14,000 access lines, CC provides local telephone service, long distance, cellular, Internet and paging services to business and residential customers. CC is similar to MITS cooperative telephone members in that the residents of Churchill County are the shareholders of the telecommunications company.



Among the issues covered that were of greatest concern to rural companies were the explosive growth in the high-cost fund as a result of multiple eligible telecommunications carrier (ETC) designations, the possibility of broadening the base for contributions to the universal service fund, the inherent flaws in the "identical support rule," and the need to dispel the myth that all technology platforms are functionally equivalent.

Senator Burns and his staff (notably Mike Rawson) are to be commended on their hard work in getting a group together in an expeditious and organized manner to address these critical issues. MITS would also like to commend NTCA and OPASTCO, the other two rural representatives, for their strong advocacy.

U.S. SENATE HEARS FROM MITS' CEO

Mike Strand testified May 22 before a U.S. Senate Indian Affairs Committee on issues pertaining to telephone subscribership on Indian reservations. The hearing was held after the release of data from the 2000 U.S. census indicating about a 20% increase in telephone subscribership on Indian reservations since 1990. The nationwide subscribership average, however, was just under 70%, with the nationwide figure approaching 95% for non-reservation households.

Mike pointed out that on Montana's reservations, with the exception of the Northern Cheyenne, subscribership ranged from 85% to 94%. The Northern Cheyenne's was just over 75%. Mike characterized these numbers as remarkably close to the percentages in non-reservation areas when the extremely low average incomes and high unemployment rates on Montana's Indian reservations are taken into account.

Mike attributed these high numbers to a combination of progressive thinking among Montana's small telecommunica-

tions providers, significant new investment in telecommunications facilities and the adoption of policies designed to make service more affordable.

Senator Daniel Inouye was especially impressed with the Montana example and requested Mike and the companies he represented to share their strategies with companies with lower subscribership rates.

MITS particularly recognizes the efforts of Senator Max Baucus and Jay Driscoll, the Senator's telecom staff, who were instrumental in MITS' invitation to testify.

MIKE SHEARD SHARES MONTANA'S EXPERIENCES AT NATIONAL BROADBAND SUMMIT

Hundreds of federal and state policymakers, industry participants, consumer groups and other stakeholders recently gathered in Washington, D.C. to discuss the state of broadband deployment, its importance to the economy and ideas for accelerating broadband deployment and use. The National Association of Regulatory Utility Commissioners (NARUC) and NECA hosted the *National Summit on Broadband Deployment II: Accelerating the Transition*.

Montana was well represented with presentations from Senator Conrad Burns, Montana PSC Chair Bob Rowe and MITS' Mike Sheard. Rowe kicked off the conference with challenges to participants: *Is this the best of times or the worst of times for broadband deployment? Are we still staring across the "digital divide," falling into a digital precipice or crossing a "digital bridge"?*

Senator Burns, often called the "Godfather of Section 706", the section of



Chairman Daniel Inouye,
Senate Indian Affairs
Committee

the '96 Telecom Act that addresses advanced services, discussed the importance he places on the deployment of advanced services and the role they play in economic development, especially in rural areas. He discussed legislation such as the "Spam Bill" which helps curtail unwanted e-mail, the Burns/Baucus Bill which provides tax advantages to organizations deploying or upgrading broadband services, and the recently passed E911 bill.



Mike Sheard

Sheard reported on "*Broadband Deployment—The Montana Way*," explaining how, in spite of Montana's enormous size and sparse population, rural

telcos are making sure customers can enjoy the benefits of broadband services. Mike's presentation included highlighting Montana's rural, rugged and remote areas and describing the state's many broadband developments such as the telco's widespread DSL deployment, Vision Net's video conferencing network and MAIN's high speed fiber optic network.

Conference attendees heard about significant technological progress in areas such as broadband over powerlines, Wi-Fi and cable modem service. Much of the discussion revolved around finding "killer applications" that will drive the demand and the deployment of broadband to new levels. Some potential demand drivers were on-line gaming, digital photo services, interactive retail merchandising and video to the PC. Variables identified that tend to suppress demand included the cost of deployment, regulatory uncertainty and the lack of capital availability.

See www.neca.org for more conference information, including presentations.

MUST Comments on USF Portability Issues

On May 5th, the Montana Universal Service Taskforce (MUST) filed comments drafted by Mike Strand in response to a Federal-State Joint Board on Universal Service inquiry designed to gather information concerning whether the FCC's current rules on Universal Service Fund (USF) distribution should be changed. This fund is critically important to keep rural telephone rates and services reasonably comparable to those in urban areas.

MUST suggested that the Joint Board's inquiry needs to be viewed in the context of other past and present actions taken by the FCC and state public utility commissions affecting local telephone service rates in rural areas. The growing trend of making wireless providers eligible for universal service funding endangers the overall USF program by making significant new financial demands on the fund. Most consumers see wireless as a complementary service rather than a substitute for wireline.

Current FCC rules fund wireless competitors based on the costs of the wireline incumbent that provides the full range of services rather than on the competitor's own cost, which violates the FCC's policy of competitive neutrality.

