

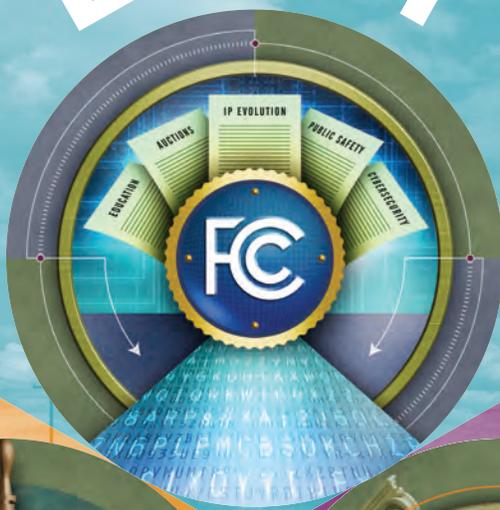
RURAL telecom

The Magazine
of Rural Telco
Management

JANUARY-FEBRUARY 2014

SPECIAL
PRODUCT
PREVIEW
PULLOUT

2014



THE YEAR AHEAD

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Known and Unknown: A 2014 Regulatory Preview

By Joshua Seidemann

The regulatory agenda for the coming year reflects technological change, consumer expectations and the challenge regulators face in determining how historic principles will apply to new markets. These inquiries will affect education, public safety and consumer preferences. In what way will consumer interests be assured as markets move forward?

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NTCA represents nearly 900 small, rural, locally owned and operated telephone cooperatives and commercial companies in the United States and abroad, as well as state and regional telephone associations and companies that are the suppliers of products and services to the small and rural telephone industry. Our readers are the managers, directors, attorneys and key employees of these telephone companies as well as consultants, government officials and telecommunications experts.



18 **The 2014 Legislative Outlook: Polarization Makes for Tough Predictions**

By Meagan Foster

With one-third of the Senate up for re-election and the entire House of Representatives standing for election in 2014, many politicians will be trying to figure out the best way to a majority on November 4, and how to set up their legacies.



24 **Forecast for Business Owners in 2014: Steady as She Goes**

By Phillip M. Perry

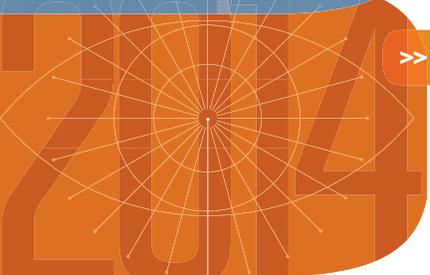
"Steady as she goes." The economic waters remain troubled as the nation emerges from a year in which business activity and consumer confidence fell short. At the same time, an improved economic forecast should lead to greater profitability in 2014.



30 **Senate Retirements Put Hill Support in the Balance**

By Anna Henry

Seven seats in the Democrat-controlled Senate will be contested in the 2014 midterm elections. Those seats are available because of five Democrats and two Republicans retiring. These politicians have offered a range of support for rural telecommunications causes over the years.



>> **Special Product Preview**

Our special product preview highlights seven companies exhibiting at the Rural Telecom Industry Meeting & EXPO in San Antonio, Texas. Read about the latest products and technologies that you can see at the show, and keep the pullout guide as a resource for the rest of the year.

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The Editorial Purpose of Rural Telecom is threefold: to inform readers of public policy issues affecting the industry; to provide insight on developing businesses and technology; and to share expertise and experience on management, marketing and customer service.

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Reasons to Be Thankful

I know Thanksgiving is long gone, but the ending of one year and the beginning of the next always provide many opportunities to recognize the reasons we have to be thankful: Family, friends and a community that feels like home. At NTCA—The Rural Broadband Association, we have many reasons to be thankful this year, starting, of course, with our dedicated members. Here are a few more.



Smart Rural Communities Are Multiplying. In 2013, we recognized seven rural communities that have earned the title Smart Rural Community as part of a new initiative to highlight efforts that make rural hometowns vibrant places in which to live and do business. Since then, we've heard from many more that could be contenders for recognition in 2014. Watch them multiply at www.ntca.org/smart.

Rural Is Cool. Countless stories about the positive contributions of rural America and the unique upsides of living in the country have been unearthed through the social media movement around #ruraliscool. Contribu-

tions have included beautiful photos and videos of cherished landscapes and examples of our member companies sharing your love of technology with your communities. Look for a #ruraliscool bumper sticker from NTCA in the mail, and join the movement at www.ruraliscool.com.

Health Care Discounts. As millions of Americans struggle to keep health care costs affordable, we are working to ensure participants in our Group Health Program (GHP) can reap discounts on health care services as a result of a new partnership with UnitedHealthcare (UHC). Thanks to this new partnership, GHP participants will gain access to the 780,000 physicians and care professionals and 5,900 hospitals in UHC's nationwide network. This action is expected to reduce or mitigate the inflation-related trends affecting future GHP costs.

What are you thankful for?

Laura Withers
Director, Communications
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A Holiday Ray of Hope

Periodically my family will pack up and head south to see relatives, leaving behind Washington, D.C., and its "inside the Beltway" culture. It's always refreshing to break out of that bubble and slow down in a more rural region of Virginia. It's even more refreshing during the holidays, when we give thanks for all that we have.

But the 2013 holiday season was a bit different. Sure, we had a lovely time, as always, seeing family members who live a few hours away. But there was a pall over the holiday season, and it had nothing to do with difficult relatives or any sort of family strife.

No, it was the broader mood in the country, which seemed more grim than usual in late 2013.

A long-awaited rollout of a revamped health-care system had stumbled out of the gate. President Obama, whose name is associated with the legislation (the Affordable Care Act, or "Obamacare") that brought the changes, saw his poll numbers descend to new lows. The Economist pictured him submerged, with the headline "The Man Who Used to Walk on Water."



Federal budget challenges only added to ongoing uncertainty about other aspects of rural telcos' business. It was all making for a rather gloomy holiday season.

But then, in mid-December, a ray of hope broke through: Tom Wheeler, the new FCC chairman, said the commission would consider the elimination of the quantile regression analysis-based caps on Universal Service Fund support affecting rural carriers. And just like that, spirits lifted as we waited on further details.

What will 2014 hold for your business? In this issue, we look at the year ahead—regulation, legislation and a forecast for business-owners. We also review the legacies of several retiring senators whose efforts have shaped today's telecom industry.

How's your mood as you reflect on the holiday season that just passed, and as you look at the year to come?

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BY CHRISTIAN HAMAKER



POWER POSING: THE KEY TO A SUCCESSFUL INTERVIEW

If you want that job you're interviewing for, here's a tip: Stand like Superman or Wonder Woman. Not during the interview, but beforehand.

Wharton Professor Jonah Berger cited "intriguing research" that shows "how you stand (or sit) can actually make anyone feel more powerful." For instance, "The confident speaker strides across the stage, voice booming," Berger wrote. "The boss puts his or her feet up on the table to show they are in charge."

Should you emulate those behaviors during a job interview? No, but practicing such power poses just before an interview "led people to be evaluated more favorably and increased the chance of getting hired by 20%," Berger wrote. "So the next time you're worried about a job interview, an important presentation or a tough negotiation, take a few minutes before and strike a power pose. Not right in front of the interviewer (that might not go so well), but in the bathroom, backstage or before leaving home. Faking it just might help you make it."

►Source: linkedin.com

Do Your Employees Enjoy Their Commutes?

More and more Americans have very long commutes. Those traveling more than an hour each way rose in 2012 to 11.1 million—300,000 more such commuters than in 2011.



A tough commute into work can put employees in a bad mood from the time they arrive, while an enjoyable commute can have a positive effect that lasts all day long.

What are the keys to a happy commute?

Studies show that people can enjoy commutes as long as 45 minutes, but the keys are predictability and, in some cases, interaction with mobile devices or satellite radio.

Compensation also is important to those with longer travel times. Those with hourlong commutes each way need to make 40% more money to be satisfied in life than do those who live near the office.

Also, a 2011 study in the *Journal of Health Economics* showed that long commutes take a greater toll on women than they do on men, perhaps because women are more likely to deal with additional housework outside of the office.

►Source: wsj.com

Tech Tips From a Trekkie

"Star Trek" actor George Takei is taking on a new mission. He's making tech videos for AARP.

"Takei's Take," anchored by the TV star, is a 12-episode Web series designed to explain online innovation to an older segment of the population.

The shows are approximately four minutes each. AARP pointed out that 54% of baby boomers watch online video.

Takei noted that original "Star Trek" fans are now AARP-eligible, and that their children are middle-aged.

►Source: washingtonpost.com



STARTREK.COM; INSET IMAGE: YOUTUBE

Does the Sound of Silence = Productive Workers?



Should you wear headphones while at work? NPR blogger Stephen Thompson said: It depends.

"As a society, we're all supposed to be horrified by the way we've come to close ourselves off from the world around us," he wrote. "By staring at phones instead of sunsets, by tweeting overheard conversations instead of having them ourselves, by pawing at screens during every spare nanosecond of downtime."

However, a good rule of thumb, Thompson said, is "to choose the events for which it's necessary and courteous to be mentally present ... and put the headphones away. But we're also allowed, every now and then, to provide ourselves with enforced alone time—to put up barriers that shut out distractions, make ourselves appear less approachable to strangers, and close off the world outside our own heads."

Thompson said work can be a gray area. He wears sound-dampening headphones at work "quite a lot," because "I listen to music as part of my job and am often writing or editing at my desk; those tasks require that I find a way to tune out whatever racket [my co-workers are] making at a given moment."

He added that "obviously, that's not possible at every job, and your own methods may vary. But if you're in a situation where you need or deserve to be left alone? Have at it."

►Source: npr.org

Say You're Sorry, Even for Things Beyond Your Control

If you want to build trust among your employees and increase their confidence in you, learn to apologize for things you can't control.

That advice is drawn from new research that shows the importance of building empathy. Alison Wood Brooks of Harvard Business School led the study and reported that "even in the absence of culpability, individuals can increase trust and liking by saying 'I'm sorry'—even when they are merely 'sorry' about the rain."

Such "superfluous apologies," or "expressions of regret for an undesirable circumstance that is clearly outside of one's control," communicates that the apologizer "has taken the victim's perspective, acknowledges adversity and expresses regret." Such demonstrations of empathy "increase the victim's trust in the apologizer."

►Source: psmag.com

Mini Tablets Poised for Major Growth

Apple no longer dominates the tablet market. The company's global tablet market share is down from 60% a year ago to 32% now, while the share of the tablet market controlled by Samsung, Acer and Lenovo tripled in the third quarter of 2013.

But when it comes to growth, the larger iPads and comparable models don't hold a candle to mini tablets—those with smaller screens and lower price tags. Tablets with screens smaller than eight inches represented about 25% of the tablet market in 2011, but consultancy IHS iSuppli predicted that would rise to 55% last year and 57% by 2017. Larger tablets are predicted to decline to a 37% market share by that same year.

►Source: money.cnn.com



Creative Workers, Growing Economy

Are creative industries or creative workers the key to innovation and economic growth?

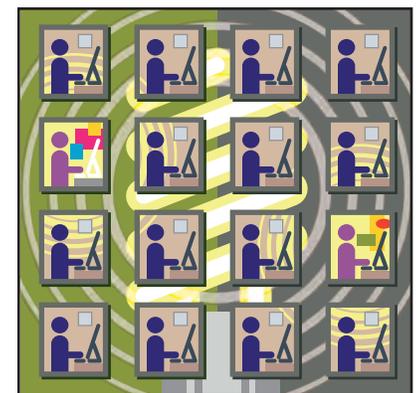
A new paper from UK firm Nesta argues that it's both, but the balance isn't what you might expect.

Researchers said creative industries like software, media and entertainment were more likely to originate product innovations, even though the connection wasn't as strong as the researchers had anticipated.

Creative workers play a much greater role in innovation across all industries—creative and noncreative—the survey found. "Employing a worker in a creative occupation is an innovation input in a similar manner to employing a scientist," the survey said.

The survey also found "no relationship between creative industries and cities, meaning that ... urban firms are no more innovative than their counterparts in other locations."

►Source: theatlanticcities.com



Celebrating the Fruits of Our Labor



For a lot of us, 2013 felt a bit frantic. For those of you who may have felt at some points like you were suffering from “hair on fire” syndrome, it may provide some comfort to know you weren’t alone. The year was full of frenzied moments for rural telecom providers and the policymakers who shape their futures, with the impacts of past reforms becoming more apparent and creating some real long-term concerns.

