

Federal Communications Commission

Montana Telecommunications
Association

Delegation Visit

March 22-23, 2004



MONTANA
TELECOMMUNICATIONS
ASSOCIATION

MTA Delegation

- 3 Rivers Communications, Fairfield MT
 - Darren Moser, General Manager
- Blackfoot Telephone Cooperative, Missoula, MT
 - Bill Squires, SVP, General Counsel
- Range Telephone Cooperative, Forsyth, MT
 - Curt Fleming, General Manager
- Southern Montana Telephone Company, Wisdom, MT
 - Conrad Eklund, General Manager
- Montana Telecommunications Association-MTA
 - Geoff Feiss, General Manager



Summary Stats

- 393 employees (+1.6% over '03)
- \$20.2M payroll (+2.9%)
- \$9M benefits (+14%)
- \$14.2M CapEx (+9%)
- 43,159 access lines; 2.5 per mile (-0.15%)
- Calling scope: 746
- Intercarrier comp (universal service, inter- and intra-state access) = 73.8% of gross revenue
- Internet take rates: 29.3% (dial-up); 5% (DSL)



VOIP

- Telecommunications service if:
 - “Telecommunications for a fee directly to the public...regardless of facilities used” (47. U.S.C. 153(46).)
 - FCC 98-67 (CC Docket No. 96-45, 4/10/98):
 - Service holds itself out as voice telephony
 - Normal CPE
 - NANPA numbers
 - No net change in form or content



VOIP

- Public Interest (Note: No Infrastructure Necessary)
 - Public Safety and Social Obligations
 - CALEA
 - 911
 - Low income
 - TRS, hearing aid compatibility, etc.
 - Infrastructure Investment and Cost Recovery Intercarrier Compensation.
 - Universal service
 - Access
 - Broadband Connectivity Required
 - Rural costs, take rates
 - Regulatory parity/Regulatory Arbitrage/Regulatory Stability
 - Can we sustain parallel telecom universe?



ETCs

- Joint Board & *Virginia Cellular*
 - Competition v. Universal Service
 - Effect on the Fund
 - Particular attention to high cost/support areas
 - Cream skimming, density
 - Benefits/costs
 - Quality of Service, consumer complaints
 - Functional in emergency
 - Consumer protection
 - Local usage
 - Reasonable requests for service
 - Equal access
 - Buildout
 - Burden of Proof
 - Applicability to existing ETCs
 - Certification



ETCs

- Areas for Improvement
 - Portability
 - USF to recover costs v. margin
 - Certification
 - Location verification
 - Expenditure verification
- Recent State Activity
 - MT PSC ETC Rulemaking
 - Public Interest
 - Buildout
 - Quality, network congestion standards
 - Advanced service capability
 - Equal access
 - certification
 - Nebraska Nextel Order
 - Kansas Order/Investigation



ETCs

- Recent State Activity
 - NE PSC denial Nextel ETC application: 2/10/4
 - Competition does not in itself satisfy public interest
 - Competitive neutrality
 - Generalized statements
 - Service throughout the service area
 - Public interest applies to rural and non rural
 - “more than one” in non rural areas
 - Designation of “an additional” ETC in rural areas
 - Equal access, service quality, tariffs
 - No guarantee that applicant needs USF
 - In fact, subsidies may result in windfall
 - Perhaps PSC’s earlier approval of WWC “wasn’t rigorous enough and tailored enough to the goals of universal service.”
 - Kansas Order/Investigation of WWC: 3/16/4



Intermodal Number Portability

- Lack of Interconnection Agreements
 - Transport
 - Dips
 - (lack of) incentive to enter ICAs
- Cost causer does not pay
 - Porting carrier loses customer revenues, remaining customers/carrier pays expenses associated porting
 - Intercarrier comp arbitrage

