

***Rural Telecommunications
&
Technology***

***Energy & Telecommunications
Interim Committee***

November 22, 2005

Montana Independent Telecommunications Systems
www.mitstel.com



MITS

*Providing professional services to the
telecommunications industry since
1994.*

- The Voice of our member companies
 - Rural Independent Telcos

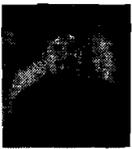
Services

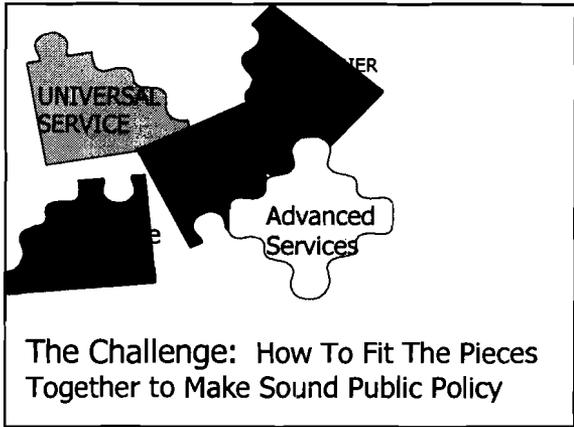
• Lobbying	Public Relations
• Policy Expertise	Legal/Regulatory
• Education	Consulting

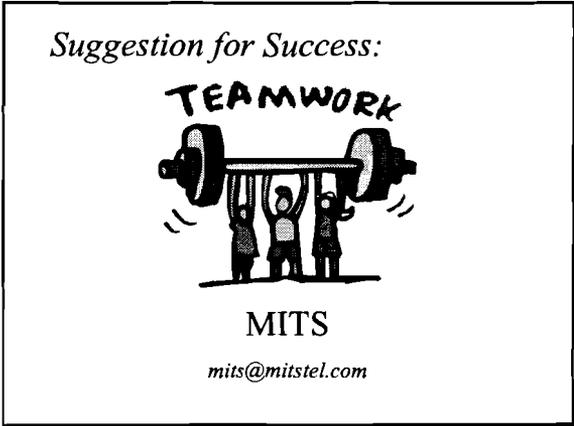


Familiar Faces



 Mike Strand CEO & General Counsel	 Mike Sheard Director of Operations Connect Montana	 Bonnie Lorang Director of Govt Relations
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Vision Net/Montana State:

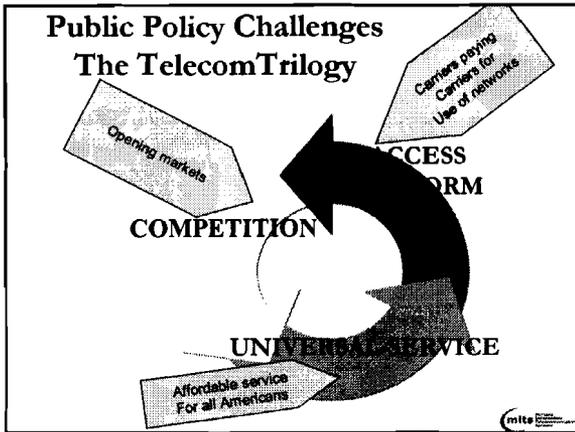
Successful Public/Private Partnership Serving Montanans



- Internet Access
 - VPN (Approximately 180)
- DSL Project
- District Court Video Conferencing Project
 - Transport – MAIN, Inc.
 - IP over ATM Cloud, Equipment, Bridging and Support – Vision Net
- Vision Net/MetNet ITV Interoperability



Public Policy Challenges The TelecomTrilogy



Technology and Public Policy Challenges

- Regulatory Parity
 - Regulated vs. Deregulated, Lightly Regulated vs. Heavily Regulated
- Service Quality Parity
 - Standards: Imposed by Regulators, Self-Imposed, Marketing vs. Reality
- Emerging Technologies
 - Wireless, CATV, VoIP, BPL, Satellite
- Inter-Dependency Among Networks
 - Who uses the networks?
 - Who pays for using the networks?
 - Technology neutral?



Customers

- National Carriers
- Telephone Companies
- Wireless Providers
- State of Montana
- Colleges and Universities
- Montana ISP's
- Healthcare Facilities and Networks
- Many Other Private Companies

New Projects

- Network and Service expansion
Service to Kalispell and Canadian Border
\$1.6 Million Network Upgrade
- State-wide 911 Network
- Tandem Switching (enhances competitiveness of the long distance market)



Vision Net provides 60+ hours of all types of video conferencing, linking Montanans to others around the world, every day.