But as the end of 2013 neared, we saw a new FCC chairman take the helm, bringing with him a new cast of commission staff that, by my observations, have provided fresh perspectives on the issues facing our industry. We also began to see the fruits of our labor take hold, with Chairman Tom Wheeler announcing that the commission is exploring eliminating the troublesome quantile regression analysis (QRA)-based caps on Universal Service Fund support crippling investment in rural broadband infrastructure.

In true Washington style, the news did not come in the form of a commission press release or a formal statement from Wheeler; rather, it came in a response to an inquiring member of the House Commerce Subcommittee on Communications and Technology during a routine oversight hearing. Within an hour of Wheeler’s comments, rural industry advocates were buzzing—and in some cases doing a collective high-five that our many months of work were finally reaping results.

As I’ve said many times before, policymaking does not happen in a vacuum. And smart policies come from thoughtful, deliberative engagement by stakeholders who care deeply about their cause. I tip my hat to all of the members of NTCA—The Rural Broadband Association, state associations, allied organizations and industry consultants who worked closely with their congressional delegations to send hundreds of letters to the commission and White House sharing their concerns about these problematic reforms. Together with NTCA’s swing state strategy in late 2012, the many surveys we conducted to gauge the reforms’ impacts, and more generally, our efforts to stay at the table, we have earned the right to celebrate a bit. Our concerns are being heard, and changes are afoot.

Now, this does not mean we can let up. If anything, our work is only beginning. But the good news is we are well positioned to have a strong say in what will ultimately replace the QRA-based caps, and (no surprise) we have already floated a few ideas. We will also have many more opportunities to advocate for affordable access to high-quality broadband services in 2014, as the commission and a new IP Transition Task Force sets its sights on updating existing rules to better fit our increasingly IP-enabled world. Wheeler is keenly aware of the importance of rural Americans having the ability to meaningfully participate in the IP evolution, and we will continue to work with him to update and shape policies accordingly.

The events of the last few months prove that our collective strategy of doing the hard work, developing creative and thoughtful proposals, and engaging proactively and thoughtfully with policymakers produces real results. Coupled with thoughtful leadership at the FCC and on Capitol Hill, our efforts have pointed the compass in the right direction for positive change in 2014. Let’s keep it going!

Shirley Bloomfield is chief executive officer of NTCA—The Rural Broadband Association. She can be reached at sbloomfield@ntca.org.

THERE'S STRENGTH IN NUMBERS



No one knows that better than a rural telco.

As the competitive and regulatory challenges intensify, you look for partnerships and alliances that will strengthen your business. We hope NRTC is one of those partners.

And, we share your philosophy. That's what led us to acquire NeoNova and Telispire, launch TelcoVideo and partner with ViaSat on satellite broadband. We believe that by working with quality partners, we can innovate, expand and enhance the products, services and solutions we offer our members.

We're already seeing that pay dividends. We'd love to talk to you about it and see how our solutions can work for you.



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Let's Get It Done!

Let's get it done! Let's complete the broadband projects funded by the American Recovery and Reinvestment Act (Recovery Act) through the U.S. Department of Agriculture's (USDA's) Rural Utilities Service (RUS).

Since 2009, 176 Recovery Act broadband projects have been completed and are providing new or improved service to more than 104,471 subscribers, including 5,858 businesses and 647 critical community facilities in rural areas. Ultimately, when all of the projects are completed, more than 250 projects will provide new or improved broadband through the Recovery Act.

Hundreds of thousands of rural residents will benefit from these projects. In Hays, Kan., RUS borrower Nex-Tech used Recovery Act funding to build out broadband to serve its community, including Fort Hays State University. Hays was named a Smart Rural Community by NTCA—The Rural Broadband Association for its work to connect industries, educators, health care providers and public safety officials with business and residential broadband subscribers.

Even with this extraordinary investment, for every rural household and business connected to broadband service, countless more are without broadband. USDA's Economic Research Service released a study this summer that calculated approximately 62% of rural households and farms are Internet subscribers compared with 73% of urban households. The FCC has noted that 19 million Americans live where fixed broadband networks do not reach; 14.5 million of those live in rural America.

Why is it important to get to work to deliver broadband to rural areas?

For the first time in our history, rural America as a whole has lost population. The number of people living in rural counties now stands at 46.2 million—15% of U.S. residents live across 72% of the land mass. About 17% of rural people are living in poverty, compared with 14.6% in metropolitan areas. If these trends continue, the population of rural American communities will continue to shrink, and rural poverty may become persistent.

Broadband has the potential to serve as a catalyst for rural economic success. Broadband opens doors to education and helps deliver quality

health care services to the most rural of communities. Broadband facilitates business and social opportunities. With broadband, rural communities are connected to the world. Without broadband, they rely on last century's technologies.

The Recovery Act provided RUS with \$2.5 billion to increase the number of rural Americans with access to broadband service. To date, 255 active infrastructure projects are on track to deliver broadband service to nearly 850,000 rural households, businesses and community service providers by September 30, 2015.

But it's time to look beyond the Recovery Act's down payment on rural broadband investment. RUS programs to fund broadband have not been fully used during the past two years. Universal Service Fund issues and industry uncertainty have delayed rural economic development. Unused funding will not deliver broadband to the unserved and underserved areas nationwide.

To address these changing industry demands, RUS has been working on loan processes and portfolio improvements to better serve our customers.

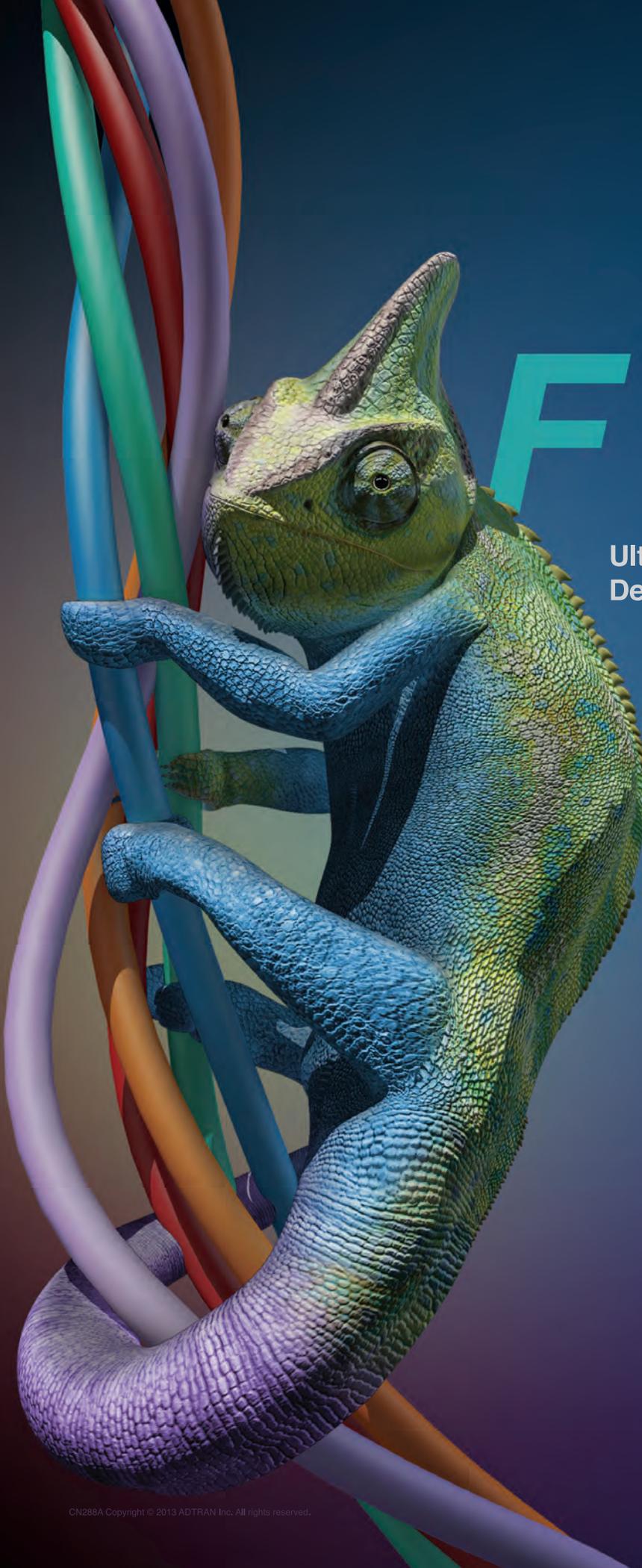
During 2014, RUS plans to expand funding to both traditional and nontraditional borrowers, focus on new markets, and work with persistent poverty and tribal areas. Our strategy includes contacts with rural telecommunications providers that have not recently sought RUS loans to use their strong community presence to leverage broadband for economic development.

We look to our partnership with you to take leading roles to build 21st century communities.

Just as wiring the countryside boosted rural economies and created ladders of success generations ago, so can broadband today. Let's get it done! ■



John Padalino is RUS administrator. Contact him at john.padalino@wdc.usda.gov.



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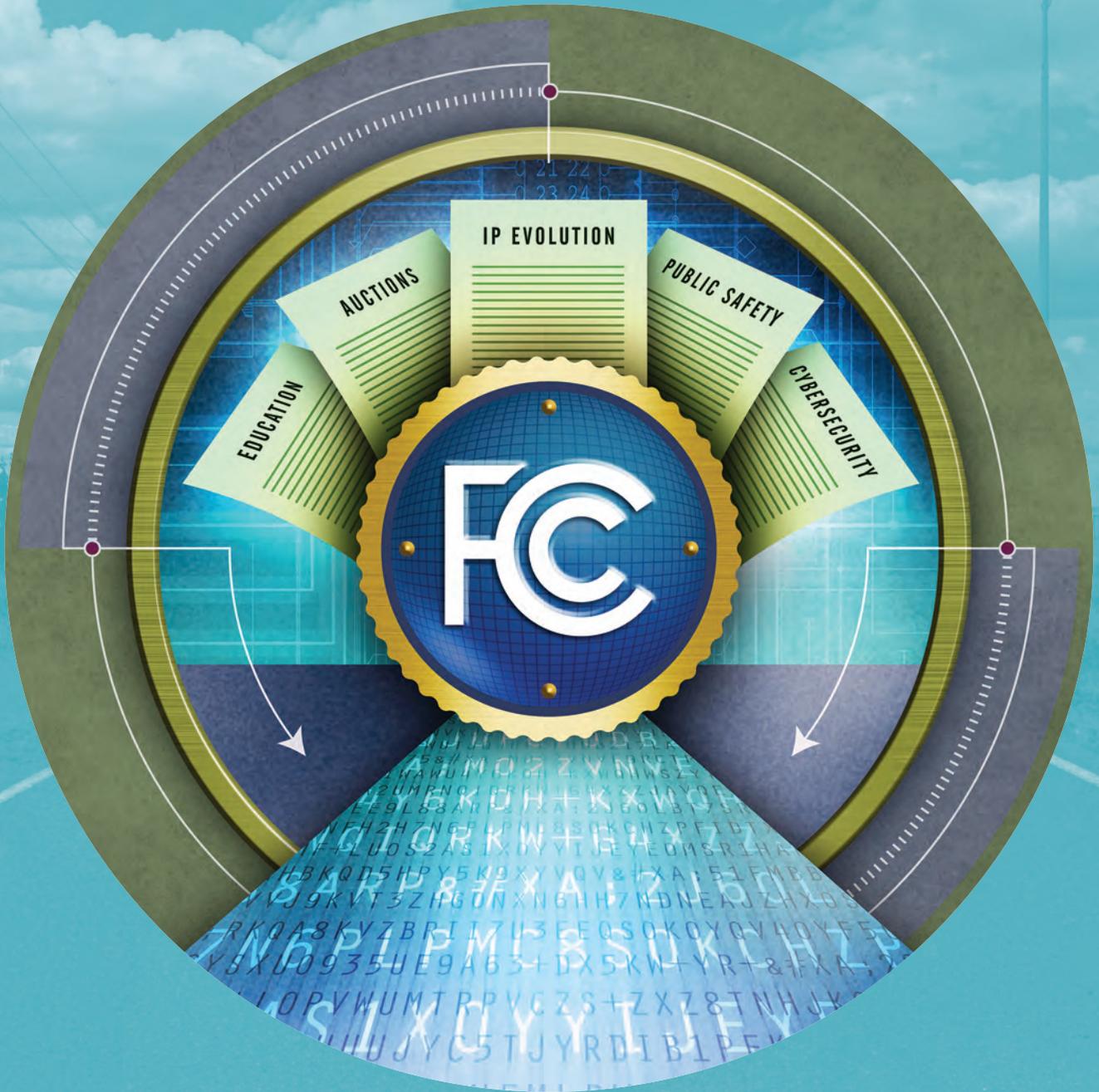
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KNOWN AND UNKNOWN

A 2014 REGULATORY PREVIEW

BY JOSHUA SEIDEMANN

It has been said that prior to only the second game between the Cleveland Browns and Cincinnati Bengals, a coach wryly observed, “It will be a typical Browns/Bengals game.” Similarly, the only predictable aspect of pending regulatory proceedings is the likelihood that they will be tempered by things (to paraphrase former Secretary of Defense Donald Rumsfeld) “known and unknown.” So, while it would be careless to predict particular outcomes given the unpredictable impacts of unanticipated political events, it is necessary to acknowledge and address the major regulatory initiatives that are expected to affect the rural industry in 2014. ▶ The agenda for the coming year will reflect changes in technology, consumer expectations and the challenge regulators face in determining how historic principles will apply to new markets. These inquiries will affect education, public safety and consumer preferences. Each inquiry is weighty in its own right, but the moving target of technological change creates a sense of frenetic urgency to ensure that new rules or changes to existing rules protect consumer interests while enabling markets to move forward.



