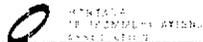


### Telecommunications in Montana

Senate Energy and Telecommunications Committee  
April 12, 2005

Presentation by the Montana Telecommunications  
Association



50 years (1955-2005)

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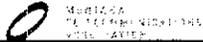
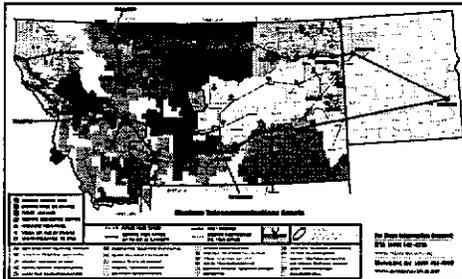
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### Montana's Telecom Infrastructure



50 years (1955-2005)

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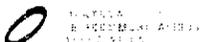
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### Montana's Rural Telcos

- 16 Independent (i.e., non-Bell) telecom providers:
  - Traditional wireline telephony (local and long distance), wireless, Internet (broadband) access, competitive local exchange, satellite/DBS, etc.
  - Range in size from <1,000 customers to >60,000
  - Include commercial (shareholder owned) and cooperative (member-owned/non-profit)
  - Service to over 31% of Montana's business and residential phone consumers (178,000 access lines)
  - Covering 80% of Montana's landmass
  - >3 access lines per mile of line



50 years (1955-2005)

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## Rural Telco Investment

- \$70 million annually in telecommunications plant
- Over 1,000 Montana employees, with premium salaries and benefits
- \$50 million annual payroll
- \$23 million in benefits
- 5,000+ miles of fiber
- 250+ communities with broadband (DSL)
- 125+ state-of-the-art videoconference sites



50 years (1955-2005)

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## Montana Telecommunications Association

- Members
  - 3 Rivers Communications, Fairfield
  - Blackfoot Telephone Cooperative, Missoula
  - CenturyTel, Kalispell
  - Frontier, Libby
  - Hot Springs Telephone Co., Hot Springs
  - Lincoln Telephone Co., Lincoln
  - Range Telephone Cooperative, Forsyth
  - 135 Associate Members (vendors, manufacturers, consultants, etc.)



50 years (1955-2005)

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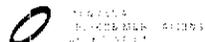
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## Montana Telecommunications Association

- MTA Member Statistics
  - 122,000 access lines (23% of total Montana access lines served)
  - 635 employees
  - \$500 million total plant in service
  - 2,600 fiber miles
  - 21,500 miles of line
  - 90 communities served with DSL
    - Over 80% of all customers served (usually high 90s) have access to DSL
  - 50% to 75% of all revenues come from "access" fees and universal service



50 years (1955-2005)

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## Consortia

- VisionNet and MAIN, Inc., Great Falls
  - Separate consortia owned by groups of independent rural telcos
  - 42 employees
  - \$1.4 million payroll
  - OC3 – OC148 fiber backbone, 3-ring architecture for superior redundancy
  - 24x7x365 network ops and technical assistance ctr.
  - 125 videoconference sites, including sites on all Tribal Lands
  - Retail (ISP) and wholesale (IAP) Internet services to State of Montana, NorthWestern, U of M, others
  - Supports 57K customers; 35K Internet end-users



50 YEARS  
OF PROGRESS AND SERVICE  
TO OUR CUSTOMERS

50 years (1955-2005)

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## Public Policy Issues

- Competition
  - Competition among "platforms"
    - Wireline
    - Wireless (including satellite)
    - Cable (cable-modem)
  - Competition among "services"
    - Voice
    - Video
    - Data



50 YEARS  
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50 years (1955-2005)

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## Public Policy Issues

- Investment in universal infrastructure/service
  - Revenues are derived from:
    - Rates: 30% (+/-)
    - Access (intra- and interstate intercarrier charges): 45% (+/-)
    - Universal Service Support: 25% (+/-)
- Traditional Revenue Sources at Risk
  - Universal service
    - Increasing demand, decreasing contribution
  - Access
    - Wireless, Internet "voice" services pay little or no access
  - Rates
    - As access diminishes, rates increase



50 YEARS  
OF PROGRESS AND SERVICE  
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50 years (1955-2005)

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## Public Policy Issues

- Regulatory Parity/Competitive "Neutrality"
  - "government decisions affect the nature of [telecom services] that are offered...In some cases, similar bundles [of service] can have different prices based solely on government policy." (Legg-Mason, 1/28/05)
  - Wireless v. Wireline
    - Calling areas and access
    - Eligible telecommunications carriers (ETC) and universal service
  - Information Service (Title I) v Telecom Service (Title II)
    - VOIP and "telephone service": If it quacks, is it a duck?
  - Regulatory arbitrage



MONTANA  
TELECOMMUNICATIONS ASSOCIATION  
500 N. GARDEN

50 years (1955-2005)

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## Questions

- Learning telecommunications policy is like drinking from a fire hydrant...
- Getting telecom providers on the same page is like herding cats...

Geoff Feiss, General Manager  
Montana Telecommunications Association  
406.442.4316 (office)  
406.594.0424 (mobile)  
[gfeiss@telecomasn.org](mailto:gfeiss@telecomasn.org)



MONTANA  
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50 years (1955-2005)

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