



MINNESOTA
TELEPHONE
ASSOCIATION

M E M B E R BULLETIN

Information for Members and Friends of the Minnesota Telephone Association • Annual Report 1998

1998

Annual Report

MINNESOTA TELEPHONE ASSOCIATION

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Gene R. South, Sr., Lakedale Telephone Company, Annandale

Executive Secretary's Letter

Welcome to the 1998 Annual Report, a summary of events and activities that have shaped our industry over the past 12 months. But, before we begin our look back, let us take a moment to celebrate a milestone. This year we mark our 90th year of representing and serving Minnesota's telecommunications industry. The MTA was formed in 1909 thanks to the foresight of several telephone pioneers. Along the way we have grown and changed to reflect our membership and its needs. But one thing has remained the same, our dedication to members. The MTA is here for you and because of you. Thank you members!

We all know the benefits of having a strategic plan, it involves looking ahead and planning for the future. It is also important to know where we have been. Once a year we like to look back and highlight the accomplishments of our association and the members that make it work.

The MTA committees are a major contributor to the activities and events of the association. Without their support and assistance, the MTA could not provide the service our members have become accustomed to receiving. The MTA's 21 standing committees work closely with association staff to see that our membership is well served. From the Compensation, Contracts & Tariffs Committee to the Wireless Technology Committee, MTA members are involved. Most committees meet once per quarter, more frequently if required. Through participation in the committees our members help shape policy and direction of the association. It is committees that decide the MTA's legislative agenda, convention and training topics, and regulatory positions.

New committee members are accepted throughout the year on most of the committees. If you would like to learn more about a particular committee's assignments, please give us a call. You can even sit-in on a committee meeting to see if it is the right "fit" for you. Just give us a call at 651-291-7311 to get a schedule of committee meetings.

1998 was another exciting time in the telecommunications industry. From technological changes to regulatory revisions, the MTA had a full agenda and worked to keep our members abreast of issues that affected their companies. I thank you in advance for reading this report. This next year will continue to be filled with challenges for our members. The MTA will do its best to help you overcome each one. As Alexander Graham Bell said, "When one door closes another door opens; but we so often look so long and so regretfully upon the closed door, that we do not see the ones which open for us."

Sincerely,

Michael J. Nowick

MTA and MEANS ask for preemption by FCC and court injunction against state's exclusive right-of-way contract

The right-of-way (ROW) dispute consumed large amounts of time for MTA staff and members in 1998. At the federal level, the State of Minnesota filed a petition December 31, 1997 with the Federal Communications Commission (FCC) asking for a declaratory ruling on the legality of the exclusive contract it signed with ICS/UCN, a Colorado company, to install conduit and fiber optic cable in and along the state's right-of-ways. As a result of this filing the MTA,

At the FCC:

The MTA opposes the State's petition for declaratory judgement and is asking the FCC to preempt the State from granting exclusive use of the its free-way right-of-way to a single service provider.

along with long-distance carriers, wireless carriers, local exchange carriers, competitive local exchange carriers, cable television companies and other state and national associations representing these companies, filed comments in March with the FCC. The MTA opposes the State's petition for declaratory judgement and is asking the FCC to preempt the State from granting exclusive use of the its freeway right-of-way to a single service provider. The MTA believes the Agreement the State entered into with ICS/UCN:

- is a barrier to competition under Section 253 (a), of the Telecommunications Act of 1996
- does not meet the requirements of necessity, nondiscrimination and competitive neutrality, Section 253 (b), and
- is inconsistent with the state's authority to manage the right-of-way in a competitively neutral way, Section 253 (c).

At the state level, MTA and MEANS Telcom filed a lawsuit in Ramsey County District Court last June against the State of Minnesota. The MTA and MEANS asked the court to declare the contract between the state and its developer void and to issue a permanent injunction against the state from proceeding with this contract.

The MTA and MEANS asked the judge to issue a temporary restraining order in October once it was learned that construction was beginning on a segment of the project between Moorhead and St. Cloud. MTA members were asked to help fund the bond required for this request. While substantial collateral for a bond was raised, the court denied the request because the court found that it could remedy any injury to MTA members at the end of the lawsuit. All collateral was returned to members.

The court heard testimony in February 1999 and is expected to issue a ruling promptly. The MTA will keep members informed of any news related to the lawsuit. Stay tuned . . .

At the state level:

The MTA and MEANS asked the court to declare the contract between the state and its developer void and to issue a permanent injunction against the state from proceeding with this contract.

The ROW lawsuit is based on several issues

❖ That the 10 to 20-year term of the contract effectively takes away any policy discretion the Minnesota Legislature would have over the interstate right-of-way.

❖ The term of the proposed contract takes away the regulatory discretion of future commissioners of the Department of Transportation.

❖ Allowing ICS/UCN to install in the ROW violates Mn/DOT's own rules regarding the installation of facilities along interstate right-of-way.

❖ The agreement's covenant to exclude others from installing facilities along the interstate right-of-way for 10 to 20 years violates the requirements of Minnesota statutes and Mn/DOT rules.