NTCA and others have urged the commission to ensure that service quality, competition, consumer protection and universal services are not abandoned.

During the past several years, FCC efforts to overhaul the Universal Service Fund (USF) have headlined many industry discussions. A comprehensive 2001 decision has been appealed at both the FCC and in court. Since then, communications providers, state regulators and lenders have assessed how broadband network deployment and maintenance can continue under the new regime. The U.S. Court of Appeals for the 10th Circuit late in 2013 heard arguments from more than 30 parties, including NTCA—The Rural Broadband Association.

The industry, as it adapts to the court decision and FCC orders that preceded and will follow it, will be challenged to address other fundamental issues as USF reform takes hold.

IP Evolution

The increasing use of IP in communications is driving an FCC inquiry into what is referred to colloquially as “the IP evolution.” Although the network transformation from TDM to IP has been occurring quietly during the past decade, separate petitions filed by NTCA and AT&T in 2012 compelled the commission to seize an opportunity to initiate in 2013 a comprehensive, top-down review of communications law and policy implicated by changing technological paradigms.

Currently, changes arising out of network updates and refurbishment have been governed under existing regulations. Those rules, however, were crafted to address the needs presented by TDM networks, and industry and regulators are therefore challenged to cloak new services with regulations written at a time when those services were not envisioned.

While some industry segments propose trials that would involve a withdrawal of regulatory oversight in limited geographic areas to observe how markets would behave, NTCA and others have urged the commission to ensure that service quality, competition, consumer protection and universal service are not abandoned.

The IP evolution discussion will need to address, for example, the process by which communications providers obtain telephone numbers. Generally, numbers can be obtained only by providers that meet the legal definition of telecommunications providers; the FCC is permitting VoIP access to numbers for a six-month trial period.

VoIP access to numbers implicates, among other things, notions of regulatory parity, since it confers upon some providers privileges without all of the regulatory obligations to which telecommunications carriers are bound. State commissions also have an interest in the numbering issues, since timely and orderly porting is necessary to ensure consumers have service on a reasonable and timely basis when switching providers.

Broad issues of consumer protection and service reliability also loom large in the ongoing evolution. In certain instances, an emerging technology may not be compliant

with expected connectivity standards for 911 or alarm service. In those cases, adequate steps to ensure consumer awareness would be necessary to ensure that users are aware of potential limitations.

Beyond the question of whether trials should be undertaken are the parameters within which such exercises should operate. The regulator must also define clearly the regulations that will be tested during the trial period. The regulator must also be prepared to curtail the trial if market conditions devolve past an acceptable point.

Education

As the FCC and industry wrestle with the overarching issues of the IP transition, other more narrowly focused proceedings have emerged and can be expected to play a leading role in 2014 policy discussions.

In June 2013, President Barack Obama announced the ConnectED initiative to increase broadband connectivity to schools and libraries. The stated goal is to connect 99% of the nation’s students to at least 100 Mbps (with an ideal goal of 1 Gbps) and to also make high-speed wireless services available in schools and libraries within five years. The program also intends to support professional development for teachers and new devices to supplement (or supplant) traditional textbooks, as well as encourage app development. The president’s announcement, however, was not connected to any secured source of funding; rather, the president urged the FCC to revise the existing Schools & Libraries program supported by USF to address increased deployment goals, and he also indicated his interest in Department of Education involvement.

Broadband networks serving schools and libraries, however, are supported by sources in addition to USF, including the Broadband Technology Opportunities Program, the Broadband Infrastructure Program and other programs administered by the U.S. Department of Agriculture’s Rural Utilities Service. Moreover, in many instances schools and libraries are served by networks that are capable of providing the services envisioned by the president, either in their current state or with the deployment of additional electronics. In those areas, cost, affordability and demand define adoption, rather than does the ability of the local provider to deploy the service. Accordingly, the threshold question examining any potentially eligible area is whether underlying infrastructure to support desired capacities exists, and whether the resident institutions would subscribe to advanced services at particular price points.

In this context, the inquiry will need to address whether a one-size-fits-all approach, which decrees 100 Mbps or 1 Gbps service to all schools and libraries, should be set aside for solutions that are better tailored to the individual needs of each community. Developing these inquiries could ensure that existing, rather than redundant, facilities could be leveraged to serve the goals of the program.

Auctions

The specific needs of rural areas also are implicated by upcoming auctions that will repurpose spectrum currently used by over-the-air TV. These auctions will serve dual purposes: (1) If crafted properly, they could support wireless services with spectrum that is uniquely suited to serve rural areas, and (2) proceeds from the auctions are intended to support a nationwide, interoperable network.

The Middle Class Tax Relief and Job Creation Act of 2012 authorizes the FCC to auction television spectrum. The commission plans a complex, dual auction strategy intended to encourage spectrum holders to release spectrum that would be purchased in a subsequent auction by other parties. Although data reveal a steep decrease in the number of people using only broadcast television, the auction process contemplates the reassignment of spectrum following both sets of auctions in order to preserve the availability of free, local, over-the-air TV.

The FCC has conducted numerous spectrum auctions, but this is the first that will include a reverse auction to reclaim currently licensed spectrum. There are currently 8,402 television stations operating on UHF and VHF bands; each holds a 6 MHz block of spectrum for its respective service area. The spectrum is especially valuable for mobile wireless communications because it has further reach and better penetration through buildings than other higher frequency spectrum.

In the first stage of the auction, broadcasters will name the price at which they would relinquish their spectrum; participation is not mandatory. In stage two of the auction, bidders will compete to purchase the newly freed spectrum. The amount of spectrum available in stage two will depend upon the amount of spectrum released by broadcasters in stage one. Additionally, the location of available licenses will not be known until the end of stage one.

For rural providers, the auction could be an opportunity to expand wireless services if the FCC auctions spectrum for small license areas and imposes restrictions that prevent license holders from allowing spectrum covering rural areas to lie fallow. Small carriers are unable to compete for sprawling licenses, and they also face the threat of larger entities purchasing spectrum covering rural areas in which they have no plans to build. These results may arise not out of malicious intent, but rather from the interest a large carrier might have in focusing on the most densely populated area within a broader footprint. In contrast, a smaller auction footprint would better serve rural consumers.

Public Safety

Proceeds from these auctions are designated to support FirstNet, which commonly refers to the independent operating authority appointed by the National Telecommunications & Information Administration to develop a nationwide, interoperable public safety

network, as well as the network itself. It is not anticipated that the auction proceeds will be sufficient to support the entire cost of FirstNet. Therefore, and similar to the educative approach taken in the ConnectED issue, 2014 discussions surrounding FirstNet will highlight that the program's scarce resources should not be used to overbuild existing networks that have sufficient capacity to handle public safety traffic. In addition to the raw capacity issues, rural infrastructure and service providers are community-based, and their overarching mission is to serve the needs of their local residents. As such, many rural infrastructure providers have established long-standing relationships with local communities that might be of great interest to FirstNet.

Cybersecurity

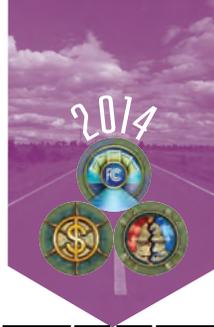
Security issues in 2014 are also expected to focus increasingly on cybersecurity, a growing imperative as a greater number and variety of firms and individuals assume an online presence. The consequences of data breaches or other harmful intrusions are perceived to be greater than physical intrusions because the event may remain undetected until devastating damage accrues. The lack of geographic relation to many Internet processes also presents complex legal questions that are creating many questions of first impression for the courts.

In February 2013, the president issued Executive Order 13636 and Presidential Policy Directive-21 to enhance the security of U.S. critical infrastructure. The National Institute of Standards and Technology is coordinating the development of a voluntary cybersecurity framework that will guide owners and operators as they identify, assess and secure assets against cyber threats.

The order and directive issued after a year of congressional disagreement stalled earlier attempts. Points of contention include the extent to which various mandates might be imposed if the voluntary best practices are eventually codified into law. For small providers in particular, the expense of implementing certain comprehensive solutions could become an overwhelming, if not impossible, burden. Large and small providers also must navigate the currents of a process that may be informed by entities with different incentives and interests, and avoid unfunded mandates.

Overall, 2014 advocacy will continue to impress upon regulators that the goal of nationwide broadband deployment can be accomplished only if broadband is both deployed and maintained, and that initiatives to support education and public safety should always contemplate the use of existing networks whose operators are linked to their respective communities, rather than the deployment of duplicative facilities. ■

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THE 2014 LEGISLATIVE OUTLOOK

POLARIZATION MAKES FOR TOUGH PREDICTIONS

BY MEAGAN FOSTER

The outlook for the 2014 legislative year is certainly not easy to predict. Last year saw budget battles of historic proportions, failure to pass a long-term Farm Bill, a government shutdown and many other smaller battles that have, in some cases, diverted attention from important ongoing issues facing the telecom industry. ▶ So what does this mean for 2014? Pundits may believe that while we can assume the battles will be bigger and fiercer than last year, we honestly can't divine how they will turn out. During 2014, we will see a midterm election. With one-third of the Senate up for re-election and the entire House of Representatives standing for election, many politicians will have their attention divided, whether trying to figure out the best way to a majority on November 4 or how to set up their legacy policies.

The Senate

As James Madison made clear, the Senate is the “saucer” for the hot tea cup. The Senate has long been known as the place where policies are tempered and moderated from the House. It also has been the place in the last few years where deals have been made. Since senators represent a much more diverse population than most House members, they have more at stake to work together and are much more accustomed to seeking a path to 60 votes to ensure a clearer parliamentary path. This was very apparent during the most recent government shutdown, which ended when the Senate negotiated a deal to reopen the government (and the House signed on to the deal).

Some critical hearings from last year have set the stage for what to expect in the year to come. For instance, last year the Senate Commerce, Science and Transportation Subcommittee on Communications, Technology and the Internet, led by Chairman Mark Pryor (D-Ark.) and new Ranking Member Roger Wicker (R-Miss.), spent a great deal of time reviewing the telecommunications landscape. The subcommittee held a series of “state of” hearings that helped present current issues facing many different telecommunications providers.

The first hearing focused on rural communications, and John Strode, vice president external affairs for Ritter Communications (Jonesboro, Ark.) and a member of the NTCA Government Affairs Committee, provided the committee firsthand experience of the impact rural companies have felt because of the regulatory uncertainty that has taken hold since the FCC passed the Universal Service Fund (USF)/intercarrier compensation (ICC) transformation order. ▶



Because of the 2010 redistricting efforts, many states sent congressional representatives to Washington, D.C., from polarized, gerrymandered districts.

The second hearing focused on video and was an opportunity to hear from both the broadcasters and cable providers on the challenges they face serving customers. It also provided an opportunity for the committee to hear about the ongoing retransmission consent battles and the increasing cost to provide content. That hearing was a preview of the expected battle over the renewal of the Satellite Television Extension and Localism Act of 2010 (STELA).