MUST also rejected proposals such as auctioning USF support or limiting it to the lowest-cost provider, because the FCC's current definition of universal service establishes such a low standard of service that rural consumers would likely be left with service that is not reasonably comparable to service in urban areas.

The comments noted that competitors, like incumbents, must show that funds are spent for appropriate purposes. These issues must be addressed quickly because the rapid growth of the universal service fund threatens its continued viability.

MUST includes Valley, Nemont, Project, Triangle, CMC, InterBel, Northern, 3 Rivers, Blackfoot and CC Communications.



Crews of Nemont, the first telco to lay fiber in Montana, continue to provide high quality service to rural customers.

PSC Regulatory Rap



MONTANA CONSUMERS ASK FOR LARGER LOCAL CALLING AREAS

Multiple applications before the PSC indicate that telephone customers want larger local calling areas. Hearings were held June 13, 2003 in Musselshell and Shepherd concerning **Mid-Rivers Telephone's** request to add its Musselshell exchange to the Billings regional local calling area (which includes exchanges operated by **Qwest**, **Project Telephone Co.** and **Triangle Telephone**).

The PSC has preliminarily determined that a community of interest exists between most of the 22 exchanges of **Blackfoot Telephone** and **Qwest's** Missoula region, and between Blackfoot's Avon exchange and **Qwest's** Helena region. The docket will move on to a review of rates.

PSC staff has requested additional data from **Triangle Telephone**, **Central Montana Communications** and **Northern Telephone** before determining whether communities of interest exist between certain exchanges of these companies, as well as between various **Qwest** service areas including Havre, Lewistown, the Great Falls region, Shelby and Cut Bank. Once that determination is made, the PSC will proceed to a consideration of rates.

PSC MOVES QUICKLY TO DRAFT RULES

The PSC is repealing rules for the Montana Universal Access Program, eliminated by the 2003 Montana Legislature with **HB 392**. Staff has drafted for comment rules implementing **HB 562**, authorizing telephone companies to obtain customer consent for services by accepting electronic signatures. It also provides for the transfer of subscribers between companies after certain company transactions, following notice to the PSC and affected customers.

The PSC is implementing a registration procedure for service providers and billing aggregators as per **HB 479**, revising slamming and cramming laws and extending PSC enforcement to entities that bill for carriers and service providers, and is noticing rules specifying information billing aggregators must submit to the PSC about entities for which they bill. PSC staff is turning to the telecommunications industry for rule-making suggestions for **HB 580** (expedited proceedings to resolve interconnection and inter-carrier exchange access disputes) and **HB 641** (requiring originating, toll and transiting carriers to ensure terminating carriers can identify, measure and bill for termination of traffic). Carriers are asked to submit proposed rules for discussion in an industry roundtable prior to formal rulemaking.



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MONTANA
TELECOMMUNICATIONS



CUTTING EDGE

Our nation's September 11, 2001 tragedy magnified the importance of rapid response to emergency situations. It also cemented a vision and direction for Missoula's **Invizeon Corporation**, a nationally recognized healthcare technology company that provides software and technology solutions to organized medicine, physicians, public health and associated healthcare professionals. Invizeon is getting poised to assist communities all over the United States respond more quickly to emergency communications. Founded in 1998, Invizeon's staff of 40+ employees, including a strong management team, board of directors and medical advisory group, is likely to be a big player in making our nation more secure.

The company's flagship product, the Community Health Alert & Information Network (CHAIN), is a secure, web-based, two-way communications and alert/reporting system that empowers federal, state, and local public health departments, hospitals, universities, first responders, and other health agencies to post emergency alerts in real-time to all affected agencies and healthcare professionals.

Invizeon recently inked an agreement with AT&T to integrate and jointly market Invizeon's CHAIN product and AT&T's Mobile Network (AMN) to state and local public health departments and first responder groups nationwide. AT&T's AMN can transmit the CHAIN alerts through a wide range of devices, including e-mail, cell phones, personal data assistants and others.

The companies have made a commitment to make Missoula a national test bed for the CHAIN/AMN alert network solution and plan to place the communications headquarters of the system in **iConnect's** new Missoula fiber hotel. For more information about Invizeon and the CHAIN project, visit Invizeon's web site at www.invizeon.com.

MITS BITS

NEWS FLASH! NEWS FLASH! NEWS FLASH!

WHAT? MITS' 9th Annual Technology Symposium

WHEN? December 8th and 9th

WHERE? Best Western Helena Great Northern Hotel and Convention Center located in Helena's new Great Northern Town Center

PLEASE JOIN US!



Mark Your Calendar

- Jul 12-30:** NARUC Summer Meetings (Denver)
- Jul 23-25:** MTA Annual Meeting (Missoula)
- Aug 14-15:** GVNW Management Seminar (Portland)
- Sept 21-24:** NTCA Fall Conference (Boston)
- Oct 4:** Nemont Annual Meeting (Scobey)
- Oct 25:** Triangle Annual Meeting (Havre)
- Dec 8-9:** MITS Tech Symposium (Helena)