



Mike Strand

## FCC Invites MITS to Deliver Guest Lecture

Each year the FCC's bureau chiefs establish a lecture series designed to inform them and their policy staffs on issues of current importance. The lectures are generally held monthly. As their final guest lecturer for the spring term, the FCC invited MITS' Executive Vice President, Mike Strand, to speak on how rural telephone companies operate and the challenges inherent in offering basic and advanced services in remote locations.

The lecture, entitled "Telecommunications Services to Rural America: The Montana Example", took place on June 11. Mike spent a little over an hour describing how Montana's rural telephone companies had overcome the challenges of distance and density to deploy a truly impressive statewide telecommunications infrastructure. He noted that to the extent there was a "digital divide" in Montana, it was the urban areas that were on the wrong side of that divide.

Mike spoke at length about the various local network upgrade projects in which the rural companies were involved, as well as the long-haul networks created through companies like MAIN and Vision Net. He described the rural telcos' aggressive rollout of high-speed DSL services for Internet access and the large number of video conferencing sites being served in both rural and urban areas. He also described the "fiber hotel" facilities operating in Billings and Helena by *iConnect Montana*, as well as the rural telephone companies' successes with wireless voice and data services.

After he had them warmed up, Mike selected a half-dozen of the most pressing regulatory issues pending at the FCC that are of importance to Montana's rural providers. He questioned the validity of the FCC's current positions on ETC designation and the portability of Universal Service funding to competitors that offer inferior service. He also challenged the FCC's access reform efforts that have resulted in significant increases in end user charges with no corresponding relief in long distance rates.

Staff at the FCC asked a number of good questions and indicated that they were quite pleased at the quality of the presentation. Mike was assured that MITS would be called upon again as the FCC took up important rural issues in the future.

## *iConnect Montana*: Working With the Missoula Community to Determine Collocation/Network Needs

Progress on establishing an *iConnect* facility in Missoula is very positive and moving forward.

*iConnect* and the Missoula Area Economic Development Corporation (MAEDC) co-hosted a meeting on June 18<sup>th</sup> at the Missoula Blackfoot Vision Net studio. The meeting, attended by telecommunications carriers and potential corporate clients, included a presentation illustrating the benefits an *iConnect* facility would provide to the Missoula area and the services that would be offered. In addition, meetings with Missoula County and the City of Missoula have been ongoing as



**Missoulians are eager to discuss technology needs and explore video-conferencing opportunities**

they have expressed serious interest in participating (as tenants).

The next phase of the project will finalize the initial client list and secure commitments from those potential clients and participating telecommunications carriers.

*iConnect Montana* currently operates collocation facilities (also known as "fiber hotels") in Billings and Helena and should have a Great Falls facility open by this fall.

***MTS members and non-members work together to showcase rural telecommunications***

## **FCC Commissioner Cops Visits With Mt Rural Telcos**

Rural Telcos like to show off. And show off they did on June 21 – in Eureka and Helena, Scobey and Havre, Missoula and Great Falls. The audience, though small in number (two to be exact), was gigantic in significance as Montana's rural telephone companies joined voices sharing with FCC Commissioner Michael Cops and his legal advisor, Jordan Goldstein, some of the footprints cooperative and independent companies are making across Montana. And they weren't satisfied just telling them about their achievements. They showed them.

The many miles between Montana communities were reduced to a few feet as the FCC Commissioner and Jordan candidly spoke with representatives of Montana's rural telcos via the six Vision Net facilities linked for the event. In a flawless demonstration of how Montanans routinely use video conferencing to connect schools, medical facilities and businesses, the rural telcos showed by example how they not only talk the talk but also walk the walk in rolling out quality advanced services in the state. In the process they also showed how well Montanans work together to make good things happen.



**Bob Rowe & Mike Strand in Helena facilitating the multi-site discussions**

While planning his appearance at the Montana Broadcasters conference in Whitefish, FCC Commissioner Cops had indicated to staffs of Congressmen Baucus and Burns his interest in seeing a rural telephone facility.

They, along with Montana PSC Commissioner Bob Rowe, initiated the discussion of how to address the request. MITS' Bonnie Lorang eagerly provided leadership in planning and coordinating; Randy Wilson and crew at InterBel Telephone Cooperative proudly opened their doors to the FCC visitors; Ron Warnick, Bill Baillie and the top notch tech crew at Vision Net quickly scrambled to schedule and connect studios across the state. Mike Strand of MITS and PSC Commissioner Bob Rowe facilitated, from their Helena site, discussions among Commissioner Cops, speaking from the Eureka video conferencing site, and the directors, managers and staff of rural companies at remote conference sites at Scobey, Havre, Great Falls and Missoula. The end product? An informal productive opportunity to share rural deployment strategies with our FCC guests, sharing with top federal policy makers our opinions and concerns on the effects of federal telecom policy on rural America.