The third hearing, on wireless communications, included testimony from representatives of trade associations and network equipment manufacturers. The focus of this hearing was not only to discuss the current marketplace, but also the need to bring more spectrum online for companies to control in order to meet the demand of wireless customers. Additionally, the discussion focused on device interoperability for networks being built out on the 700 MHz band. Until small carriers, including many NTCA members, can obtain devices that will work across the spectrum bands, they will be held back from fully competing in the market.

NTCA Chief Executive Officer Shirley Bloomfield participated in the final hearing in the series on wireline communications. She focused not only on the troubling impacts NTCA members have felt because of the USF/ICC transformation but also on the future of wireline networks.

As for major legislative efforts, the retirements of long-time Senate leaders could have an impact on the policies that will be focused on in 2014. Max Baucus (D-Mont.), chairman of the powerful Finance Committee, was expected to focus on tax reform, but was recently appointed ambassador to China. He had already spent a great deal of time working with the Republican chairman of the House Ways and Means Committee, Dave Camp (Michigan). While many expect Baucus to put a full effort into tax reform, a comprehensive package in the next year is unlikely. Still, staff of the Finance and Ways and Means Committees should spend a great deal of time assembling a possible plan and, in many ways, structuring a comprehensive tax reform package. This will allow for future committees to use the plan as a blueprint.

House

The House is the “tea cup” that James Madison referred to. Because of the 2010 redistricting efforts, many states sent congressional representatives to Washington, D.C., from polarized, gerrymandered districts. This process has created much safer districts where members tend to be more fearful of a primary election challenge than losing in a general election. The House is generally able to pass more legislation on party-line votes, which are how they have been able to pass so many pieces of legislation. Ironically, this ability has also restricted their ability to get those bills passed in the Democratic-led Senate.

This was never more apparent than when the House was unable to pass a comprehensive Farm Bill. Previous

Congresses understood that while parts of the Farm Bill and the agricultural programs included in it mainly benefit rural areas of the country, the nutritional program in the bill benefits many parts of urban America. That is what enabled countless urban legislators to vote to support the agricultural programs, even though these programs had little benefit to their home districts. However, in 2013, the House was unable to pass a comprehensive Farm Bill because many of the members of the majority sought deep cuts to the Supplemental Nutrition Assistance Program, commonly referred to as food stamps. The Senate’s version of the bill cut \$3 billion annually; the House’s original version cut \$20 billion. After the failure to pass a full Farm Bill, the House separated the nutritional title from the rest of the agricultural titles and passed a nutritional title that cut \$40 billion from the program. Additionally, the House refused to appoint a conference committee to negotiate the differences between the two chambers’ bills until mid-October.

Looking ahead, here is what we know must happen before January 1, 2015. STELA expires this year. This law is typically passed as a “clean” extension, which means no other issue will be able to be inserted into the legislation. However, many groups would like to use this legislation as an effort to fix many of the other issues facing video content providers. The retransmission fight between CBS and Time Warner in the late summer of 2013 brought to light many of the issues facing broadcasters and video providers right now.

The fall of 2013 saw the second longest partial government shutdown in history. The deal that passed late on October 16, 2013, included provisions to compel the House and Senate Budget Committees to meet in what is known as a “conference committee” to work out the differences between the House and Senate passed budget resolutions. The budget resolution generally sets the top budget lines for the Appropriations Committees to use when passing each of the 12 separate bills to appropriate money to executive agencies. It is also commonly used to send “reconciliation instructions” to the House and Senate committees. For example, during this year’s Senate budget resolution debate, Sens. Al Franken (D-Minn.) and Deb Fischer (R-Neb.) offered an amendment that the government should be encouraged to “promote investments in broadband infrastructure through programs that expedite deployment of broadband to rural areas.” Generally, the budget resolution is used as a messaging document for the House and Senate, as it is not signed into law by the president and cannot authorize new spending programs.

The current funding bill keeps the current spending levels through January 15, 2014, and allows for the debt ceiling to be raised until at least early February, though some are saying that the secretary of the Treasury can use extraordinary measures to pay bills through early March.

Universal Service Fund Oversight

The Lifeline program—the focus of much debate during 2013—is expected to remain controversial through 2014. In the Senate the issue was brought up during the debate over the budget resolution in the form of a few amendments. Members of the House also have introduced a few pieces of legislation to curtail growth in the program, but one piece would encourage broadband adoption programs.

The high-cost fund and the price cap carriers' Connect America Fund have received some congressional oversight. Members of Congress have been active in communicating directly to the FCC on the topic. The fall of 2013 saw a renewed effort for members of Congress to send letters to the then acting chairwoman Mignon Clyburn calling for action to restore regulatory certainty. NTCA later in the year issued statements welcoming new FCC Chairman Tom Wheeler and Commissioner Michael O'Rielly, and Bloomfield joined other telecom industry representatives for a meeting with Wheeler at FCC headquarters. During Chairman Wheeler's first House Energy & Commerce hearing, he announced to the committee that he has directed his staff to draft an order that would eliminate the QRA caps. NTCA welcomed this announcement and will continue to push the FCC for a sufficient and predictable support mechanism.

President Barack Obama's support of an updated E-Rate program through the ConnectED initiative has brought some attention from Congress on how to modernize that program. While many support ensuring our schools have the best network available, there is concern about how to increase speeds to schools without increasing growth in USE. Sen. Jay Rockefeller (D-W.Va.) will be monitoring the process closely, as he was one of the original authors of the E-Rate program in the 1996 Telecommunications Act. He sees this update as a cornerstone of his legacy. Most of the policy action will be at the FCC, but it is anticipated that both the Senate and House oversight committees will be following the issue closely.

FirstNet

The public safety interoperable network finally came into focus in February 2012 with the passage of the Middle Class Tax

Relief and Job Creation Act of 2012. This law's passage set into motion the planning process to build a nationwide network that will allow first responders across different jurisdictions to fully communicate and use data communications.

NTCA has been actively involved in the planning of this project because it recognizes that this network will not be for the sole use of local and national governments but also

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Stewart Ewing, Chief Financial Officer, CenturyLink



L-R: Stewart Ewing, Chief Financial Officer, CenturyLink
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NTCA has been actively involved in the planning of (FirstNet) because it recognizes that this network will not be for the sole use of local and national governments but also will be used commercially.

will be used commercially. NTCA members that wish to participate in this project buildout must have that opportunity. There is also a great deal of concern among some members of Congress that the scarce government resources dedicated to this project (approximately \$7 billion) not be used to overbuild existing networks, and that requirements to build out in rural areas of the country are met.

Cybersecurity

Cybersecurity not only affects a citizen's Internet experience, but it is a significant tool in modern warfare. With the increased attention from consumer advocates and the defense industry, Congress and the president have been working on efforts to incentivize businesses to adopt a cybersecurity framework. President Obama signed Executive Order 13636, which directed the National Institute of Standards and Technology (NIST) to create a

framework that could be adopted by private industries. NIST released a framework in the fall of 2013. While it currently is drafted as a voluntary set of recommendations and best practices for businesses, NTCA remains active in discussions to ensure that the needs of small telecommunications providers are not left behind.

A number of different pieces of legislation have been introduced on this topic. Much of the debate has centered on what the standards will be for various industries, including which industries are known as "critical infrastructure" and whether they truly will be voluntary for industries. It is anticipated that there will be more discussion during 2014 on what the standards should be for industries, but it is unlikely that Congress will be able to pass a comprehensive cybersecurity package.

Predicting the actions of Congress is difficult in good years, but in the current polarized environment, it is next to impossible. As things move forward, NTCA's policy team will be working to make sure that small companies have a voice.

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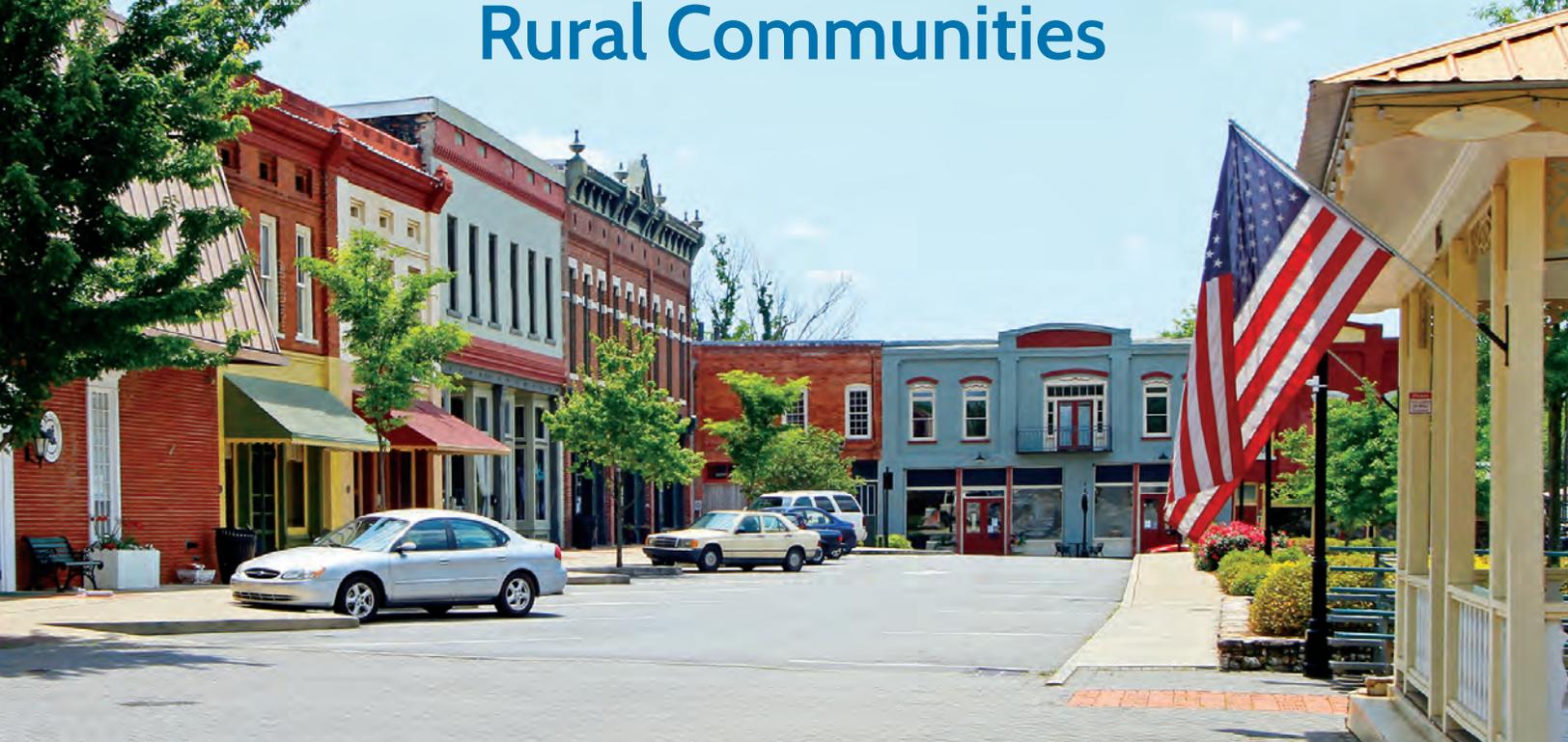
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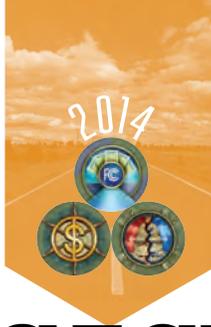
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FORECAST FOR BUSINESS OWNERS IN 2014

STEADY AS SHE GOES

▼
BY PHILLIP M. PERRY

“Steady as she goes.” That old nautical phrase, urging a firm hand on the wheel and an unwavering eye on the compass, seems especially apt for today’s business owners. The economic waters remain troubled as the nation emerges from a year in which business activity and consumer confidence fell short of the levels requisite for the best sales environment. At the same time, an improved economic forecast should guide businesses to greater profitability in 2014. ▶ “The economy is on the verge of stronger growth, more jobs and lower unemployment,” said Sophia Koropeckyj, managing director of industry economics at Moody’s Analytics. After four years of recovery, she added, the economy has made big strides. “Business balance sheets are as strong as they have ever been, the banking system is well-capitalized and households have significantly reduced their debt loads.”

Market Rebound

The more optimistic outlook is reflected by an anticipated rebound in the nation’s gross domestic product, or GDP. That figure, the most commonly accepted indicator of economic health, represents the nation’s total annual revenues for all goods and services. The higher the GDP, the more likely consumers will open their wallets wider and businesses will enjoy more robust profits.

