

MIT'S BOARD OF DIRECTORS

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

MIT'S Sits on State's Information Technology Board

Governor Judy Martz recently appointed Mike Strand, CEO of MITS, to the Montana State Information Technology Board. Mike, the sole telecom industry board member (and sole private sector member), joins representatives from counties, state agencies, the legislature and the courts to help guide the state's executive, legislative and judicial departments and local governments in the development and deployment of technology resources. The board advises Montana's Department of Administration as it establishes information technology (IT) standards & policies and strategic information technology plans. Additionally, it reviews major IT budget requests and rates and charges established by the department.

MIT'S Goes to Washington

It's always good to reconnect with old friends and that's just what MITS did June 9th and 10th when a group of telecom staff and directors traveled to Washington, D.C. and visited with members of Congress and their staffs, as well as a number of organizations that focus on policies and issues affecting companies and consumers back here in Montana. MITS' Mike Strand and Bonnie Lorang joined with Nemont, Project and Valley directors Linda Nelson, Gary Klind, Ben Boreson and Ron Ostberg (staff); Triangle/CMC director Rick Pokorny; InterBel director Bobbie Stoken and Mike Gordon (staff); and CC Communications' Bob Adams and Mark Feest as they sat down with Washington policy-makers and discussed how federal telecommunications decisions are impacting rural telcos. It was also a chance for Montana rural companies to say, "Thanks" - Thanks for all the hard work our Washington friends involved in Beltway politics do as rural allies in the struggle to preserve and enhance the quality telecommunications customers have come to expect from rural telephone companies.



MIT'S delegation gathers between appointments on Capitol Hill. From left, Mike Strand, Ron Ostberg, Gary Klind, Mike Gordon, Bobbi Stoken, Linda Nelson, Rick Pokorny (speaking in back with unidentified person), Ben Boreson and Bonnie Lorang.



MIT'S met with all three Montana Congressmen, including Senator Max Baucus shown with rural Montana telco representatives, from left, Gary Klind, Linda Nelson, Mike Strand, Max Baucus, Ron Ostberg, Mike Gordon, and Rick Pokorny.

MIT'S two days on Capitol Hill were not for the weary. The MITS group lunched with Larry Zawalick of the Rural Telephone Finance Cooperative and discussed telecom financial markets and investments. Later, Jerry Brent of the Rural Utility Service, U.S. Department of Agriculture, shared information on assistance available to companies deploying services in rural areas, while RUS' Marilyn Morgan spoke of telehealth and distance learning opportunities. At the invitation of Shirley Bloomfield, NTCA director, the MITS folks attended the NTCA Governmental Affairs Committee meeting at NTCA with others from telephone coops across the nation to analyze the impacts of federal telecom decisions and policies on rural consumers.

The primary focus of the D.C. visit was to meet with the Congressional delegations. The MITS delegation received a warm Congressional welcome as they expressed appreciation to Montana Senators Max Baucus and Conrad Burns and Representative Denny Rehberg for their rural advocacy in telecom matters. MITS shared information on the companies' aggressive broadband deployment and continued commitment to consumers. Nemont and MITS met with Emmit O'Keefe, staff to North Dakota Senator Byron Dorgan to share information on

Strand to Testify Before Joint Board

On July 31st, Mike Strand will be testifying before an *en banc* hearing of the Federal-State Joint Board on Universal Service. Three panels of witnesses are scheduled to testify over the course of the day on issues relating to the federal Universal Service Fund and the FCC rules that determine who is eligible for that fund and how it is to be distributed.

Mike's testimony will focus on three areas: 1) Whether the FCC should adopt federal guidelines for states to use in determining if a competitive telecommunications company's application for eligibility to receive funding is in the public interest; 2) What should be the proper scope of a state's inquiry into whether such applications are in the public interest; and 3) Whether a guiding principle in reviewing applications should be regulatory parity between the incumbent telephone company and its competitors (i.e., whether both should bear similar regulatory burdens).

The hearing in Denver is the culmination of a larger process by the Federal-State Joint Board in reviewing current FCC rules regarding the federal Universal Service Fund and whether any of those rules should be modified. Mike Strand has filed two rounds of written comments over the past several months on behalf of the Montana Universal Service Taskforce (MUST). MUST is comprised of the members of MITS, along with Blackfoot and 3 Rivers Telephone Cooperatives. Three FCC Commissioners, five state PSC Commissioners and one state consumer advocate sit on the Joint Board.

