

## **CONGRESS URGED TO UPHOLD UNIVERSAL SERVICE**

Delbert Wilson, Regulatory Affairs Manager of Central Texas Telephone Cooperative, Inc., recently testified before the Senate Committee on Commerce, Science and Transportation during a hearing on the future of the telecommunications industry. Delbert testified on behalf of the small rural incumbent local exchange carriers represented by the National Telephone Cooperative Association (NTCA).

The senate committee was informed that, although rural carriers serve only 7% of the nation's access lines, their service areas cover approximately 40% of the national landmass. "We have a mission of service that supercedes profit making. We have a mission that is based on responsibilities to the community and the industry rather than focusing only on the bottom line. We have a mission of providing universal service, which means service to all Americans, not just the 92% majority that many of the policies emerging from the FCC attempt to. We have done all this despite the tremendous regulatory and competitive barriers that have historically stood in our way."

Delbert made the point that, even in the face of these obstacles, rural carriers have gone above and beyond the call of duty to ensure that their customers have access to an array of quality services. He stated, "It still regularly comes as a surprise to most people to learn that it was a small rural LEC in Pennsylvania, in June of 1979 that placed in service the first commercial fiber optic telephone system in the nation." In addition, he testified that rural carriers led the transition to digital switching, actually completing the job well ahead of the rest of the industry. Rural carriers also ensured that, in addition to local and long distance telephone services, their customers have access to cable and/or satellite TV, internet access, and wireless phone service. Rural carriers led the way 15 years ago in the migration to distance learning and telehealth applications. All of these feats were accomplished despite tremendous uphill battles from both regulatory and competitive standpoints.

In his testimony, Delbert stressed how critical cost recovery is for our rural carriers. "From our perspective," he stated, "perhaps the single most important area that congress could provide help on is ensuring that we recover our costs. It's no secret that the ability to fully recover costs is the very lifeblood of small rural ILECs. Thus, of particular concern to us today are the many regulatory and judicial proceedings that will either sustain or destroy this ability – and subsequently continued investment in rural telecommunications infrastructure."

As his testimony continued, he added, "it is clear that universal service must remain the hallmark of our national telecommunications policy. We have built and will continue to maintain a system of telecommunications infrastructure that is ubiquitous and integrated regardless of whether it is voice, video, or data oriented, or a combination thereof. And it should be particularly evident that this support system will only work if it remains carrier oriented in terms of how support is distributed."

A copy of Delbert Wilson's testimony in its entirety may be found on the senate committee's website at <http://commerce.senate.gov/hearings/witnesslist.cfm?id=1187>.

## LEGISLATORS PREPARING FOR PURA REVIEW

With the Public Utility Regulatory Act (PURA) scheduled for review during the upcoming regular legislative session, Texas House and Senate committees are in the process of gathering information during the interim. Several hearings have been conducted regarding the status of various aspects of the telecommunications industry, and several more hearings will be scheduled between now and the beginning of the regular session in January.

The most recent hearings focusing on the telecommunications industry were:

May 12 - House Business & Industries Committee ([www.house.state.tx.us/committees/425.htm](http://www.house.state.tx.us/committees/425.htm))

May 18 - Senate Business & Commerce Committee ([www.senate.state.tx.us/75r/Senate/commit/c510/c510.htm](http://www.senate.state.tx.us/75r/Senate/commit/c510/c510.htm))

To view the online video of the hearings, you may visit the website listed beside each. In addition, copies of the presentations provided by PUC Chairman Paul Hudson and Commissioner Julie Parsley are available on the PUC's website at [www.puc.state.tx.us](http://www.puc.state.tx.us). At the bottom of the site page, click on the Chairman's and Commissioner's names.

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## USDA ANNOUNCES \$190 MILLION IN LOANS TO SUPPORT RURAL ACCESS TO HIGH-SPEED INTERNET TECHNOLOGY

*Rural Residents in 19 States to Benefit from Improved Telecommunication Technology*

WASHINGTON, May 4, 2004 --Agriculture Secretary Ann M. Veneman today announced, as part of the Bush Administration's effort to expand the availability of broadband technology in rural areas, the approval of 20 rural broadband and telecommunication loans totaling \$190 million to expand access to advanced technology in 19 states.

"President Bush is committed to ensuring that every household in America has access to broadband by the year 2007," said Veneman. "This technology is important for families and businesses to succeed in a global environment."

Veneman announced in January 2003 that USDA would expand efforts to bring farmers, rural residents and businesses greater access to improved telecommunication technology through loans and loan guarantees to rural telecommunications providers. Funds for the program were authorized through the 2002 Farm Bill. To date, over \$206 million in broadband loans have been approved in this program.

The rural broadband access program provides loans and loan guarantees for the construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural communities. Priority is given to applications that are proposing to serve areas where no residential broadband service currently exists.

Telecommunication companies like Nex-Tech, Inc. of Lenora, Kansas are improving the capability for rural businesses and farmers and ranchers to compete globally through better access to the Internet. One of their customers, Osborne Industries, shared with Veneman in January 2003, how their local agricultural services

### ***The Countdown Begins!***

The TSTCI Spring Managers' Conference is only a couple of weeks away! If you plan to attend and haven't yet registered, please be sure to do so right away.

