TSTCI NFORMATION

MONTHLY NEWSLETTER FOR TSTCI MEMBER COMPANIES JULY 2007

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Texas Statewide Telephone Cooperative, Inc. is a statewide telecommunications non-profit organization representing the interests of Texas rural independent telephone systems. All member companies are regulated by the Public Utility Commission of Texas.

HIGHLIGHTS *from the 2007* BOOKKEEPERS/ACCOUNTANTS/COMMERCIAL CONFERENCE

The 2007 TSTCI Bookkeepers/Accountants/Commercial Conference began Wednesday afternoon with a welcome from Weldon Gray, TSTCI President. After a few announcements Weldon introduced the first speaker for the afternoon, **Debbie Broyles** of Curtis Blakely & Company, P.C. Debbie's session, State Tax Update, covered all of the legislative changes relative to the tax code for the telecommunications industry, as well as how these changes will affect the cooperatives. Debbie discussed a wide variety of subjects from sales tax use and prepayment reports, tax margins, exempt entities, passive income, small business discounts, revenues and compensation.

The next session, Understanding and Accounting for Revenue Sources, was presented by **Wade Wilson**, CPA from Bolinger, Segars, Gilbert & Moss, L.L.P. Wade offered insights into dealing with the different revenue sources that cooperatives use, jurisdictional allocations, end user revenues, inter-exchange carrier billing and collection codes, NECA, federal USF and miscellaneous revenues.

After a short break, **Blake Lackey**, CPA, Curtis Blakely & Company, P.C. presented an Audit and Accounting Update for the group. Blake provided a comprehensive explanation of the updates and changes relative to auditing and accounting for cooperatives relative to SAS, SFAS, FIN, FSP and SSARS and any amendments to the current rules and regulations.

The final session of the day was presented by **Nathan Paden**, CPA, Bolinger, Segars, Gilbert & Moss, L.L.P. The official session title was Know the Code – Making the Right Accounting Classifications. However, Nathan designed his presentation as an auditor's version of the television show "Are You Smarter than a 5th Grader?" Volunteers were taken from the group to play "Are you smarter than your auditor?" complete with "an expert panel" comprised of Rose Blakely and Wade Wilson. The contestants were asked a series of questions relating to the accounting codes used in Part 32. Each correct answer was awarded by a cash payment with the final answer (if they made it that far) netting a whopping $50!! Time only allowed for three of the four contestants to play with a couple of them making it to the $20 question. The audience played along to see if they knew the answers, but they were not allowed to help the contestants. The game provided a fun and educational way to discuss the current and updated Part 32 codes.

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The Welcome Reception

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Thursday morning started off with a great breakfast followed by opening remarks from Weldon Gray. Weldon then introduced the keynote speaker, **Bryan Townsend**.

Bryan Townsend motivated the crowd with his inspirational talk on "Making Good Things Happen." He used humorous stories and anecdotes to show how each of us has the ability to "make good things happen" instead of waiting for them. He talked of how everyone in the room can be instrumental in changing destiny by caring about each other and the work that we do everyday. There were chuckles from the crowd and much agreement on Bryan's heartfelt instructions on taking control - "making good things happen" – in all of our lives.

Wade Wilson, Bolinger, Segars, Gilbert & Moss, L.L.P. presided over another session entitled Review of Accounts for Accounts Receivable. Wade presented an overview of receivable accounts which included customer receivables, CABS receivables, supporting schedules, NECA, FUSF, SUSF receivables, common audit findings and allowances for doubtful accounts.

Mary Jane Koch, NRTC followed Wade with a session on Employee HR Issues, or "Who's In Charge?" Mary Jane shared ideas on dealing with the different generations in the workplace, the challenges of managing those generations and change ideas for leaders. She pointed out common areas of conflict between the groups and how to deal with the generational collisions by offering very important key elements of leadership and flexibility.

Two concurrent sessions followed. **Linda Hill**, NECA provided a NECA Update reviewing cost study requirements including USF contribution reimbursement worksheets, company services questionnaires, 6720 direct assignment cost study, and optional federal income tax adjustment worksheets. Linda also discussed NECA data requests due dates, non-payment of access charges, Ethernet transport services and further NECA training.

Lori Vergin, CHR Solutions, Inc., offered Marketing Strategies for a Competitive Telecom Environment. Lori outlined the process that each company should take to understand their marketing efforts. Audit your marketing process just like you audit your financials. Who is responsible for your organization's marketing, what do your marketing efforts consist of and how are you measuring the results? Lori suggested revising the traditional marketing plan (product, pricing, place and promotion) to include plans, people and profitability. She offered insights into becoming market driven, offered new marketing techniques, products and services as well as how to bridge the gap between your old marketing strategies and your new.

After lunch the group reassembled for a Fraud Update from Nathan Paden, CPA, Bolinger, Segars, Gilbert & Moss, L.L.P. Nathan shared information from the Association of Certified Fraud Examiners 2006 Report to the Nation on Occupational Fraud and Abuse which included figures relevant to fraud losses and the various methods used by companies to detect and stop fraud.

Catherine Dart
of Big Bend Telephone Company receives recognition for 25 years of outstanding service.

Congratulations!

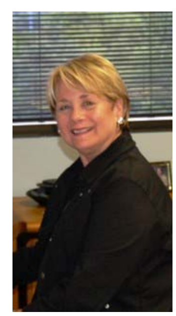
The second set of concurrent sessions included Current IRS Audit Issues **by Dirk Coleman**, CPA, Curtis Blakely & Company, P.C. Dirk presented an overview of the IRS audit process and the issues that might come up during an audit including taxable USF, USF and 85% test, subsidiaries revenues, patronage allocation issues, accumulative earnings tax, as well as the process and conduct of an IRS audit, possible outcomes and the appeals process.