Supreme Court Hears Oral Argument on Cooperative Internet Service

On July 10th, the Montana Supreme Court heard oral argument in the case of Weber v. InterBel. At issue was the question of whether Montana law authorizes telephone cooperatives to provide Internet service to their customers. Helena attorney Chuck Evilsizer represented appellant Weber, whose challenge to the cooperatives' authority was denied at the district court level. InterBel was represented by Kalispell attorney Darrell Worm. MITS' General Counsel, Mike Strand, represented *amici curiae* ("friends of the Court"), a group that included MITS and its members, along with Blackfoot, 3 Rivers and Range Telephone Cooperatives. Although they did not participate in oral argument, Billings attorney Tom Smith and Helena attorney Mike Rieley also filed briefs supporting the cooperatives' position.

The case is of considerable importance to Montana's telephone cooperatives, which provide Internet service to tens of thousands of Montana households via dial-up, DSL, and cable modem access. The case could also have national importance, since nearly half of the states have cooperative enabling statutes with varying degrees of similarity to the Montana statutes.

ExtendAmerica Proposes RUS-Funded Wireless Broadband

ExtendAmerica, headquartered in Bismarck, North Dakota, has issued legal notice that it intends to offer wireless voice and broadband service in selected Montana communities. The notice is required because the company will be using funds borrowed from the federal Rural Utilities Service (RUS). RUS prohibits the use of such funds where they are used to build networks that

duplicate services already being offered by another provider. Since broadband service is already being offered in a number of the communities identified in ExtendAmerica's notice, there may be legal impediments to ExtendAmerica's business plan in Montana.

ExtendAmerica has partnered with Nextel, a nationwide provider of wireless



FCC DELAYS "EQUAL ACCESS" DECISION TO ANOTHER DAY

FCC rules require local telephone companies to offer subscribers a choice of long distance companies. The rule, however, does not apply to wireless companies, even those receiving millions of dollars in federal universal service funding (USF). The FCC, while declining in its July order to expand the list of defined services carriers must offer to be eligible to receive USF, clarified that it may in the future require *all* carriers receiving USF to give customers a choice of long distance providers. The FCC will address the issue after consideration of the pending USF "portability" proceeding. Reference: http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-03-170A1.doc

FCC ADOPTS NEW TELEMARKETING RULES

On June 26th the FCC adopted new telemarketing rules and established a national no-call list that will be administered by the FTC. Beginning in October, consumers should find some but not all relief from unsolicited marketing calls. Most states, including Montana, have similar no-call laws. State laws will govern intrastate telemarketing while federal rules govern interstate telemarketing.

services. According to the notice, ExtendAmerica intends to launch its initial service offerings in the Bismarck/Mandan area of North Dakota. The company then intends to roll out service in other selected markets in North Dakota, Montana, Wyoming, South Dakota and Nebraska.



EAS DOCKETS ADVANCE; CUSTOMERS PLEAD FOR LARGER LOCAL CALLING AREAS

PSC Commissioners and staff are focusing on the pleas of rural telephone subscribers for larger local calling areas. Responding to overwhelming public support at June hearings, the PSC voted to enlarge the Billings regional local calling area to include the Musselshell exchange. The PSC directed staff to prepare an order approving three optional rate designs for Mid-Rivers Telephone customers: 1) Flat Rate Option with unlimited calling to the Billings region; 2) Lower Cost Usage Sensitive Option and 3) Traditional Usage Sensitive Option maintaining the long distance status quo for Mid-Rivers customers calling into the Billings region. All options were approved including the third option, one-way EAS calling applicable only to calls from customers in the Billings region into the two Mid-Rivers exchanges. The PSC clarified the latter was approved solely due to the "unique characteristics of the Musselshell exchange."

On July 15, the PSC preliminarily acknowledged a "community of interest" between Triangle Telephone and Central Montana Communications (CMC) customers and those located in neighboring exchanges, as well as with subscribers in Havre, Lewistown and the Great Falls area. The PSC, however, denied a community of interest exists between the Martinsdale, White Sulphur and Harlowton exchanges and further declined to consider one-way expanded local calling from Martinsdale to White Sulphur Springs and Harlowton. PSC rules prohibit one-way EAS. The PSC also gave a thumbs-up to community of interest for Northern Telephone subscribers. These

petitions for larger local calling areas now proceed to Phase II, consideration of rates and calling plans.

