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MONTANA TELECOMMUNICATIONS
NOVEMBER 2002



2002 Technology Symposium

Dec. 9 & 10 - West Coast Colonial Inn, Helena, Montana Info at 406-443-1940 www.mitstel.com

"Through the Looking Glass"

Rural telcos show the tools of advanced technology including fiber optic solutions.

"Adventures in Video"

A rousing demonstration of how the Internet is changing the ways Americans work and plan.

"Web Development from the Simple to the Sublime"

A hands-on approach to creating a web site for personal and e-commerce applications.

"Homesteading the Virtual Frontier"

A web site is just a web site until it enriches a life. Lynn Churchill will demonstrate how technology is improving the lives of at-risk kids.

"Telehealth Solutions"

A multi-city event hosted by the Montana Healthcare Telecom Alliance. Link up with the Mt. Hospital Association and hospitals in Missoula, Helena, Great Falls and Billings to learn about the latest telemedicine applications.

"Letters from the Frontier: Connecting Montana to the World"

Tour Helena's Vision Net and iConnect facilities to see how video conferencing and data centers provide digital solutions for commerce and education.

AND EVEN MORE...

Mary Whittinghill, Dave Gibson, Phil Brooks, Chuck Swysgood, Gordon Morris, Kate Whitney, Marla Larson, Monica Tranel, Kendal Ferguson, Becky Berger, Mike Bousliman, Kryss Kuntz, Jim Smith, Tom Bangs, Mike Strand, Mike Sheard, Bonnie Lorang, Kathy Anderson, staff and directors of CMC, Nemont, Northern, Project, Triangle & Valley telephone companies...

PLEASE JOIN US!!!

MONTANA TELECOMMUNICATIONS

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iConnect Montana Expands

iConnect's newest facility is located in the Johnson Hotel in downtown Great Falls.



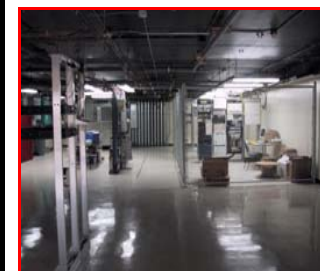
Businesses in Great Falls will soon have one more option in their e-commerce considerations. **iConnect Montana**, a division of MITS currently operating collocation/data centers in Billings and Helena, will be opening a Great Falls facility by the end of the year. **iConnect** and the Great Falls Business Improvement District (BID) have been working together to create a technology center in downtown Great Falls at the site of the old Johnson Hotel, 417 Central Avenue, with the goal of creating new jobs in high-tech information-based businesses. Companies having a presence in **iConnect's** facility will not only have a safe, secure environment for their specialized telecom and network equipment but will also have access to multiple telecom networks giving them the ability to competitively shop for high speed transport services.

equipment up and running quickly. Since conditioned space and power will be readily available, many of the up-front capital expenditures typically associated with high tech businesses are significantly reduced. In addition, tenants will be able to get connected quickly and relatively inexpensively because their links to the major networks will be handled within the same facility. **iConnect** offers companies a "plug and play" environment for their equipment.

iConnect will build and operate the data center, complete with secured access, environmental conditioning including air temperature controls, specialized fire suppression, AC and DC power with generator backup, and connectivity to multiple telecommunications backbones. The facility is designed and built to get e-commerce merchants, Internet service providers, competitive telecommunications companies and others needing a location for their specialized telecommunications and networking

iConnect's presence will significantly enhance the technology infrastructure of the business incubator and of downtown Great Falls. Several high-tech businesses have already located offices in the technology center and are eagerly awaiting the opening of the data center. In addition, Touch America has recently extended fiber into the data center space and will be among the first network providers to offer services to tenants of the data center.

Just what is a fiber hotel or data center?



- A fiber hotel is a specialty business that builds and rents out space in specialized rooms, providing an environment suitable for housing telecom and information technology equipment such as switches, routers, servers, data storage/retrieval devices, etc.

- It allows even small companies to take advantage of economies of scope and scale by sharing costs of building and maintaining suitable equipment rooms and giving them the security of a safe, controlled facility in which to locate technology equipment.

- Companies locating equipment within a fiber hotel have access to multiple fiber and wireless networks also located in the "hotel". They have access to diverse high speed networks simply by connecting their equipment from rack to rack or cage to cage in a safe, controlled, competitively neutral environment.

