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## Montana Telecommunications

April 2003



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### New Views from the Hill

## PSC Now a Partner in Study Area Review

Montana is now clearly a partner with the FCC in determining service areas for companies seeking to draw funding from the federal universal service fund. SB 173, sponsored by Senator McNutt and recently signed into law by Governor Martz, aligns Montana statute with the corresponding federal statute. It clarifies that the FCC and



the Montana Commission, *working together*, will consider requests by competitive carriers to establish study areas that are different than those of existing carriers. Study areas determine the geographical area where carriers receiving federal universal service funds (USF) will provide service.

The issue is extremely important since study areas for rural telephone companies in Montana generally correspond to the companies' entire service areas. Eligible rural companies receive USF based on their costs to provide service to customers in their study areas. In contrast, competitive companies eligible for USF receive funding based not on their own costs to provide service to customers, but based on the costs of the incumbent rural telephone companies. There may be a temptation for some competitive carriers to enter markets with the intentions of only providing a bare minimum level of service to the more densely populated areas of an incumbent company, thereby obtaining windfall USF based upon the incumbent company's costs to serve a larger and more sparsely populated area. Under Montana law prior to this legislation, the FCC could grant such competitive carriers eligibility for USF in Montana with the MT Public Service Commission having no say in the matter.

The federal universal service program ensures consumers across the nation have access to comparable telephone service at comparable rates, even in those areas where the costs of providing the service are very high. MITS initiated the legislation and testified in support of it.

## Missouri Valley Communications Launches Williston Operations

Customers in Williston, North Dakota are accustomed to changes in telephone companies. Not long ago they were served by U.S. West. Then Qwest. Citizens Communications followed. As of April 2003, they'll be dealing with **Missouri Valley Communications, Inc.** (MVC), a subsidiary of Nemont Telephone Cooperative, Inc., headquartered in Scobey, Montana. Missouri Valley is there to stay.

Companies are better suited to provide customer service to local communities. The cooperative philosophy and business style, a large part of Nemont's 52 years of success, will also be the business format for the MVC operations. Like Nemont, MVC will emphasize customer service, which means more than just meeting the subscribers' telecommunications needs. For co-ops, customer service also requires involvement in the activities of the local area. MVC will be a supportive and active "community player".

Although billing and accounting services will be handled out of Scobey, MVC will continue local operations at the office in Williston.

"The Williston exchange is a perfect fit with the current operations of Nemont," said Dick Thronson, general manager of Missouri Valley and Nemont Telephone. "The Williston and Nemont exchanges border each other and our customers from northwestern North Dakota and northeastern Montana share the same interests and concerns." Thronson, who began his telephone career in Ray, North Dakota, has always felt local compa-



## "Rocket-Docket" Dispute Resolution

Telephone traffic often flows between the networks of multiple telecommunications carriers. The telephone companies involved may enter into interconnection agreements that outline the rates, terms and conditions for the exchange of traffic between networks. If parties to interconnection arrangements do not agree on the interpretation of interconnection provisions, they may file a complaint with the Montana Public Service Commission. Such complaint procedures may be lengthy and costly to the parties.

HB 580, recently signed into law by the governor, sets up a "rocket docket" procedure for interconnection dispute resolution. Under the new law, the PSC must issue a final decision on interconnection complaints filed under the expedited proceedings now authorized by law. MITS testified in support of the legislation.

## Schools and Libraries Served by MITS Companies Capture 38% of State's E-Rate Funds



### Access to area technology is boosted by \$1.5 million

Schools and libraries served by MITS member companies may be small in size, but they are big in vision. One of those visions, access to technology, is getting another boost from the federal universal service fund—a \$1.5 million boost. "A lot of telephone cooperative employees put in a great deal of effort making it possible for their schools and libraries to receive these funds," said Jack Sterling, a consultant and Montana's premier expert in the universal service Schools and Libraries Program, commonly termed the "E-Rate".

While some telecommunications carriers consider the E-Rate Program a burdensome and time-consuming distraction from normal business operations, Nemont, Valley, Project, Triangle, Central Montana, Northern and InterBel telephone companies think otherwise. Obviously, so do the schools and libraries they serve that will be receiving 38% of Montana's \$4,033,259 in E-Rate funding (to date) for telecommunications discounts. \$1,512,335 has been committed to MITS communities for services ranging from local and long distance calling to the telecommunications required for distance learning through video-conferencing.