Dee Dee Longenecker from John Staurulakis, Inc. presented a Substantive Rules Update during the second concurrent session. Dee Dee focused her presentation on the Lifeline program and carrier selection. Dee Dee reviewed the requirements for low income consumer access relative to the Lifeline program, who is eligible, discounts and charges, disconnect rules and mandatory publicity of the program. She also reviewed the revised PUC rules for this program. Dee Dee then discussed the process for carrier selection regarding PIC.

Record Retention – Using a Paperless Filing System was presented by **Kathy Cole**, CPA, Curtis Blakely & Company, P.C. Kathy explained how electronic content management can successfully be implemented and benefit in tangible terms such as time and money, as well as employee satisfaction. Organizations can realize benefits associated with digitizing information. Retrieving, cross-referencing and managing documents electronically is less time-consuming, space-saving and more secure than doing so manually, reducing the risk of files being lost or falling into the wrong hands.

Thursday's program ended with three roundtable discussions. Customer Communication was facilitated by **Amy Preston**, Poka Lambro Telephone Cooperative, Capital Credits was facilitated by **Melinda Locke** and **Sharla Saylor**, Five Area Telephone Cooperative, and General Information Exchange was facilitated by **Scott Thompson**, Peoples Telephone Cooperative.

Breakfast started the day off on Friday followed by an FCC Update by **Paul Raak**, Independent Telephone & Telecommunications Alliance. Paul updated the group on the current issues before the FCC and Capital Hill, the progress being made on issues like USF and the Missoula Plan, and touched on some regulatory issues also facing the telecommunications industry.



Jo Shotwell, CHR Solutions, Inc. provided a comprehensive CPNI Update. Jo explained the intricacies of the rules and regulations associated with CPNI and what cooperatives need to do to make their companies compliant by the implementation deadline. She explained what CPNI is, who it affects and what companies should do to make sure they are not liable. Among the recommendations were to establish clear policies and procedures including reprimands for disclosure of CPNI, implementing passwords, establish audit trails to retain records, training for entire employee base, non-disclosures with vendors and consultants, and designate a "CPNI Officer" to investigate and document questions from employees and/or breach of policy.

Have you registered for the **TSTCI Futures Retreat?**

Contact Martha Shepperd at 972-243-8795 or e-mail martha@tstci.org

The final session of the day, a Legislative/Regulatory Update, was presented by Cammie Hughes, Director of TSTCI Member Services. Cammie gave an overview of the 80th Regular Legislative Session complete with breakdown of the House and Senate bills filed, tabled or passed during the session. She also updated the attendees on a regulatory change to Project No. 33410 which repealed the filing of some financial reports.

The conference ended with the awarding of the grand prize and the PAC raffle drawing. The grand prize, a $500 Dillard's gift certificate was won by **Gayle Vieth** of Community Telephone Company. The PAC raffle drawing, a Magellan RoadMate 2200T was won by **Sara Hancock** of Eastex Telephone Cooperative. The raffle raised $304 for the PAC fund.

Our winners!

Special thanks to our

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Bolinger, Segars, Gilbert & Moss, L.L.P.
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RAFFLE PRIZE
CHR Solutions, Inc.

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News from Associate Members

Communications Data Group Announces New Ownership

CHAMPAIGN, ILLINOIS – Communications Date Group, Inc. (CDG) has announced the acquisition of CDG by Bob LaBonté and Bill Oglesby from its parent company Hargray Communications Group. Mr. LaBonté and Mr. Oglesby are the former COO and CFO of the Hargray companies and have been actively involved with CDG for many years. They will act as CDG's Chief Executive Officer and Chief Financial Officer, respectively. Their expertise in the telecommunications industry brings more than 40 combined years of leadership in senior management, fiscal administration, and sales experience from the local exchange carrier perspective.

In making the purchase announcement, Mr. LaBonté stated that he expects to focus on a new approach to CDG's markets with emphasis on current and potential customers. He explains, "As customers of CDG at Hargray and now CDG's owners, we can bring a unique viewpoint to addressing the needs of our customers with a shared focus on this ever changing and dynamic industry. Our personal experiences with CABS, IPTV, VoIP, Cable and Wireless from an operator's level will greatly assist us with addressing market opportunities and issues from a unique and hands-on perspective."

Mr. Oglesby added that the new owners will bring the financial stability to allow the company continued growth and to focus on new markets. "While CDG has thrived since its purchase by Hargray in 1990, billing was a secondary business to its former owners. We are a billing company and will focus on improving our current products, as well as exploring other revenue sources. Customer support as it has been in the past will be a major focus."

The company's headquarters will remain in Champaign, Illinois.

Upcoming Events

August 2007

7-9 **TSTCI Futures Retreat – Mescalero, New Mexico**
13-14 NTCA Region 4-5 Meeting – Green Bay, Wisconsin
28-29 NTCA Pre-Retirement Planning Seminar – San Antonio, Texas

September 2007

3 **Labor Day (*TSTCI Offices Closed*)**
9-12 TTA Annual Convention – San Antonio, Texas
16-19 NTCA Fall Conference – Denver, Colorado
23-27 NECA Expo – San Francisco, California

October 2007

3-5 **TSTCI Annual Membership Meeting – Embassy Suites Outdoor World, Dallas, Texas**
15-16 NTCA Region 9 Meeting – Billings, Montana
29-30 NTCA Region 6 Meeting – Bismarck, North Dakota
31-Nov 1 OPASTCO Technical & Marketing Symposium – Minneapolis, Minnesota