- Hotel "tenants" often experience significant telecom cost savings by "cross connecting" their networks to other networks within the same facility instead of incurring data transport costs between their business office and a telecom carrier's central office.



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

Triangle, CMC and Northern look to the PSC for help in expanding local calling areas

The only town north of Cut Bank noted on the official Montana highway map is Santa Rita, population unknown according to the 2000 U.S. Census. It is known that Canada is about 25 miles due north of Cut Bank and there are folks who live along that route. Telephone calls between them and businesses in their county seat of Cut Bank are long distance and therefore priced by the minute. That's not unusual for most rural areas in Montana.

36 miles separates Fort Benton (pop. 1594) from Great Falls (pop. 56,690), with only the little town of Carter (pop. unlisted) in between. Telephone calls among the three communities are long distance. Loma (pop. unlisted) is an 11 mile hop up the road from Fort Benton. It's another long distance call. A bit north is the town of Box Elder (pop. unlisted). It's about 10 miles from Big Sandy (pop. 703) and 22 miles from the town of Havre (pop. 9621). If someone in Box Elder wants to call Havre, he or she pays long distance charges. A call to Big Sandy is long distance as well.

The list goes on and on. Moore to Lewistown (14 mi.), Hobson to Moore (9 mi.), Malta to Whitewater (32 mi.), Oilmont to Shelby (17 mi.), White Sulphur Springs to Martinsdale (28 mi.): all long distance calls.

Folks living in those small communities are hoping for some changes. They would like to see their local calling areas actually

reflect where they do business, where their kids participate in school activities, where they seek health care services. In response to those concerns, Triangle, Central Montana and Northern telephone companies recently filed petitions with the Montana Public Service Commission, initiating formal proceedings to investigate whether sufficient communities of interest exist to consider expansion of local calling areas (EAS).

If successful, calling within regions would be local. For example, the proposed Havre EAS would include Big Sandy, Box Elder, Chester, Chester South, Chinook, Gildford, Havre North, Havre South, Hays/Zortman, Hingham, Hopp-Illiad, Joplin/Inverness, Kremlin, Malta/South, Rudyard, Simpson, Turner, Whitewater, Dodson, Harlem, Malta and Havre exchanges. A Lewistown EAS would include Winifred, Moore, Hobson, Denton, Stanford, Judith Gap and Lewistown exchanges. The White Sulphur Springs EAS encompasses White Sulphur Springs, Martinsdale and Harlowton, while a Great Falls EAS would include Loma, Fort Benton, Geraldine and the current Qwest Great Falls region. Sweet Grass, North Cut Bank, Kevin/Oilmont, Ethridge, Devon and Sunburst would join with Qwest's Shelby and Cut Bank exchanges for a regional local calling area. Triangle, CMC and Northern telephone companies, committed to addressing the needs of their customers, look forward to working with the PSC to find a solution for expansion of their small local calling areas.

 **Mark Your Calendar**
December 16- Billings, MT
Granite Tower
222 North 32nd St.

YRIX (Yellowstone Regional Internet Exchange) to Hold Grand Opening

The grand opening of the region's first Internet peering exchange is scheduled for December 16th in Billings. A handful of Montana and Wyoming companies have joined to create the Yellowstone Regional Internet Exchange, or YRIX, to aid, support and assist the efficient transmission of educational, scientific and other information and communications in the multi-state Yellowstone region. YRIX's goal is to provide a much improved data environment that will enhance existing Internet communications as well as attract new businesses to the Yellowstone region.

Peering via an Internet exchange boosts performance for Internet applications

Generally, an Internet exchange is a point where multiple networks converge in a manner that enables Internet traffic from a variety of sources (e.g., educational institutions, governmental agencies, private businesses, ISPs, etc.) to be "handed off" locally via a mechanism known as "peering." Peering results in more efficient and therefore less costly use of telecommunications networks and can significantly improve the performance of a wide variety of Internet-based voice, data and video applications.

The YRIX consists of sophisticated Internet routing equipment installed in *iConnect Montana's* carrier-neutral collocation facility located in Billings, Montana. Before the establishment of YRIX, nearly all Internet traffic among the participating networks would be routed to distant network access points, in locations such as Denver or Seattle, and then would ultimately be routed back into the region. This resulted in inefficient and unnecessarily costly use of the telecommunications networks, as well as unnecessary latency (i.e., delay) in the performance of voice, data and video applications over the Internet. The routing equipment installed by YRIX allows Internet traffic that originates in the region and is bound for a destination within the region to stay within the region. More information on YRIX and the grand opening may be found at www.yrix.org.