So what’s the GDP doing now? In 2014, the nation’s economy is expected to climb at a 3.1% rate, according to Moody’s. That’s good news, given that the GDP increase for an economy in average growth mode is 2.5%. 

Despite the sluggish employment activity retail sales are not expected to be too bad in 2014.

“We think things should be looking up considerably next year,” said Scott Hoyt, senior director of consumer economics for Moody’s. “The economy should be significantly better than not only the past 12 months but also the past several years.”

Maybe it’s expected to increase rapidly, but the 2014 GDP number is being calculated off a pretty low base. Many business owners won’t be surprised to hear that 2013 did not measure up to economists’ expectations. Indeed, when numbers are finally tallied, the GDP increase is expected to weigh in at around 1.6% for the year, well below the anticipated 2.1% rate. What went wrong? “Global weakening, which has led to much weaker growth in exports, and government dysfunction has resulted in weaker than expected growth,” said Koropecykj.

Over the past 12 months, the nation was also weighed down by a fiscal drag that is not expected to be as severe in 2014. This drag consisted of the end of the Social Security tax holiday, the tax increases on upper income households, Affordable Care Act-related tax increases and a significant reduction in government spending. “While there will be some fiscal restraint next year as well, we expect it to be reduced to a level that the underlying strength of the economy comes through,” Hoyt said.

Consumer Confidence

Consumer sales are a major driver for the economy, and consumer confidence is a major factor in driving those sales. While confidence has been fairly good for the past year, consumers are restrained by a continuing weak employment picture. “While we do have some job growth, there is continued high unemployment,” Hoyt said. “A lot of people have dropped out of the labor force, and employers have more power to restrain wage growth.”

No rapid relief in that sluggish employment picture is within sight. Moody’s expects the current unemployment rate to slowly decline to 6.7% by the end of 2014. A “full unemployment” 5.5% figure is not expected to be reached until early 2017. Until then, wages will be constrained.

Despite the sluggish employment activity, consumers remain fairly optimistic and have managed to trim down their outstanding credit card balances over the past couple of years. As a result, retail sales are not expected to be too bad in 2014. “Core retail sales are expected to grow 3.8% by the time 2013 figures are finalized, and by 4.5% in 2014,” Hoyt said. That’s a pretty good showing, given that average annual core retail sales grew at 4.6% prior to the 2008 financial crisis. (Core retail sales exclude volatile revenues from auto sales and gas stations). This activity should contribute to a stronger business environment in 2014.

Housing Health

The economy should be assisted by the continued improvement of the housing market. “Foreclosures are working

their way through the process and fewer homes are entering foreclosure,” Koropecykj said. House price indexes are firming throughout the country. Indeed, they increased by 9.4% in 2013, up dramatically from the 2.8% increase the previous year. That figure is expected to be 6.1% in 2014. These figures can only bode well for all businesses, as consumers have more money in their pockets to spend.

“Looking forward, a major driver of faster growth will be improvement in the housing market,” Hoyt said. “It seems clear that we have worked off the excess housing inventory that was put in place during the bubble. Demand for housing is now outpacing supply. In 2013, that demand manifested itself in rising prices. As we move forward, we expect continuing demand to lead to increased construction, and that can be a major source of jobs and income.”

Housing seemed to experience an improvement around the middle of 2013. “Especially in the Northeast, which seems to be cooking, there are good prices and houses do not stay on the market long,” said Walter Simson, principal of Chatham, N.J.-based Vantor Consulting. “People recognize that low mortgage rates will not be here forever. They see a 4% deal and realize it is a once-in-a-lifetime opportunity. So they are saying ‘let’s do it now.’”

“Other parts of the country are more mixed,” Simson said. “Much of the Midwest never had a housing boom, so there are only pockets of overbuilding where condos are staying on the market longer. That will be cleaned up over the next year or so.”

Corporate Uptick

Small-business owners are looking for a rebound in hiring and investment by large corporate employers. The good news is that corporations are expected to rack up robust revenues in 2014, adding heft to the economic environment. While corporate profits dipped to 3.4% in 2013 compared with 7% the previous year, the decline is expected to be temporary.

“Corporate profits are down from 2012 due to weaker gains in manufacturing, financial services and mining,” Koropecykj said. However, as those factors are overcome, corporate profits are expected to rebound to 7.3% in 2014.

Robust sales and profits mean that corporations will continue their habit of bulking up their balance sheets with accumulated cash. That can only be good news when they finally decide to spend their money on expansion, equipment and bigger labor pools.

“An increase in business investment is one of the main drivers behind our forecast for a pickup in GDP growth in 2014,” Koropecykj said. “After expanding 2.8% in 2013, real fixed nonresidential investment is forecast to grow nearly twice as fast (4.8%) in 2014. The outlook reflects our view that stronger domestic demand and less uncertainty will encourage businesses to deploy the substantial financial reserves they have built over the past several years.”

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Getting the MONEY

As they've tried to build and expand over the past few years, small-business owners have been butting their heads against a significant wall: Bankers' reluctance to lend.

"Small businesses are still struggling to get cash," said Michael Smeltzer, director of the Manufacturers Association of South Central Pennsylvania, a trade group whose members employ some 200,000 workers. "The only good news is that there is less demand for investment capital now since businesses are not expanding. So it's not as big an issue as it could be." If the economy starts really bubbling again, as economists forecast, then a cash crunch could pose problems.

The coming year may bring welcome relief. "Bank profits and equity have improved over the past year, and they are reaching desired levels," said Walter Simson, principal of Chatham, N.J.-based Vantor Consulting. "So banks are going to be looking to make more loans rather than spending all their efforts recovering previous ones."

"Maybe lending won't be as strong as it was in 2006 and 2007. We don't want to go overboard," Simson added. "But we do want ample availability of credit. Today bank rates are good and the conditions for lending—covenants and contract restrictions—are reasonable."

Koropecyk noted that recent federal surveys show businesses would like to pick up spending. "The average of the five surveys that ask this question about investment intentions six months hence has risen notably this year, more than doubling to a one-and-a-half-year high."

A continuing low-interest rate environment should encourage that spending. "Interest rates have fallen in the wake of the Federal Reserve's decision not to taper asset purchases," Koropecyk said.

Uncertainty Rules

So why haven't businesses already been investing all their accumulated capital? The culprit: Uncertainty. Business leaders are not sure about the future. They do not have a firm grip on what will happen with federal legislation or about the future health of the economy.

"Uncertainty about and impact of government policies is a big concern for businesses," Koropecyk said. "According to the survey of the National Federation of Independent Businesses, concerns about regulations, such as environmental legislation and the implementation of the Affordable Care Act, have surpassed weak demand as the main concern of businesses."

That same uncertainty seems to feed into the sluggish state of what manufacturers call "backlog," or sales placed for future delivery. "Manufacturers keep telling me, 'My sales are pretty strong but my backlog is much weaker,'" said Michael Smeltzer, director of the Manufacturers Association of South Central Pennsylvania, a trade group whose members employ some 200,000 workers. "This has been going on for three years. Profit margins are OK, but backlogs are not strong enough to encourage manufacturers to make decisions."

Hence the hesitation to spend accumulated corporate cash.

And what's causing the sluggish backlog? The same uncertainty about the future—this time in the minds of manufacturers' customers. "Customers are putting off investment decisions until the very last moment," Smeltzer said. "A customer will make a call and say, 'I need five widgets and I need them tomorrow.' Five years ago he would have called six months in advance."

Absent a robust backlog, manufacturers tend to put off investing their hard-earned cash. The result is a sluggish selling environment that ricochets through the economy—all the way to the retailer's cash register.

Rebuild and Grow

Absent any lingering softening from the recent federal fiscal crisis, economists expect a general lifting of spirits and overall revenues in the coming year. So how can you move your own business into a profitable 2014?

Keep building relationships while economic trade winds build. "2013 was a building year," Simson said. "After the shock we experienced in the period 2008 through 2010, it was almost as if we had to rebuild our businesses and our consumer relationships and make connections all over again. This year there is more confidence, and demand is growing incrementally."

As for making the right decisions to thrive in the year ahead, Simson suggested working your plan and keeping the faith. "There's no seat belt to strap on," Simson said. "If we take our individual growth and expansion projects one at a time and put them in place thoughtfully, good things will come."

Phillip M. Perry is a freelance writer. He can be reached at phil@pmperry.com.

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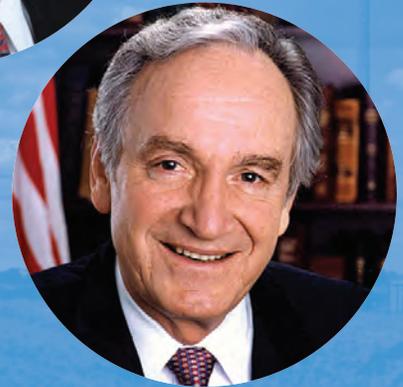


SENATE RETIREMENTS PUT HILL SUPPORT IN THE BALANCE

BY ANNA HENRY

In the 2014 midterm U.S. elections, 33 out of 100 seats in the Democrat-controlled Senate will be contested. Seven of those seats are available because of the five Democrat and two Republican senators retiring from public service. ▶ Understanding the level of rural telco legislative knowledge these senators brought requires a review of their positions, provides an opportunity to assess key players who have affected important industry legislation, and encourages voters to think about the positions they should be weighing as they consider electing successors to the outgoing senators. ▶ The retiring politicians have offered a range of support for rural telecommunications causes. In some cases, senators have actively fought for the interests of rural telcos. Other senators, while focused on issues that may have had a higher priority to their constituents, have more quietly lent their support, adding strength in numbers behind issues important to independent telcos. ▶ An overview of the retiring senators and their work on behalf of independent telcos follows, from those with the most years of service to those with the least.






CARL LEVIN

D-Michigan

Ranking among the top priorities for Carl Levin as he comes to the end of his sixth term are issues related to his service on the Senate Armed Services Committee and interest in tax reform. His support of rural telecommunications has been shown when requested by his constituents. For example, he was among the senators to petition the FCC to

ensure universal service reform does not harm rural broadband providers.

The commission responded last July, stating that it will continue to work with all stakeholders, including smaller rural carriers, throughout the reform process, and it pointed out that it extended a number of transition periods and deadlines for smaller carriers in response to concerns.

The senator's focus on Universal Service Fund (USF) reform includes who should contribute and what methodology should be used to fund the program, as well as eligibility criteria for benefits. He understands that rural phone companies have received considerable benefits from the USF funding structure and will need continued support in the future to upgrade and expand services based on business plans made years ago.


MAX BAUCUS

D-Montana

Known simply as Max to his constituents, six-term senator Max Baucus believes that Montana's rural communities are the backbone of the state's economy, and that investments in broadband and telecommunications technologies are critical to economic development and good-paying jobs in rural Montana. This is evidenced

through his staunch support of his state's rural telecommunications industry.

In the American Recovery and Reinvestment Act of 2009, Baucus supported \$7.2 billion in grants and loans to extend broadband networks farther into rural areas, and advocated that the act's broadband funds be distributed to rural areas through entities with the most experience in those areas: rural telcos. In response, the Obama administration recommitted to work with rural telecom providers to improve rural broadband access.

Baucus also has focused on telecommunications at his Montana Economic Development Summits. The 2013 summit drew more than 4,000 members of Montana's business community, top government officials and industry leaders to discuss the benefits of broadband technologies and how

they can bring jobs and economic growth to rural areas. Speakers at the event included Sheryl Sandberg, chief operating officer of Facebook; Eric Schmidt, executive chairman of Google; and Safra Catz, president and chief financial officer of Oracle.

Geoff Feiss, general manager for the Montana Telecommunications Association (Helena), moderated a summit session about broadband. The panel included service providers and FCC Commissioner Jessica Rosenworcel.

The commissioner's attendance created an opportunity for face-to-face discussions about Montana's advanced broadband, what's been achieved from investment and why it's important to ensure that existing networks are better leveraged rather than allocate funds for overbuilding.

Baucus is a chief architect of the Farm Bill and is one of only 12 members of the Senate appointed to the conference committee tasked with combining the House and Senate Farm Bills. Bonnie Lorang, general manager of Montana Independent Telecommunications Systems LLC (Helena), stated that Baucus understands the importance of the U.S. Department of Agriculture (USDA), including the Rural Utilities Service (RUS), because agriculture is Montana's leading industry and because the Montana-born senator was raised around ranching.