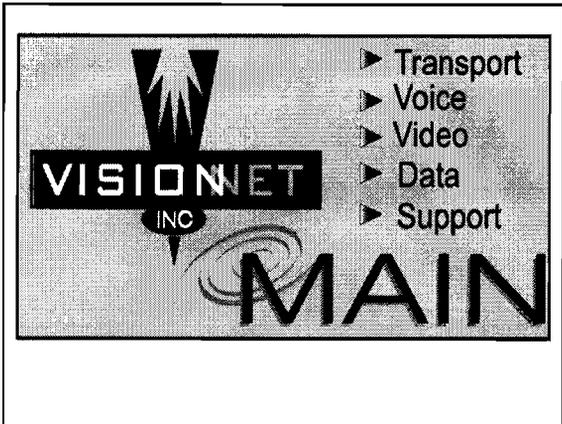
- Established in 1995 by 5 MT telephone cooperatives (Nemont, Triangle, Northern, 3 Rivers and Blackfoot).
- Created to provide advanced services to rural Montana.
- Assists schools in certifications class options
- > over 150 current sites:
 - K-12 Schools Colleges Hospitals Telcos
 - Commercial Studios District Courts
 - Private Studios – Albertsons, First Interstate Banks, Law Firms, etc.

Services Provided

- Transport Circuits
- Dedicated internet services
- Internet user support
- Alarms monitoring
- Point to point data services
- Educational Video Conferencing
- Business and Public service Conferencing
- Equipment Sales and service
- Network engineering, management and maintenance

Service Advantages

- POPs Throughout Montana, Including East of Billings
- Based In and Focused on Montana
- Single Point of Contact For End to End Circuit
 - Quotes
 - Provisioning
 - Test & Turn-up
 - Repair
 - Account Management
- Service Level Agreements
- Entrance Facilities to Central Offices in Major Markets
- Alliances With Regional and National Carriers – Connectivity From Montana to Points Within the US and Canada
- 24x7 Network Monitoring and Toll-Free Support
- Aggressive Installation Schedules
- Focus on Meeting Customer Needs and Providing Solutions



MAIN/Vision Net Merger

- Merger completed April 30, 2005
- Merged company provides full suite of services
- Offices in Great Falls and Billings
- 57 employees
- \$8,000,000 annual combined revenues

Montana's Advanced Information Network

- Consortium of 8 Rural MT Telcos
 - Connects rural telcos' individual fiber networks
 - Sharing costs of lightwave equipment, network administration, marketing, billing, etc.
- Transport Network (Big Pipes)
 - SONET technology – self-healing rings (reliability)
 - Equivalent capacity of 32,256 channels or 48 DS-3s/.
- Intrastate and Interstate Circuits



iConnect's Fiber Hotels:

- Provide conditioned "telco grade," carrier-ready space for rent.
 - Controlled temperatures.
 - Conditioned power supply (constant voltage levels) w/backup batteries and generators (un-interruptible power).
 - Specialized fire detection/suppression.
 - Highly secure areas, but 24/7 access for tenants.
 - Connectivity to multiple networks.

- Tenants include CLECs, ILECs, ISPs, e-commerce providers, ASPs, enterprise customers, etc.



*We're Proud to Announce Our Newest
(and Largest) Tenant*



Hotwire^{com}

iConnect Montana
Providing neutral collocation in a secure, robust central office environment with access to multiple backbone networks – Fiber Hotels.

iConnect – Bozeman
 iConnect – Missoula
 iConnect – Great Falls
 iConnect – Helena
 iConnect – Billings

What the heck is a fiber hotel anyway?

Booking a room at the intersection of some very busy information highways

Companies have access to multiple fiber and wireless networks simply by cross connecting equipment from rack to rack or cage to cage in a safe, controlled, neutral environment.

iConnect Fills a Niche in Montana's Economy

- Allows even “small” players to take advantage of economies of scale and scope that were previously available only to large companies
 - Shared costs of building and maintaining suitable equipment rooms
 - Access to network backbones (local, regional, national)
 - Bandwidth aggregation and peering opportunities

Strategies for Success?

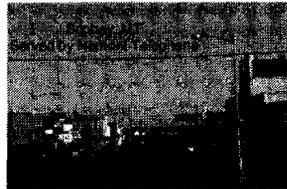
Glentana, MT
Served by Nemont Telephone

- Make every dollar count:
 - Build robust, scalable infrastructure.
- Recognize role in communities:
 - Communication.
 - Engines of economic development.
 - Public safety.
- Partnerships and collaborations with other telcos:
 - Share facilities and expertise.
 - Share costs.
 - Share risks.
 - Aggregate demand – achieve economies of scope and scale.
- Innovate, Innovate, Innovate.



Some MT Success Stories:

- DSL Deployment.
- iConnect Montana.
- MAIN, Inc.
- Vision Net



DSL Deployment

- DSL (Digital Subscriber Line) is the technology that turns ordinary copper voice lines into high-speed Internet lines
 - Voice and Internet on same line
 - Generally 384 Kbps to 1.5 Mbps and higher.
- MT's rural telcos have deployed the service to >90% of communities in our service areas (83% of MT area)
- Challenge = Subscribership (20% considered very good)
 - Usage is growing slowly, but we believe that new applications (commerce, education, healthcare) will drive increasing demand over the next few years.