**Commissioner Cops with Randy Wilson & Bonnie Lorang in Whitefish & Eureka**



**Eureka participants using technology to meet with others in Scobey, Havre, Missoula, Great Falls & Helena.**

## ***RUS Pilot Grant Program***

The Rural Utilities Service (RUS) has announced a pilot grant program for the provision of broadband transmission service in rural America. For FY2002, \$20 million in grants will be available through a national competition to applicants proposing to provide broadband transmission service on a "community-oriented connectivity" basis. This will target rural, economically-challenged communities and offer a means for the deployment of broadband transmission services to rural schools, libraries, education centers, health care providers, law enforcement agencies, public safety organizations as well as residents and businesses. This all-encompassing connectivity concept will give small, rural communities a chance to benefit from the advanced technologies that are necessary to foster economic growth, provide quality education and health care opportunities, and increase and enhance public safety efforts. Applications will be accepted through Nov 5, 2002. Contact: Roberta Purcell, Asst. Administrator, Telecom Program, Rural Utilities Service, STOP 1590, 1400 Independence Ave. SW., Washington, DC 20250-1590, Telephone: (202) 720-9554, Fax: (202) 720-0810.

### **MTS BITS**

Those interested in tracking bill status information for the 2002 special legislative session can do so on the Web at [http://laws.leg.state.mt.us/pls/lawsss/LAW0200W\\$.startup](http://laws.leg.state.mt.us/pls/lawsss/LAW0200W$.startup). By using the "Look up Bill Information" option, one can reach additional options including reviewing all bill drafts and proposed bills using various search functions.

## *The Montana PSC Recently...*

Collection of customer service deposits is a routine business practice for most utilities. Current PSC rules require

### *Reduced the Interest Rate on Customer Deposits ...*

companies to accrue interest on deposits at an annual rate of 12% and to refund the deposits, with interest, after one year. Reacting to a petition from Hot Springs Telephone Company, the PSC noticed for comment proposed alternatives to the current rate set by rule. On July 2, the Commissioners discussed the comments received. "This is not an investment program...the closest equivalent is passbook saving interest," said Commissioner Matt Brainard in supporting a reduction in interest rates. Commissioner Bob Anderson disagreed, likening the deposits to customer loaned capital and suggesting the companies should pay customers an interest rate comparable to their authorized rate of return. The final vote appeared to be a compromise position. The PSC directed staff to draft a final rule for adoption setting a new rate of 6% per year effective October 1, 2002.

The PSC is quickly wrapping up and putting finishing touches on its multi-year, multi-state collaborative process to consider whether Qwest has sufficiently opened local markets to competition, gaining in return a favorable recommendation supporting their bid to enter the

### *And Dangled a Long Distance Carrot for a Qwest Rate Review*

interLATA long distance market. Qwest has now formally filed with the FCC applications to provide long distance service in various states including Montana. The Montana PSC will soon be filing its Consultative Report with the FCC regarding Qwest's Montana filing. The PSC is expected to include in their recommendation to the FCC a conditional affirmative public interest finding that requires Qwest to file a combined revenue requirement and rate rebalancing case with the Montana PSC by October 1, 2002. The PSC has not reviewed Qwest's retail rates in the context of a "full-blown" unstipulated rate proceeding for over 12 years. According to the PSC's Mike Lee, the last Montana revenue requirement review for Qwest was in Docket 90.12.86, filed in 1990.

## ***i*Connect Montana and Rural Telcos Featured by Noted Montana Historian**

"The present... is the point where the future pauses and becomes the past...the contemporary era is no less important and, in fact, no less historical than the distant past." So begins the editorial commentary to "Montana in the Twenty-First Century," an essay authored by University of Montana's Harry W. Fritz, published in the newly released Montana Legacy, Essays on History, People, and Place. The essay includes a picture from *iConnect Montana's* Billings fiber hotel and recognizes information technology as the "wave of the future, in America, in the world, and, last of all, in Montana" as a "new Montana struggles to be born." Fritz writes that while Montana government has done little to facilitate the new economy, there is a "flurry of activity" below that level. "Regional telephone cooperatives, especially, are deploying ADSL service to their growing number of subscribers. ADSL is a high-speed service that operates six times faster than do current capabilities. It offers hope for the future, perhaps the only hope, to rural communities and small-town Montana."

## **Gov Martz Praises Rural Telcos at Glasgow's Capitol-for-a-Day**

Residents of Glasgow and neighboring communities visited personally with Montana's Governor Judy Martz, Lt. Governor Karl Ohs and many state

agency department directors on June 19th as Glasgow stood in the Capitol-for-a-Day spotlight. While in Glasgow, the governor visited Sagebrush Telephone Cooperative. Sagebrush's Tim Nixdorf and Nemont Telephone's Ron Ostberg briefed the governor and her staff on issues and concerns of the local telecommunications companies. The Governor lauded the rural companies for their progressive roles in bringing advanced services to northeastern Montana as well as other parts of the state.