She stated that the senator also knows that broadband access is a critical component to quality health care and that telemedicine and broadband telehealth applications are critical, especially in areas where distance and access to medical help are matters of life and death.


JAY ROCKEFELLER

D-West Virginia

When Jay Rockefeller steps down as West Virginia's five-term senator, his contribution to the overall telco industry will endure through his part in writing the Telecommunications Act of 1996, including penning the E-Rate program.

When E-Rate began in 1996, an estimated 14% of classrooms were connected to

the Internet. Today, the E-Rate program is credited for more than 92% of classrooms being connected. Since the program started, West Virginia has received more than \$150 million in E-Rate funding.

In March 2012, while chairing a Senate Commerce, Science and Transportation Committee hearing, Rockefeller stated, "By the end of this decade, I believe that every school in America should have 1 Gbps of Internet connectivity. If every coffee shop in this country can offer a connection to wireless Internet, then surely every school should be able to offer it as well."

Rockefeller has introduced legislation to protect the long-term future of USE, which funds E-Rate. While rural telcos

use the E-Rate program to extend broadband to schools and libraries, there is concern that the senator's proposal for securing the funding for E-Rate might be done by redirecting money from the USF high cost fund—another program vital to rural telcos. Another issue is the use of E-Rate funds to finance the building of duplicate networks. To date, program funding remains under discussion at the FCC.

As of January 2013, the E-Rate program had dispersed more than \$24 billion to schools and libraries across the nation. Ensuring continued funding of the program is expected to remain a priority on Rockefeller's agenda until he leaves office.



TOM HARKIN

Iowa

Tom Harkin is the first Iowa Democrat to win five terms in the U.S. Senate and is noted for his help in creating the Americans With Disabilities Act. Issues related to health care have been important for Harkin, who served as the chairman of the Senate

Health, Education, Labor and Pensions Committee. Focused on these types of key issues, according to Don Miller, chief executive officer of Northwest Telephone Cooperative Association (Havelock), Harkin has advocated for rural telecommunications with the help of a knowledgeable and responsive staff.

The senator lent his backing to rural telecom issues through letters to key agencies, including the letter spearheaded by Sen. Tim Johnson (D-S.D.), who pushed the FCC to investigate call completion problems. Harkin worked to oppose efforts by large telecom companies to relax "carrier of last resort" requirements (the rule that telecom companies must provide basic landline telephone service to all persons in a service area). Without the carrier of last resort law, no company would have to provide a household with landline telephone service.

As for work still to be done, Harkin stated, "The United States lags other countries when it comes to both broadband speed and penetration. As we craft policies to make broadband more affordable and more accessible, it is important to make sure that we avoid policies that set the United States on a course toward a greater digital divide between urban and rural areas."



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TIM JOHNSON

D-South Dakota

Tim Johnson is retiring after serving three terms as a senator of the largely rural South Dakota. The state ranks 17th in the nation in terms of geographic size, but 46th in population. Members of the South Dakota rural telco industry have viewed Johnson as a staunch supporter.

Denny Law, general manager/chief executive officer at Golden West Telecommunications (Wall), stated that Johnson's support stems from his understanding of the vital role rural local exchange carriers play in their communities. The senator recognizes how high-quality telecommunications service in rural areas provides access to the global economy, as well as access to educational opportunities via distance learning and health care.

Johnson co-sponsored the Telehealth Improvement and Modernization Act of 2000, which made Medicare providers eligible for reimbursement for services delivered via telemedicine, benefitting those needing direct patient care in rural areas. The legislation was included in the final appropriations bill approved by Congress and signed by President Bill Clinton on December 21, 2000.

Johnson also succeeded in securing provisions included in the 2002 Farm Bill that created the Broadband Loan Program.

James Groft, general manager for James Valley Cooperative Telephone Co. (Groton), commended the senator for his tenacity in Washington on the issue of rural call completion.

Although the FCC adopted a February 2012 declaratory ruling that stated that carriers deliberately failing to complete calls to rural areas could face cease-and-desist orders, forfeiture, license revocations and fines of up to \$1.5 million, call termination problems remained prevalent.

The senator subsequently recruited more than one-third of the U.S. Senate to join his effort to fix the problem of dropped, incomplete and poor quality long-distance phone calls to rural America. He sought specific examples of the issue from his state's rural telcos during a May 2013 roundtable held in Aberdeen and shared those insights with the sitting.

Greg Dean, director of industry relations for the South Dakota Telecommunications Association (Pierre), believes the senator's work on call completion forced the FCC to look at the issue more closely. Last year, the FCC reached a settlement with Level 3 Communications that will require the company to meet vigorous, verifiable call completion standards, provide extensive records to assist FCC enforcement, and make a \$975,000 voluntary contribution to the U.S. Treasury.


SAXBY CHAMBLISS

R-Georgia

Johnson also has been a strong supporter of the USDA Rural Development loan program so rural telcos have access to funds to construct new, or upgrade existing, telecommunications facilities and bring affordable broadband services to more areas.

John Silk, director of the Georgia Telecommunications Association (Atlanta), shared that Saxby Chambliss, a two-term senator from Georgia, has been quite helpful to the association. Between 2005 and 2007, Chambliss was chairman of the Senate Agriculture, Nutrition and Forestry Committee, during which time

he had cause to be involved with RUS and rural development projects.

As Silk explained, coming from rural Georgia, Chambliss is familiar with the issues rural telcos face in serving high cost areas. Georgia is the largest state east of the Mississippi River, and more than 50% of its economy is agricultural, which means population densities are typically small and service provision more expensive.

As a result, Chambliss has worked to make certain Georgia's rural development programs are up to date and properly address the ever-changing needs of these evolving rural communities.


MIKE JOHANNES

R-Nebraska

The advocacy on behalf of rural telcos by one-term senator Mike Johanns has been primarily achieved by adding his signature on letters to the chairman of the FCC. Sworn into office in 2009, he, along with numerous other senators, wrote a letter in June 2010 to the commission urging it to rethink the portion of the

national broadband plan that called for different download speed goals between rural and nonrural areas. He stated, "I worry that these dramatically different standards threaten to institutionalize what some have called the 'digital divide,' consigning rural customers to dramatically slower speeds for years to come."

In April 2011, he reminded the commission that rural telcos have used the federal telecommunications and broadband loan programs to expand broadband networks, and asked the FCC not to undermine those projects through USF reforms. He was one of 36 senators to sign a January 2012 letter to the commission calling for the agency to strengthen its investigation into call completion.

Later in 2012, when his constituents expressed concerns that the FCC's efforts to change the USF and inter-carrier compensation system was undermining their ability to complete capital planning for 2013, Johanns asked the commission to provide telcos in his state with "timely responses as to support levels [and] limitations on support," and that it maximize predictability under any new USF regime.

According to Dwight "Doc" Winger, vice-president, governmental relations and business development for Nebraska-based Pinpoint Holdings, the senator has been supportive of rural telecommunications issues and has been very accessible to those in the telecom industry. He attributes Johanns' desire to help to the senator's upbringing on a dairy farm in rural Iowa.

Even before his time as senator, his 25 years of public service has had an influence on rural telecom companies. As governor of Nebraska, he signed a bill in 2002 that made the Nebraska USF (NUSF) permanent; it was originally signed into law in 1997 with a five-year sunset clause. He also opposed efforts by certain urban senators

in Nebraska who tried to reappropriate money from the NUSF for general fund expenditures.

During his second term as governor, Johanns resigned to become Secretary of Agriculture during George W. Bush's second term.

Asked what he sees as the greatest future opportunity for rural telecommunications, Johanns stated, "As we move forward, removing burdensome regulations and ensuring a level playing field must be a priority." The senator will continue to work to reduce regulations until he leaves office.

Next Chapter

As these senators prepare to close a chapter in their lives, opportunities for new advocates to take their places will open up. Deciphering the positions of candidates and supporting those willing to represent what's in the best interest of rural communities will be a step toward ensuring future support in Washington. ■

Anna Henry is a freelance writer. Contact her at headlineink@aol.com.



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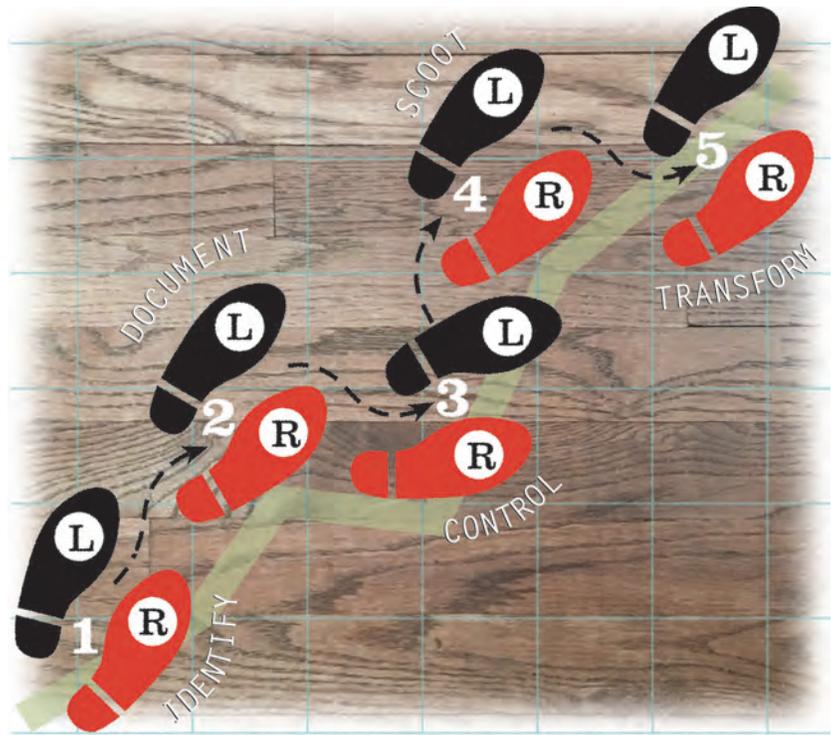


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Do You Know the Business-Process Five-Step?



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In Texas, we have a dance called the two-step. People across the country have become familiar with the step-step-scoot that moves you around a well-waxed dance floor. It is a great way to enjoy time on the town and maybe even become familiar with a new acquaintance.

There's another dance that may not be as familiar, but like the two-step, it brings considerable satisfaction.

This dance isn't done on boot-buffed hardwood. You do it right in your office, in the board room and cubicles. It's called the five-step: how to better understand your business, save money and get the most out of everything you do at work. The five-step helps manage your business by focusing on the processes propelling it forward. Do it right and you might even have some fun. Even more important, it gets you moving toward a more prosperous future, despite new FCC rules, Universal Service Fund reforms and the ultra-competitive environment.

In the two-step, the first step gets you moving and establishes your rhythm. The first step with the five-step is just as important. Begin by identifying what you are currently doing.

Identify

There is an overall flow to your business. A sequence of events takes place once a customer orders service. This sequence ends with the customer's payment in your bank account. Looking at the scene from this distance, however, makes it difficult to see how events interact.

Take time to break the sequence apart. The customer calls. A customer representative handles the order. Installation turns up the service. Billing issues an invoice. Accounts receivable receives the funds for deposit. This might not be your exact sequence. It doesn't matter if this sequence is handled by four people or 40; the sequence—or process—needs to be broken into discrete pieces.

The second step in the two-step keeps you moving forward and proves you are in sync with your partner. In the five-step, it's important to make sure everyone is in sync and on the same page, literally. Now that the process is identified, document it.

Document

The key to success is conveying the necessary information to fully describe the process. Often more than one format is required to accurately document a process. Flowcharts or graphs can serve as a quick reference while more detailed written descriptions may be needed for complex events. These documents serve as a reference to guarantee efficient performance, or may be used as training aids. They can also guide employees who cover one another's duties during vacation or sick leave.

The current uncertainty in the industry brings considerable employee churn. People are retiring, moving up and even moving out of the industry. With the traditionally small size of rural telephone companies, there usually is not a lot of staff overlap. Solid processes could make the difference between gaining a new customer and pushing that customer to a competitor.

The "scoot" in the two-step is a weight change, giving a stable platform before starting again. Step three in the five-step provides that same platform, but it is a step rather than a reprieve.

Control

The word "control" makes some people uncomfortable. But control is not a bad thing. Control must be exercised before consistency is gained. Whether discussing throwing footballs, shooting arrows or ▶



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driving cars, consistency must be gained before improvement can be made.