The PSC is also considering EAS requests from Blackfoot Telephone (Missoula and Helena regions) and Lincoln Telephone (Helena region).

QWEST REFUSES TO FILE COMPREHENSIVE DATA – STAND-OFF WITH PSC APPEARS HEADED TO COURT

The PSC has been sparring with Qwest Communications for some months now in its efforts to reconcile data submitted in Qwest's Annual Reports with the PSC's previously authorized rate of return for the company. The issue of whether the PSC can legally require Qwest to file certain revenue and cost data may be decided by the courts. In a July 16 letter, Qwest informed the PSC that it will challenge the lawfulness of the PSC's orders mandating that it submit comprehensive information so that the PSC can compare data with that filed in Qwest's 2001 and 2002 annual reports.

HB 641 IMPLEMENTATION ROUND TABLE INCHES TO ROUND 2

Despite nearly seven hours of discussion among virtually all the telecom players in Montana, at the end of the day there was little consensus regarding a fair and just implementation of HB 641 at a July 10th PSC-facilitated round table intended to provide a basis for rule-making. HB 641 requires carriers originating and transiting telecommunications traffic to provide information to local telephone companies that terminate calls so that they may identify, measure and bill for the traffic. Discussions will continue at a Round 2 Table in early August.

AUGUST 5 HEARING SET FOR SLAMMING & CRAMMING RULES

The PSC will accept oral or written comments on its proposed amendments to rules pertaining to slamming and cramming on or before the August 5th hearing at the PSC's Helena office. The proposed rules include HB 479 requirements for transferring subscriber information from carrier to carrier after sales or transfers; registration requirements and obligations of service providers, billing aggregators and billing agents; and registration procedures for service providers and billing aggregators. Comments on Docket L-03.6.1-RUL may also be submitted through the PSC's web-based form at <http://www.psc.state.mt.us/publiccomment/PublicComment.htm>.

COMPETITIVE CARRIERS SEEK DESIGNATION AS ELIGIBLE TELECOM CARRIERS FOR USF

3 Rivers Telephone and Western Wireless (Cellular One) are asking the PSC to designate them eligible to receive federal Universal Service Funds (USF) as competitive telecommunications carriers (CETCs). 3 Rivers seeks CETC status in Qwest's Shelby exchange. Western Wireless' petition eyes funding for most of Qwest's service area. If designated eligible for USF, competitive carriers receive funds based, not on their own costs of providing service, but rather based on the costs the incumbent carrier, in this case Qwest, incurs to provide service. MITS intervened and filed discovery in the Western Wireless proceeding since it appears that public interest may be a consideration in the PSC's review.

MITG Goes ... continued from page 1

Missouri Valley Communications, a Nemont subsidiary that recently began serving Williston, North Dakota. CC Communications and MITG made initial contacts with Nevada Senators John Ensign, Harry Reid, and Jon Porter as well.

(At right) Mark Feast and Bob Adams, CC Communications, met with the Nevada members of Congress.





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TELECOMMUNICATIONS
JULY 2003*

MITS to Assist in Cooperative Development Center Transition

A wide range of cooperative and agricultural organizations and elected officials met July 16th in Helena to establish an advisory council to assist the Montana Cooperative Development Center (MCDC) transition to a self-sustaining entity. The US Department of Agriculture, Rural Development Division recently acted to transition MCDC from the Montana State University-Northern in Havre to the Montana Department of Agriculture in Helena.

The newly established advisory council will define structural and service requirements for MCDC and will choose an appropriate permanent location to house the Center, which provides service to Montana cooperative businesses and groups pursuing the formation of cooperatives.

MITS' CEO, Mike Strand, will serve on the advisory council.

MITS BITS

WATCH FOR UPCOMING DETAILS:

**MITS' 9th Annual
Technology Symposium**

December 8th and 9th
Helena, Montana

Great Northern Hotel and Convention Center
located in Helena's new
Great Northern Town Center

PLEASE JOIN US!



Mark Your Calendar

Aug 14-15: GVNW Management Seminar (Portland)

Sept 10: NASTD Annual Conference (St. Louis)

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)