It may be fortunate that the MITS companies took an early and aggressive role in responding to requests for proposals by local schools and libraries seeking better access to technology and worked with them through the billing and reimbursement processes. Implemented in 1997, the program is under intense scrutiny with future program changes likely. The estimated \$4.718 billion in 2003 funding requests strains the program, capped at \$2.25 billion/year. Rural advocates have criticized the program as funding technology for urban applicants at the expense of rural schools and libraries. In response to allegations of inappropriate funding disbursements, the Schools and Libraries Division of the Universal Service Administrative Company created a Task Force on the Prevention of Waste, Fraud and Abuse. Noting an FCC October report suggesting weak program oversight, Congress is also examining the E-rate program.

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



## New Law to Curb Consumer Fraud in Montana

Montana is sending a strong message to those who think they can make money by fooling customers into paying for charges on their telephone bills for services they neither ordered nor agreed to: NOT IN THIS STATE! The law prohibiting telecom carriers from placing unauthorized charges on telephone bills or improperly switching a customer's designated telecom provider has been amended to prohibit other entities from doing the same.

Many fraudulent charges appearing on customers' phone bills are placed there by service providers or billing aggregators who electronically submit the charges to the telephone companies for billing. The local phone companies have no way of knowing whether the charges are legitimate or not. Many of the charges indeed are legitimate, but a few unscrupulous companies have been reaping profits from customers who unwittingly pay for services they never ordered.

Effective immediately, service providers who place charges on the bills issued by telephone companies must be registered with the Montana Public Service Commission. Billing aggregators, those who forward charges to telephone companies on behalf of others, with the intentions of having the telephone companies place the charges on customers' bills, must also register with the MT PSC. Entities that initiate placement of charges on telephone bills are responsible for verifying registrations.

The PSC may revoke the registration of billing providers or billing agents that engage in false or deceptive billing practices. Customers are not liable for unauthorized charges submitted to the local telephone company. The PSC may impose fines up to \$1000 per violation on those entities engaged in fraudulent billing practices.

MITS testified in support of a number of proposed consumer protection bills on behalf of its member companies that work aggressively to ensure customers are not victimized by crammers, slammers and telemarketers.



## Customers Can Change Carriers on the Web

A new law now allows telephone companies to accept a customer's electronic authorization of requests to change telecommunications carriers or requests for billing of certain services or products on his phone bill. Previously, written documentation had to include the actual signature of the customer. More customers are subscribing to new services and new carriers on-line. The acceptance of electronic signatures will make it easier for them to search and choose carriers on the web.



## Regulatory Rap

**MITS filed comments with the FCC on behalf of the Montana Universal Service Taskforce (MUST) on the Joint Board's recommendation that the definition for services supported by universal service funding generally should not be changed.**

MUST supported the Joint Board's recommendation that consumers should have access to long distance carriers of their choice and that "equal access" should be added to the definition of services that carriers must offer to be eligible for universal service funding. MUST continues to endorse a high bar for service quality standards and cautions the FCC that there should be no regulatory incentives to push service quality down to the lowest common denominator required for survival in competitive markets. MUST members include the telephone companies of Valley, Nemont, Project, Triangle, CMC, InterBel, Northern, 3 Rivers, Blackfoot and CC Communications.

the recent modifications will address concerns associated with the sustainability of the funding mechanism before making the types of sweeping changes to the contribution system proposed in the FCC's Notice of Proposed Rule Making.

**Northern, Triangle and CMC telephone companies have submitted responses to the PSC's data requests concerning their applications for expanded local calling areas in their service areas.** They are hopeful the PSC will acknowledge that communities of interest exist among the exchanges and that the PSC will proceed to Phase II for a consideration of rate design proposals.

### Bills Awaiting Governor's Signature

- HB641 requiring originating carriers to compensate local carriers for using their networks to terminate calls to customers.
- HB266 revising the "Montana 711 Program" for the hearing impaired.
- HB337 amending house mover and utility company responsibilities for paying utility line relocation costs during movements of structures.

**MITS filed comments and reply comments on the FCC's proposal to adopt connection-based contributions to the Universal Service Fund.**

MITS concurs with the majority of commenters who agreed there is not enough evidence to support a conclusion that the current revenue-based assessment mechanism is not sustainable. MITS urged the FCC to continue to consider modifications to the current assessment mechanisms where necessary and to allow adequate time to evaluate whether and the extent to which



**MITS BITS - iConnect Montana's** Helena fiber hotel now sports a new generator, adding yet another layer of emergency power-outage back-up at the facility. The Kohler 125KW Diesel GenSet is able to provide 24 hours of 400 amp, 60 Hz service on a single 238 gallon tank of fuel. The **iConnect** data center also provides clients with battery backup for both AC and DC powered equipment.