Using the documentation developed earlier, follow the process in an organized manner. There are exceptions to every rule, so flexibility must be built in. But even that flexibility should follow guidelines. Control of the process allows for maximum efficiency. It will also expose weaknesses or potential improvement points.

“Scoot”

This may be a short pause or a prolonged pause. If it is short, use it to gather energy for the next push. Find what worked well and make sure those things happen again. Similarly, create better ways to do what has not gone well.

If this is as far as the dance goes, you are still successful. According to industry studies (“Business Process Management’s Success Hinges on Business Led Initiatives,” Gartner, July 26, 2005), simply following the first three steps increases productivity by approximately 12%. This translates into 4.8 work hours saved, hours that can be used for

other productive purposes, from saving money to generating new revenue.

Once you get the hang of the two-step, true fun begins. If you choose to continue with the five-step, your organization can see massive gains.

Transform

So far the focus has centered on processes. The next step makes your organization process oriented. Rather than cleaning up processes, design processes before they are enacted. Be proactive. When doing something new, make a conscious effort to determine what is expected. Make a plan to deliver those expectations. Then move forward using the plan as a framework.

In other words, identify your desired outcomes. Document your plan and establish control by working the plan. In effect, you have just repeated the first three steps, starting the dance again.

As the dancer becomes more proficient with the two-step, new moves are incorporated and different partners bring new skills. The five-step finishes similarly.

Expand

Learn or develop new techniques to understand process elements. Apply more ways to document those elements. Use different controls to allow for greater efficiency and effectiveness. Refine the established skills for greater impact.

Move beyond simple process management. Use these same techniques to manage teams, then departments and divisions. Take incremental gains. Once these techniques have been expanded to the entire organization, those incremental gains become exponential.

It is up to each rural telco to determine how to face the challenges ahead. One method is to take the business practices that have helped our larger competitors to become so large and make them our own. If we can learn to dance like the pros, perhaps we can retain our space on the dance floor into the future.

Brian Vinson is operations manager for TRC Services. Contact him at Brian.Vinson@trceng.com.



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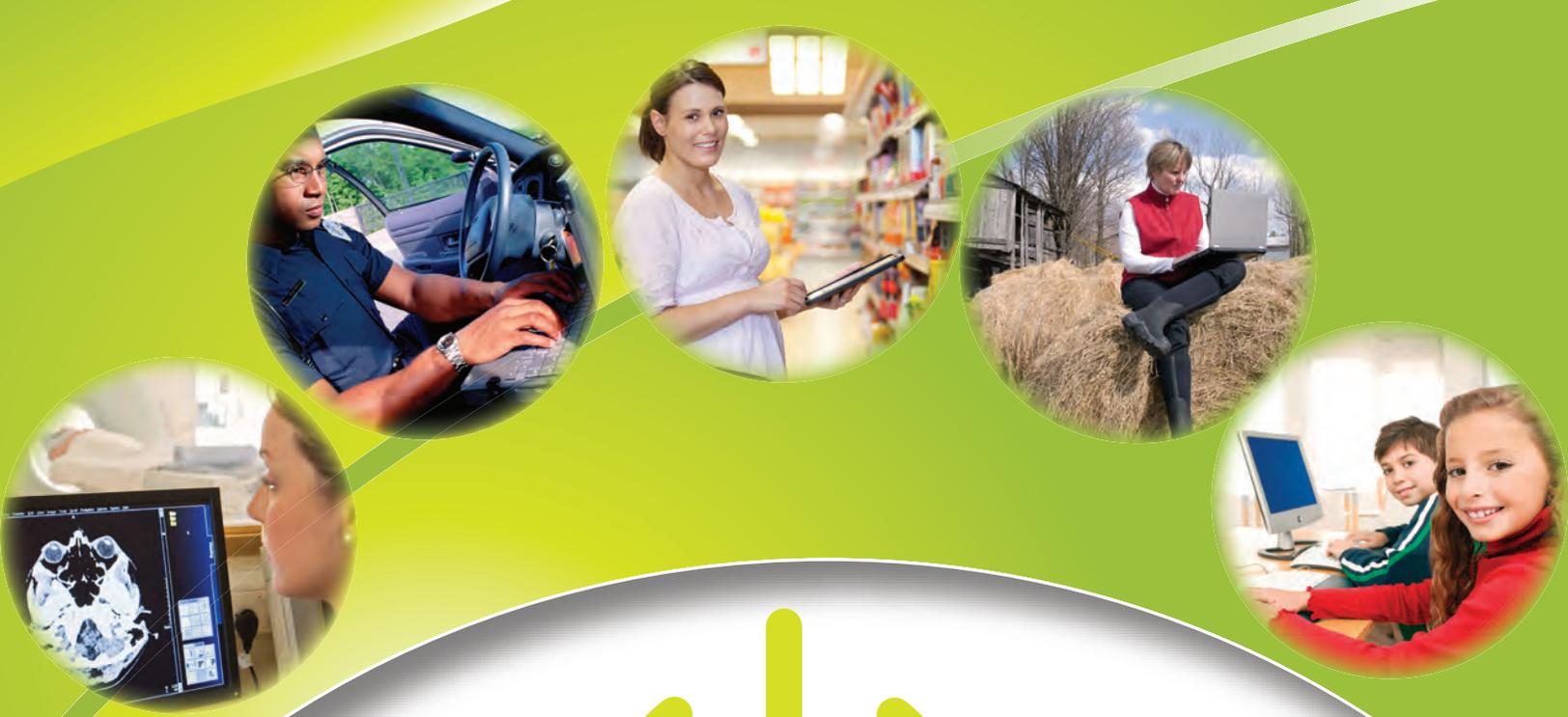
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EXCHANGE

JANUARY-FEBRUARY 2014



Midstate Supports Nursing Students at a Distance

By Tennille Shields, NTCA Senior Writer/Editor

Time and again, newspaper headlines remind us of the critical need to address the workforce shortage of health care professionals across the country, particularly in rural areas. For most prospective students living in rural areas, the idea of driving nearly two hours one way to the closest university or college to take college courses isn't all that appealing. However, a unique partnership in rural South Dakota is providing a much-needed solution that brings the nursing classroom to their neighborhood.

Prairie Futures is an innovative collaboration between Sanford Health, the University of South Dakota and the Matson Halverson Christiansen Hamilton Foundation that allows rural nursing students to take distance learning and videoconference classes that fulfill the necessary requirements for a degree in nursing, medical billing or health care information management. This initiative was made possible in part through the advanced telecommunications services provided by Midstate Communications (Kimball, S.D.).

"We were happy to volunteer with other business leaders in the community to bring this educational opportunity to our area," said Mark Benton, general manager/ chief executive officer of Midstate Communications. "There's a big need for nursing in rural America, and based on this program's success, we'll be looking to partner on other nontraditional student programs."

Chad Mutziger, Midstate Communications marketing manager, shared that there's no community college in the immediate area and the closest college is nearly a two-hour drive. Distance, he said, can be a "huge stumbling block" for people who are interested in pursuing higher education.

Join the 'Rural Is Cool' Movement

By Christian Hamaker, NTCA Publications Manager

The "Rural Is Cool" campaign is taking off. Launched by NTCA-The Rural Broadband Association in response to Agriculture Secretary Tom Vilsack's comments about the threat of waning influence in policy decisions affecting rural Americans, the "Rural Is Cool" movement highlights all the reasons rural America is a great place to live, work and play.

A cover story in the July/August 2013 issue of Rural Telecom generated plenty of interest and excitement surrounding life in rural America, and that story gained traction quickly. A hashtag—#ruraliscool—was created so members and rural advocates could tweet about the many cool things happening in their hometowns and communities.

The movement has caught on more broadly, with stories on the movement appearing in publications as diverse as the Rural Blog, the Appalachian Regional Commission and the American Farm Bureau Federation. NTCA member telcos also have joined in to promote the campaign.

The "Rural Is Cool" movement officially kicked off at NTCA's Fall Conference, where a "Rural Is Cool" reception was held. A standee version of the magazine cover was prominently displayed during the reception, and attendees wore "Rural Is Cool" wristbands and T-shirts.

"Many of my travels take me to rural places across the country," read the American Farm Bureau's Rural

Midstate Communications *from page 41*



Through the Prairie Futures program, students take classes at a local high school. The majority of the course work is virtual learning/distance education, so students rely on broadband connectivity both in the classroom and at home. "Midstate Communications is working collaboratively with Prairie Futures to explore opportunities to set up digital labs for those who may not be able to afford a computer at home or that maybe can't afford broadband service at home," Mutziger said. "This initiative has been a collaborative effort that addresses the immediate need for nurses in our area."

Fulfilling a Critical Need

Two years ago, Midstate Communications completed a fiber to the home project funded through a U.S. Department of Agriculture Broadband Initiatives Program award. Benton shared that the company is doing its part to provide infrastructure for potential new businesses and to fulfill the business needs of local businesses.

Interestingly enough, the company was able to build out fiber in its competitive local exchange carrier exchange, which marked a big step for a cooperative to secure its members' support for a project of that nature, Mutziger said.

As more and more small-town businesses are looking to make the jump from having a local presence to reaching out to regional, state or national customers, rural telcos like Midstate Communica-

tions are perfectly positioned to handle their broadband needs.

"Businesses on Main Street rely on locals to support them, but if they have an online presence, they become much more viable," Mutziger said, adding that Midstate Communications is always searching for creative ways to help rural customers and communities in its service area prosper.

Midstate Communications' service area attracts hundreds of outdoor enthusiasts each year. The company recognizes the importance of wiring up the local hunting lodges to enable advanced telecommunications services to meet the needs of those visitors, who expect the same services they receive in more urban areas, Mutziger added.

Looking toward the future, Benton shared that the partnership with Prairie Futures is just the beginning of things to come. "We're always there to support our communities whenever we can," he said. "We look forward to finding new ways to help out." ☰

Editor's Note: Midstate Communications was recognized as a "trailblazer" for the NTCA Smart Rural Community initiative, a program that aims to recognize members that have gone above and beyond in utilizing their networks for the recruitment, retention and expansion of industries, as well as for successful, innovative collaboration with local leaders in education, public safety, health care and agriculture.



Where We Have Been

As a tribute to OPASTCO's significant contributions to the rural telecom industry, NTCA—The Rural Broadband Association now features a wall of honor in its board room that shows all the past OPASTCO board presidents. NTCA has long maintained a commitment to retain the culture and history of both organizations throughout the unification process. This tribute to OPASTCO leadership captures where we have been as an industry as we lay the groundwork for where we are going. ☰



NTCA members show their support for the “Rural Is Cool” movement that highlights why rural America is a great place to live, work and play.



Rural Is Cool from page 41

Community Building blog in October. “I have to tell you, I love rural places—for their beauty, their friendliness, the absence of traffic, wonderful fragrances and surprises around every corner.

“And what came across my desk today? A T-shirt and wristbands with the message #ruraliscool. Rural IS cool.”

Rural Health Education and Services, a group advocating for better health care options in rural Kansas, tweeted, “Many have known just how cool rural is for years. For those who are missing out, let’s show them,” followed by a link to NTCA Communications Specialist Jonah Arellano’s article, “Join the ‘Rural Is Cool’ Movement,” at www.ruraltelecom.org.

NTCA telco members also jumped in to show their support for the movement. Dumont Telephone Co. (Dumont, Iowa) posted on its Facebook page, “The ‘Rural is Cool’ Movement is a way for rural Americans to use their voices to shape the future of their communities and local industries,” and added a photo showing several employees clad in “Rural Is Cool” T-shirts prominently displaying the movement’s hashtag.

Dumont wasn’t alone among NTCA member companies in using a company Facebook page to promote

“Rural Is Cool.” West Central Telephone Association (Sebaka, Minn.) mentioned “the beautiful lakes & woods” in rural America and stated that “rural life can’t be beat” before encouraging readers to “tell us what makes #ruraliscool in your neck of the woods” by posting a video or tweeting. Nex-Tech (Lenora, Kan.) wrote, “Spread the word! Living in a rural community is cool!” before calling for posts and videos with the hashtag. The telco promised to award a Kansas-themed gift basket to the best contributor.

Even NTCA Co-President Terry Force got in on the action, tweeting, “Chicago may have painted their cows, but in rural America, we paint our rocks!! God Bless America!! #ruraliscool.” The post included a photo of a rock painted as an American flag.

Other third-party groups that have covered the movement include National Farmers Union, National Grange, American Soybean and Monsanto Co.