For information and forms, contact Martha Shepperd at 972-243-8705 or by e-mail: [martha.shepperd@chrsolutions.com](mailto:martha.shepperd@chrsolutions.com).

See you there!

manufacturing company is utilizing high-speed connection to better manage and market their products in domestic and international markets. Nex-Tech will receive a \$5.4 million loan to further expand broadband access to 1,400 new subscribers.

Of the \$190 million announced today, \$150 million resulted from funding available through the 2002 Farm Bill. The remaining \$40 million in loans announced came from Rural Development's traditional telecommunications program. Borrowers are required under the traditional telecommunication loan program to ensure that all infrastructure built include broadband capability. Since the beginning of the Bush Administration, the traditional

program has provided \$2.0 billion in funding, providing over 771,000 rural homes and businesses with access to high speed broadband connections.

The notice of funds availability and other information regarding the Rural Broadband Access Loans and Loan Guarantees Program can be found on line at [www.usda.gov/rus/telecom/broadband.htm](http://www.usda.gov/rus/telecom/broadband.htm).

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## **OREGON STUDENT RECEIVES CDG SCHOLARSHIP – CDG NOMINATED STUDENTS RECEIVE NATIONAL SCHOLARSHIPS**

The 2004 Communications Data Group Scholarship was awarded to Roseann Maurer, a senior at John F. Kennedy High School in Mt. Angel, Oregon. The \$1000 award is given annual to a Foundation for Rural Education and Development (FRED) scholarship applicant who shows exceptional academic achievement and extensive involvement in their rural community. Maurer was nominated for the scholarship by Mt. Angel Telephone Company and will be pursuing a degree in interior design at the Art Institute of Portland.

Each year, FRED awards scholarships to rural America's best and brightest students. A portion of CDG's annual FRED donation goes toward the Communications Data Group Scholarship.

In addition, each year CDG nominated selected students to the Foundation for Rural Service (FRS) and the FRED scholarship programs. This year, a CDG nominated applicant was chosen for each award. FRS will award Michelle Lynn Beightel, a senior at Cerro Gordo High School in Illinois, \$2000, while CDG will donate an additional \$500. This scholarship is awarded to students showing academic and community achievement with the hopes of returning to a rural community after their college education. Ross Vickroy, a senior at PORTA High School in Petersburg, Illinois, was the CDG nominee chosen to receive a \$1000 scholarship from FRED.

Additional information regarding CDG, a TSTCI associate member, can be found on their website at [www.cdg.ws](http://www.cdg.ws).

### ***TEXAS PUC NOMINEES CONFIRMED***

Earlier this month, the Texas Senate confirmed Public Utility Commission nominees Chairman Paul Hudson and Commissioner Barry Smitherman by a 29-0 vote.

Chairman Hudson was appointed to the PUC in August 2003 and named chairman in late January. His term ends September 1, 2009. Commissioner Smitherman's term ends September 1, 2007.

## **FCC PROPOSES RULES TO FACILITATE WIRELESS BROADBAND SERVICES USING VACANT TV CHANNELS**

In an initiative to increase the use of radio spectrum to provide greater service to the American public, the FCC proposed this month to allow unlicensed devices to operate in the broadcast television spectrum at locations where the spectrum is not in use by television stations. In order to ensure that no interference is caused to TV stations and their viewers, the FCC proposed to require unlicensed devices to incorporate "smart radio" features to identify unused TV channels.

The FCC proposals are intended to allow the development of new and innovative types of unlicensed broadband devices and services for business and consumers by utilizing vacant spectrum that is particularly well suited for these purposes. Due to the physics of signal propagation, transmissions in the TV band can travel farther and can better penetrate into buildings than transmissions in the spectrum where existing unlicensed wireless broadband operations are permitted. As a result, allowing unlicensed operations in the TV bands could benefit wireless internet service customers by extending the service range of current WISPs' existing operations, particularly in rural and underserved areas. The FCC believes that by carefully tailoring this initiative to protect incumbent television service, it provides a balanced proposal for the American public, for WISPs, and for TV station operators. The FCC states that the proposals also have the potential to provide benefits to broadcasters as well, as they may facilitate the provision of interactive TV services.

For more information on this and other FCC proceedings, visit the FCC website: [www.fcc.gov](http://www.fcc.gov).

### **Upcoming Events**

#### **June 2004**

**16-18 TSTCI Spring Managers' Conference – South Padre Island, TX**  
20-24 SUPERCOMM 2004 – Chicago, IL

#### **July 2004**

4 Independence Day  
5 Holiday – TSTCI Offices Closed  
10-14 OPASTCO's Summer Convention - Calgary, Alberta  
12-13 NTCA Region 7-8-10 Meeting – Branson, MO  
**14-16 TSTCI Bookkeepers/Accountants/Commercial Conference – Dallas, TX**  
14-16 TACC Cooperative Manager's Conference – Ruidoso, NM  
19-20 NTCA Region 1-2-3 Meeting - Philadelphia, PA  
28-30 TACC Cooperative Board Chairmen's Conference – Ruidoso, NM

#### **August 2004**

**4-5 TSTCI Futures Retreat – Lake Tahoe, NV**