The founding members of YRIX include: *iConnect Montana*, headquartered in Helena; Vision Net, Inc., headquartered in Great Falls; OneEighty Communications, Inc., headquartered in Billings; and Visionary Communications, Inc., headquartered in Gillette, Wyoming.



U.S. Senate approves Jonathan Adelstein as FCC Commissioner

Jonathan S. Adelstein, whose nomination to the FCC was held captive, received a thumbs up in his bid for the long vacant fifth FCC Commissioner seat. On November 14, the U.S. Senate approved Adelstein for the Democratic seat vacated by Gloria Tristani whose term expires in June 2003. Advocates of rural telecom have expressed support for South Dakota's Adelstein with expectations of his adding another rural voice to the FCC.

FCC asks Joint Board to review competitive ETC support rules

The FCC has asked the Federal-State Joint Board on Universal Service to review its rules and make recommendations relating to high-cost universal service support in competitive service areas. Currently if a customer is served by duplicate carriers (for example the incumbent wire line carrier as well as a cellular provider), both carriers receive high-cost support (based on the incumbent's costs) provided they are designated as eligible telecom carriers (ETCs). The FCC has also asked the Board to comment on possible modifications of rules determining support for second lines and designating ETCs. (CC Docket No. 96-45, FCC 02-307; http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-02-307A1.doc).

FCC finds record 95.5% telephone subscribership levels

The FCC reports that more Americans than ever before now have telephone service. In fact, 95.5% of all American households do. The report, detailing subscribership levels by state, income level, race, age, household size, and employment status can be found at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-228267A1.doc.

Schneider and Jergeson elected as new PSC Commissioners

In extremely close races, voters chose former PSC commissioner Tom Schneider over state Senator John Cobb and state Senator Gregg Jergeson over incumbent PSC Chairman Gary Feland for seats on the Commission. Schneider and Jergeson will join PSC Commissioner Bob Rowe for the Democratic majority, with incumbent Republican Commissioners Jay Stovall and Matt Brainard rounding out the five PSC seats.

PSC initiates formal telecom service quality rule making proceeding

The PSC has been considering changes to their existing service quality rules for incumbent and competitive telecommunications carriers for a number of years. A formal docket was established in April of 1998, but the task of determining appropriate rules ensuring quality telephone service in competitive environments is not an easy one. After four years, the PSC again is looking at the issue (L-98.4.2-RUL) and has voted to issue a notice of proposed rulemaking to examine telecommunications standards and expectations for customer service.

Montana's telephone and electric cooperatives have hosted several dinners around the state aimed at informing local legislators of matters the cooperatives see developing in the next legislative session. So far, dinners have been held in Havre, Big Timber and Lewistown. More than a dozen legislators and Public Service Commissioners have joined the cooperatives for an evening of fun and serious discussion.

Mike Strand of MITS and Gary Wiens of MECA (MT Electric Cooperative Assoc.) have been the presenters at each meeting, outlining anticipated issues in telecommunications and electric power. At the first

meeting, Mike Strand was very pleased when Jon Tester offered to sponsor MITS' most significant piece of legislation. Jon is the Senate Minority Leader and is well-respected on both sides of the aisle.

MITS has drafted two pieces of legislation for this session. The first would ensure that the FCC must consult with the state PSC before changing a rural telephone company's service area for the purposes of universal service support. The second would ensure that new applications for Eligible Telecommunications Carrier

(ETC) designation meet service quality standards higher than those currently required by the FCC.

In addition to cooperative issues, the groups discussed the fiscal challenges faced by the incoming legislature and other issues of importance to rural Montana, such as agriculture and education. Further meetings are planned in Wolf Point, Cut Bank, Billings and Missoula. The meetings are biennial events and have been taking place since 1996.

MITS/MECA Host Legislative Dinners



MITS BITS - MITS, representing rural telephone companies, is pleased to partner with the Center for Public Utilities of New Mexico State University. Bonnie Lorang, director of governmental affairs for MITS, recently presented a four hour workshop on federal universal service programs at the Center's week-long Regulatory Basics course in Albuquerque. Mike Strand, executive vice president of MITS, has been asked to join representatives of Verizon, AT&T and Western Wireless on a universal service panel at the Center's March 2003 Regulatory Issues course in Santa Fe. Typically, new PSC commissioners and staff from throughout the nation attend the Center's utility educational programs.