John Magyar

It's been a great four years. On May 3, 1999, John Magyar took over the general manager's helm for Triangle Telephone Co-op. (TTC), Central MT Communications (CMC), Triangle Communication System and Hill County Electric Co-op. His new job on Montana's hi-line was a long way from his previous post as general manager of Ketchikan Public Utilities in Alaska. But it wasn't all that far from his roots in Dickinson, North Dakota, and it was whole lot closer to his grandkids in the "lower 48". John says he accepted the Havre job because he was impressed with the area communities and the involvement of the cooperatives' boards. Now, four years later, those folks, particularly those associated with the companies John manages, quickly say they've been impressed with John. It's been a good match. It's with both warmth and reluctance that they'll be wishing John and his wife, Donna, well as they head on to new adventures later this year.

John brought years of utility experience to the Triangle companies, already no strangers to innovation and new ideas. When he began, Triangle Telephone had just formed a long distance subsidiary, Montana In Touch Long Distance. It now serves over 10,500 TTC and CMC customers, as well as customers located in Qwest exchanges. CLASS features and voice mail

## Familiar Faces, New Places

### John Magyar announces retirement

were rolled out in TTC and CMC exchanges in October of 1999. The construction that began in June of 2000 to renovate and enlarge the companies' headquarters in Havre was completed in the summer of 2001, more than doubling office space. TTC now provides a bright, open area for customers and employees, as well as a hospitality room and interactive video-conferencing studio available to the public. High speed Internet was launched in April 2001 through digital subscriber lines. Now almost 500 TTC and CMC subscribers enjoy Internet download speeds of 384K via ADSL. Triangle then opened a retail store in Havre's Holiday Village mall and began offering 3 Rivers digital wireless PCS service from the towers TTC installed in Havre. In July of 2002, TTC built towers in Lewistown and began providing service there as well. Big Timber was put on-line earlier this year and Fort Benton will soon follow. Montana In Touch now has over 300 PCS subscribers. Triangle was successful in gaining PSC approval for larger local calling areas in the exchanges surrounding Billings in 2002. Additional EAS regions are pending before the Montana PSC. Triangle continues with extensive telephone plant upgrades.

John is a "people-person". He has a way of working a room with a genuine smile. An extraordinary leader, John trusts his team to "get it done" and think outside the box, which makes for a very productive workforce with great morale.

So what's up now for John? Well, he enjoys reading, yard work, woodwork and

traveling. He is also fascinated with ferries and talks about working on a book on the history of the remaining ferries in North America. John and Donna bought a new pickup and fifth wheel so traveling is definitely in future plans. Of course, John knows there're a couple of surviving ferries not far from Havre, so he's sure to be heading back that way when he gets a bit homesick.

John will be at work in Triangle's office until November. Hoping for a smooth transition to new leadership, the Boards decided to act quickly — It was not a difficult decision for them to offer the general manager position to Assistant General Manager, Rick Stevens. Rick has worked for Triangle for almost 19 years, serving as assistant manager for the last four. He worked his way up the accounting ladder, starting as an accountant for the electric side, then moved to the telephone side and then moved into the accounting supervisor position. Rick is a Havre native. He and his wife, Mary, have two daughters.



Rick Stevens

Gail Rainey will fill Rick's position in November. Gail has four years experience with Triangle, and has worked as an accountant, accounting supervisor and controller. Gail is also from Havre. She and her husband, Paul, have three daughters.



Gail Rainey

## MAIN Extends High Speed Transport to Kalispell

Montana's Advanced Information Network (MAIN) is in the process of extending its statewide fiber-optic OC-48 network into Kalispell, offering businesses in that area access to its high-speed state-of-the-art transport network. The Kalispell route will connect into MAIN's existing network at Missoula and will provide a diverse route into the Flathead region.

Formed in 1995 by ten of Montana's independent telephone companies, MAIN's 100% digital, fiber-optic network spans from the North Dakota border to western Montana. MAIN partnerships provide communities with high-speed Internet access and video conferencing, as well as other data and voice services that most likely would not be available through a single carrier. The network connects to thousands of customer lines statewide and has the equivalent capacity of 32,256 channels or 48 DS-3s, utilized for the transmission of voice, data and video telecommunications services.

MAIN's network covers over 1200 miles and provides regional and national connections with carriers in Missoula, Billings,

Great Falls and Helena. MAIN also has points of presence in rural sites such as Havre, Glasgow, Forsyth, Big Timber and Moore, to name a few.

As MAIN continues to invest in and expand its network throughout the state, enabling technologies will be implemented to support the integration of voice, video and data services. MAIN is focused on providing network solutions to Montana businesses through next generation technologies, network reliability and exceptional service and support.