The “Rural Is Cool” movement continues. NTCA encourages all of its membership to join in this exciting social media movement to draw attention to the positive happenings in their communities. For more information on how you can get involved, check out ntca.org/ruraliscool. [E](#)

Hardy Telecommunications Hosts New NTCA Staff

By Mike Riddile, NTCA Member Services Coordinator

On October 17, nine new staffers from NTCA-The Rural Broadband Association had the opportunity to witness in-person some of the hard work that rural telecommunications providers put forth for their communities. Once again, Hardy Telecommunications in Lost River, W.Va., generously hosted and led NTCA's annual new staff field trip. The group included staff who started during the last year, and nearly every NTCA department was represented.

Upon arrival at Hardy's Lost River office, NTCA employees were greeted by their guides for the day: Derek Barr, Hardy marketing and HR director, and Heather Robbins, Hardy PR/business development representative. Barr and Robbins took the NTCA staffers on a tour of Hardy's facilities and community, introduced the group to Hardy staff, and explained the work that Hardy does to serve its community.

Hardy offers IPTV, tiered Internet service, and local and long-distance telephone. This year marks the first time Hardy has offered TV service through its new OneNet fiber network, and this new offering has become very popular throughout the local community.

Prior to Hardy Telecommunications rolling out TV service, customers in its service territory could receive only Washington, D.C.-area TV stations over the antenna or satellite. Now, for the first time, the



community has access to West Virginia broadcast networks, with West Virginia news and coverage of West Virginia University Mountaineers

football. Hardy has

also provided a local radio station with its own channel, and is working with the station to create original content, including broadcasts of local high-school football games and community events.

Hardy is one of the area's most active companies when it comes to giving back to the community. Everyone at Hardy takes their role in their community very seriously, including General Manager (GM) Scott Sherman, who says he "farms and moonlights as GM of Hardy Telecom."

Scott explained to NTCA staff some of the challenges rural telecom companies are facing from policymakers who often don't understand the companies' vital role in rural America and the economy as a whole, particularly as it relates to universal service reforms and call completion issues. "Without NTCA, we'd get run over," he said, referring to the association's advocacy efforts to call attention to rural concerns.

NTCA staff left Hardy's offices with a new understanding of the importance of rural telecommunications companies in their communities and even more motivation to work hard to support them in any way that the association can. ☰

SHARE YOUR STORY

NTCA-The Rural Broadband Association seeks to spotlight the efforts of member companies across the country. Exchange is a great place to share your company's success stories on economic development, community outreach, technology rollouts, and state and regional collaborative projects. To share your story, contact Tennille Shields, NTCA senior writer/editor, at 703-351-2097 or tshields@ntca.org.

Committee Update

NTCA—The Rural Broadband Association greatly values the thoughts, insights and input of its members. The contributions of NTCA committee members play a key role in helping the association further its mission, vision and values. The following committees held meetings during the 2013 Fall Conference in Chicago, Ill. For more information on these committees, visit www.ntca.org/about-ntca/committees-councils.

Associate Member Advisory Council (AMAC)

The AMAC committee distributed an associate member survey to determine how to better serve associate members. AMAC committee members will present two sessions, "Transitioning to an All IP Network: What Does It Mean to Your Company?" and "The Realities of the Transformation Order," during the Rural Telecom Industry Meeting & EXPO.

Government Affairs

The Government Affairs Committee continues to discuss a wide ranging number of issues, including the FCC's Universal Service Fund/intercarrier compensation transformation order, TDM to IP evolution, FirstNet, ConnectEd, E-Rate, call completion, video, spectrum, and advocacy and political initiatives.

Industry and Regulatory Policy and Competitive and Advanced Services

The Industry and Regulatory Policy Committee and the Competitive and Advanced Services Committee discussed the most recent conversations between NTCA members and staff with the FCC and other policymakers regarding the need for regulatory certainty and the need for an updated universal service mechanism that will support broadband-capable networks, regardless of what specific service a customer may purchase. The committees provided input on potential next steps to address these critical issues and discussed how resolution of these issues is critical to the sustainability of rural telco networks.

Innovations & Business Opportunities

The committee identified over-the-top video, remote monitoring and customer premises connectivity as potential new sources of recurring revenue for telcos. Committee members also suggested several topics for NTCA's upcoming technical conferences. The committee also reviewed initiatives to explore small business opportunities in government contracting, including FirstNet.

Marketing

The Marketing Committee discussed topics for the 2014 PR & Marketing Conference, and recommended adding a video category to the 2014 TeleChoice Awards program to highlight promotional videos and local content that rural telecom providers have leveraged to support marketing and PR initiatives.

Meetings and Education

The committee discussed ways to enhance NTCA's Live Learning Center and suggested a variety of ways to make the Regional Conferences more compelling, including more networking time, more roundtables with focused issues, a hands-on project at the end of a meeting, and having a session transition into a roundtable.

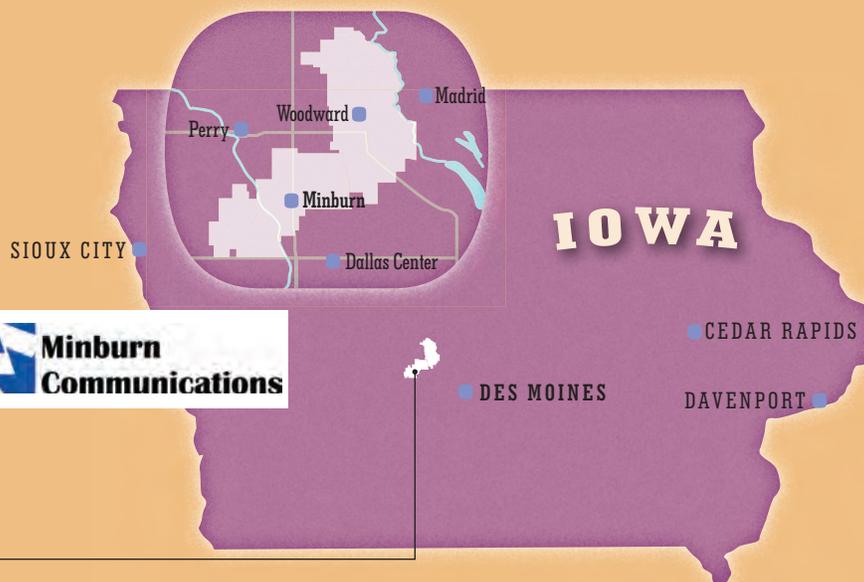
Technical

The committee discussed FirstNet and the potential for leveraging and/or expanding rural carriers' existing networks as part of this project. Committee members noted their ongoing communication with their state points of contact and the need to respond to NTCA's calls for information. The committee also discussed the association's work with the Communications Sector Coordinating Council, which is working on the cybersecurity framework being developed by the National Institute of Standards and Technology. [E](#)

IN MEMORY

NTCA extends its condolences to the families and friends of two longtime industry leaders. Alderic "Dick" Violette, a former board chairman of the New Hampshire Telephone Museum, died on September 21. He won the 1998 Lifetime Achievement Award, an OPASTCO award honoring individuals who demonstrate commitment to the well-being and advancement of the independent telephone industry on a state and local level. Pauline Beatrice Eichler, 86, a former owner of Pigeon Telephone Co. (Pigeon, Mich.), passed away on September 28. She served as a Pigeon Telephone board member, overseeing the creation of Agri-Valley Communications, the parent company to Pigeon Telephone, Thumb Cellular, Agri-Valley Services/AVCI.net and Agri-Valley Broadband/miSpot. She was active in the industry up until 2010, when she had to step aside due to ill health.

BY DEB LUCHT



Minburn Telephone Co.

Minburn, Iowa

History

Minburn Telephone Co., d/b/a Minburn Communications (MC), was established on January 3, 1903, by several businessmen and farmers who wanted better communications with each other. They purchased the stock to form the company, set the poles, strung the wires themselves and located the first manual magneto switchboard in the local drug store. By 1928, there were 78 recorded stockholders, and the company provided service to 97 subscribers in town and 220 in the more rural area. The trenches dug for installing new lead cable to the entire town of Minburn were done by hand, with a spade.

Service Territory and Customer Base

Minburn Communications owns and operates three wholly owned subsidiaries, Minburn Telecommunications, Inc., Minburn Cablevision, Inc. and Dallas County Wireless. It provides telephone, Internet and IPTV to all customers (town and rural) in Minburn and Woodward, Iowa. The company also offers wireless PCS services to customers in Dallas County, Iowa. The current serving area of the two local exchanges covers 87.5 square miles, passing 1,481 homes and businesses.

About 63% of our customer base is age 18-64, and only about 11% are 65 and older. We are fortunate to be located very close to Des Moines, Iowa, in Dallas County. Dallas County is the fastest growing county in the state and has allowed our company to maintain a stable customer base.

Technology

In 1986, Minburn Communications was one of the 127 visionary independent telephone companies (ITCs) that came together to form Iowa Network Services (INS). INS created the first statewide fiber optic network that connected 150 ITCs and their customers to a central hub in Des Moines for Centralized Equal Access.

As technology advanced, Internet services were added to the network along with network management services and digital entertainment television. INS along with the ITC partnerships developed thousands of miles of a SONET architecture in Iowa.

On March 17, 1989, the board of directors voted to construct and operate a cable television system in Minburn. Minburn Cablevision, Inc. was formed. By December 24, 1998, the new company had 120 subscribers. In 2008 the company upgraded to IPTV and began offering video services to the rural and town customers of both Minburn and Woodward.

In 2003, boundary lines were exchanged with Qwest and seven miles of fiber optic cable was installed to provide telecommunications services to a new housing development that Qwest was unwilling to serve.

Dallas County Wireless was formed in late 2005 and entered into an agreement with Iowa Wireless for PCS spectrum in the Minburn and Woodward exchanges.

In March 2013, the company announced plans to expand via the Minburn Fiber Network to Perry, Iowa, to offer competitive services to businesses. The construction began on August 26, 2013.

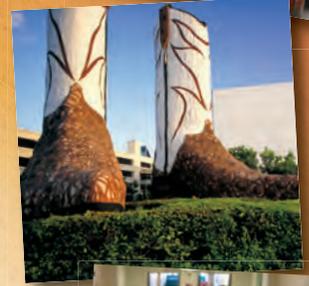
Workforce

We have nine full-time employees and one part-timer. We have added one employee in the last seven years.

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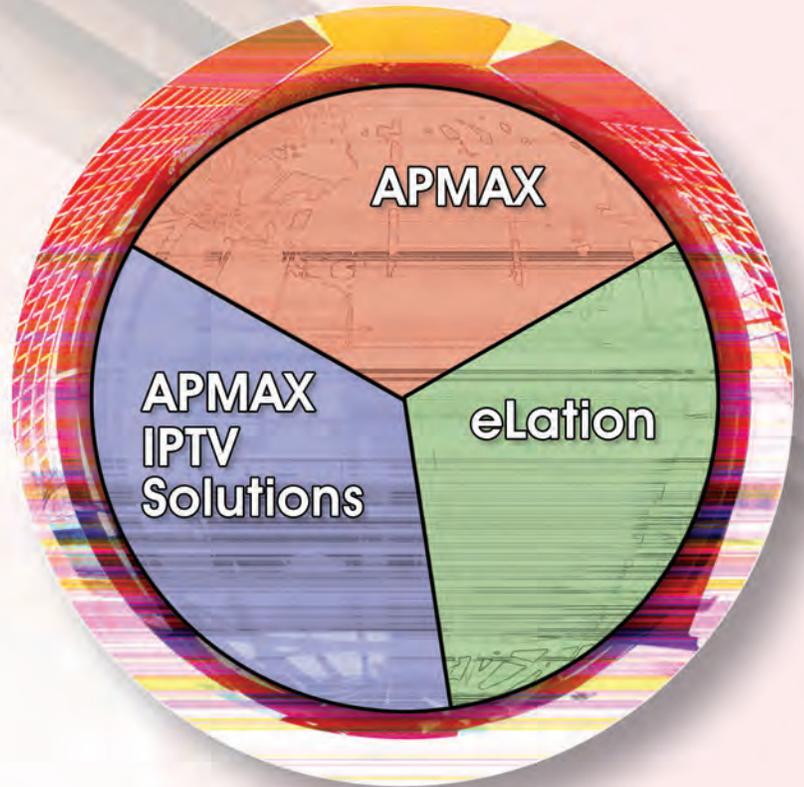
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