❖ The Commissioner of the Department of Transportation does not have authority under state laws to impose right-of-way restrictions on others in order to bestow substantial benefits to ICS/UCN.

MTA Committees - 1998

Thanks to the 138 individuals that volunteer their time and efforts in the following 20 MTA committees.

Associate Members Convention
Roger Carlson, Chair

Associate Members Golf
Ronald Seaberg, Chair

Auditing
Bill Otis, Chair

Budget, Dues & Bylaws
Anthony Mayer, Chair

Compensation, Contracts & Tariffs
Will Bartley, Chair

Convention Planning
Richard Keane, Chair

Directors Nominating
Richard Keane, Chair

EAS
Robert Eddy, Chair

Education & Safety
Richard Keane, Chair

Executive
Richard Keane, Chair

Fall Conference Program
Walt Clay, Chair

Industry Planning
Jeff Gilbert, Chair

Internal Human Resources
Bill Otis, Chair

Legislative
Scott Johnson, Chair

Officers Nominating
Allen Arvig, Chair

Public Relations
Katie Johnson, Chair

Small Companies
Gene South, Sr., Chair

Telecommunications Carrier
Victor Dobras, Chair

Wireless Technology
Dennis Miller, Chair

Women's Convention
Jeanne Judge Keane, Chair

Legislative & Regulatory Action

Legislative

The Minnesota State legislature passed five bills in the 1998 legislative session that affected our membership. Three of the bills were signed by the governor and became a law. One bill was approved without the requested appropriations and one was vetoed by the governor. A summary of each bill follows.

➤ **Extended Area Service**

Chapter 326 changed the voting criteria for Extended Area Service (EAS) between exchanges served by consolidated school districts. A majority of votes in favor of EAS - instead of a majority of customers - is now required to approve EAS petitions within combined school districts. The law is retroactive to May 1997.

➤ **Slamming**

Chapter 345 contained the Attorney General's "slamming" legislative proposal. This law imposed new standards on long-distance carriers to curb the unauthorized switching of customers from one long-distance company to another. Also included in this bill was the authority for the PUC to extend the Right-of-Way rulemaking process to June 1, 1999. The MTA legislative proposal giving the PUC the authority to assess non-telephone companies for the costs of proceedings before the Commission was amended onto this bill and became part of the new law.

➤ **Gopher State One Call**

The Office of Pipeline Safety Bill, Chapter 348, made a number of changes in the Gopher State One Call law. Most notable among the changes is the requirement that operators provide available information on abandoned lines and maintain maps, records, and drawings of any abandoned or out-of-service facilities after January 1, 1999.

➤ **Telemarketing Fraud**

The Governor used his line item veto and removed the \$100,000 appropriation to the Attorney General's office to establish an outreach advocacy network to educate citizens - especially seniors - about telemarketing fraud. As a result of the governor's line item veto, the program will go into effect without any funding.

➤ **TAP Assistance**

The TAP bill, Chapter 378, was vetoed by the governor. The reasons cited by the governor for his veto included uncertainty over FCC reaction if Minnesota maintained its program as is; a new tax increase on cellular phones; unknown cost implications if the federal universal service program shifts more funding requirements to the states; and no limit on the number of years a household would be eligible for the program. The MTA believes TAP is a social program and should be funded from state generated revenue appropriations, not from a tax on telephones or from a Universal Service Fund.

Regulatory

➤ **CALEA**

The association sent its members an information packet in July to assist them in responding to the Federal Bureau of Investigations (FBI) request for telephone companies to comply with the requirements of the Communications Assistance for Law Enforcement Act (CALEA). Companies were to file a carrier statement with the FBI by September 8, 1998 that included information on switches and the company's agreement to continue to perform trap and trace surveillance under the direction of local law enforcement. Then, in September, the deadline to file the statement was extended to December 31, 2000.

Did you know?

3.4 trillion e-mail messages were delivered in the United States in 1998. 2.1 billion messages were a combination of personal and business messages and 7.3 billion were sent by advertisers.

Source: eMarketer for Fortune Magazine

Communications

651 Area Code

In 1997 the Minnesota Public Utilities Commission (PUC) ordered a new area code for the metro area to relieve the 612 area code. The six-month transition period for the new 651 area code began last July and lasted until mandatory use became effective January 10, 1999. The PUC ordered the new area code to follow geographic boundaries instead of central office boundaries as advocated by the MTA membership. The Commission's decision directed the new area code to St. Paul and its suburbs to the north, east, and south. The 612 area code was kept by Minneapolis and its suburbs to the north, west, and south. The concept of following geographic boundaries proved to be a technical challenge for the incumbents but after all was said and done the switchover to the new area code was almost seamless. Although a few minor glitches were reported, mostly with the long-distance and wireless providers, the vast majority of local customers experienced little or no service problems. MTA participated in the industry's Customer Education Committee and helped the committee communicate the new area code message through its members, multiple media outlets, and other statewide associations.

In addition to the new 651 area code, the PUC announced the addition of a third area code for the Minneapolis/St. Paul metro area. The PUC has scheduled hearings in 1999 to gather public input on the new 952 area code that they have tentatively approved for the cities of Minneapolis, Richfield and the Fort Snelling/Airport area. The geographic split will continue to be a point of contention for phone companies that favor the overlay option.

E-mail & the Web

The association's e-mail listserv continues to grow. The number of people that have elected to receive association publications and announcements via e-mail continued to increase in 1998 to 70 subscribers. Send an e-mail message to Terry Kucera at tkucera@mnta.org if you would like to be included on the listserv.

MTA staff continued to work with the association's web site developer to reach the goal of an interactive web site. Past MTA publications, 651 Area Code information, and ROW lawsuit media releases were some of the information items posted on the MTA's web site at www.mnta.org.

Public Relations

Wireless Safety Week was again held in May. This year's theme, "Safety-Your Most Important Call", was intended to build upon the partnership the association and wireless companies have with the state's Department of Public Safety. The program's audience was the public safety community and law enforcement officials.

Past Presidents' Video

A video was produced that features past MTA Presidents recalling their favorite industry memories. This video "time capsule" is a rare look at the state's telephone industry when times were simpler . . . The video will premier at the 90th Annual Convention in Minneapolis. Copies of the video are available for purchase by calling the MTA office.

Did you know?

A recent traffic study in Utah shows that 45% of weekday minutes usage and 86% of weekend usage is data. Voice calls last from 3 to 4 minutes and data calls last 20 to 30 minutes.

Source: U S WEST Communications

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Convention, Conferences and Education

Annual Convention

At its March meeting, the MTA Board of Directors agreed that the 89th Annual Convention was a success. Over 2,100 people attended the three day convention and trade show at the Hyatt Regency and Regal Hotels in Minneapolis. Based on results from

Staff additions

Terry Kucera joined the association in October as the new communications manager. He has over a decade of experience in public relations, most recently with the City of Eden Prairie.

member surveys, the Convention Planning Committee recommended two major changes to the 1999 Convention. The addition of breakout sessions for increased education and training opportunities and the substitution of a casino party in place of the traditional banquet.

Communications Seminar & Fall Conference

The annual Communications Seminar and Fall Conference were again held in November at the St. Cloud Holiday Inn. Both programs posted a record number in attendance and were a tribute to the planning and preparation done by the Public Relations Committee and Fall Conference Program Committee. The Communications Seminar focus was on providing good customer service. Among the Fall Conference featured presentations were topics about CPNI, Apprenticeship programs, and Marketing your company. The featured speaker, Kathryn Harwig, gave those in attendance her view of what the year 2000 will bring. Harwig says the "Millennium Effect" will have dramatic effects on ourselves, our communities, and our world.

Y2K Workshop

The MTA sponsored a Y2K Workshop in December in cooperation with the Minnesota Association for Rural Telecommunications (MART). The workshop, presented by Imaging Futures, Inc., was held at the St. Cloud Holiday Inn and explored facts and myths of numerous Y2K issues. Participants received materials and recommendations that could assist their companies as they prepare plans and strategies to deal with the year 2000 bug. Members of the Industry Planning Committee, the Public Relations Committee and individuals from member companies assisted in the planning and preparation of this workshop.

Education & Safety

Upon the recommendation of the Education & Safety Committee, the association's education and safety program will become more involved with member activities to better understand the educational needs of member companies. The program will continue to help companies foster the professional development of their employees.

"What's in a name? That which we call a rose . . ."

After searching for a suitable name, the Board of Directors decided to keep the moniker we've all come to know, Minnesota Telephone Association, at least for now. The association's Board was looking for a name that would more appropriately reflect the current nature of its members' businesses.

Looking ahead to 1999 and the new millennium

There will certainly be a number of important issues introduced during the 1999 legislative session. The FCC and PUC will also issue rules and regulations to the telecommunications industry. Here is a look at some of what we can expect in '99.

➤ **Depreciation Study**

The state's Department of Public Service will issue its Depreciation Study.

➤ **Universal Service**

MTA members hope for some resolve between the PUC and the FCC in the Universal Service Cost Model.

➤ **Right-of-Way Rulemaking**

The PUC will issue its decision on the allocation of costs in the Right-of-Way rulemaking. Local government units (counties and cities) have already filed comments on their desire to not participate in the process if it involves sharing the costs.

➤ **E911**

The implementation of a wireless emergency 911 (E911) service will continue to be an issue for wireless carriers. Companies experienced significant problems in 1998 with the State of Minnesota plan for wireless E911. The problem occurs when terminating calls as directed by the Department of Administration.

➤ **Y2K**

Although telephone and other utility companies across the nation are making final preparations for December 31, 1999, many smaller counties and cities are just beginning to evaluate their systems. Our members must keep in mind that even if their equipment is Y2K compliant, the vendors and local government units that serve them may not be as well prepared. The first test will come well before New Year's Eve. On September 9, 1999 many computer programs may read the date, 9/9/99, as end of program or some other command that executes a stop program command.