



Annual Report 1999

A LOOK BACK AT 1999

As we begin a new year, and new millennium, I want to take this opportunity to look back at 1999 and the many accomplishments we made as an Association.

First, I would like to thank you, the members, for your support and commitment to the Minnesota Telephone Association. The MTA represents the telecommunications companies in Minnesota and neighboring states, both wireless and landline, and the companies that supply products and services to them. Without your full support, we would have been unable to provide the quality member benefits that you have come to expect.

The past twelve months have again been a busy year for the telecommunications industry. Legislative and regulatory issues have increasingly become the hot topic in the media and at the capitol. Membership growth along with member education and training continue to be priority areas. Our communications initiatives play an important role in bringing it all together and updating our membership about topics and issues that affect their business.

Some of the year's many highlights are articulated in the following report. Thank you for taking a few minutes to read about your Association; your MTA.

I look forward to the challenges that await us in the year 2000. I know that together, we can achieve our goals and celebrate our successes.

Michael Nowick, Executive Secretary-Treasurer

FROM THE PRESIDENT

Last August, the Board of Directors conducted a strategic planning session and identified the following topics as priorities and goals for the Association to achieve over the next two to three years.

1. Legislative and regulatory matters

An Association such as the MTA is formed in part to represent and present the views and positions of its membership before the various legislative and regulatory bodies on both national and state levels. On that basis the MTA Board agreed that legislative and regulatory matters carry the highest priority.

2. Public education and information

Subsequently, it is necessary and important that every effort be made to educate and inform the public with respect to the industry, the Association and its membership. That is how understanding and support for view and positions are developed.

3. Member education and information

Effective communications is imperative in both the retention and attraction of members to the Association.

4. Membership retention and expansion

Any effort to expand or strengthen that membership is based on existing members being kept abreast of Association activities, and potential members having sufficient information on which to base a decision on whether or not to become a member.

In addition to the preceding categories, it was further agreed that it is the role and responsibility of the MTA Board of Directors "to provide guidance and direction to the Association, pursue member cooperation, secure membership consensus, mitigate opposing views, and continually review and update the purposes and mission of the Association."

The past two years as Association President have allowed me to see 'behind the scenes' of MTA events, to see what it's really like to put together the annual convention, state government conference, golf day and fall conference/communications seminar.

I have had the privilege to work with a Board and Committees that truly care about the Association and the advancement of our industry.

Thank you all for your support during the past two years.

Richard Keane, MTA President, 1998-1999

1999 Highlights

LEGISLATIVE AND REGULATORY

FCC denies State's request for ruling

After nearly two years, the Federal Communications Commission (FCC) announced its decision to deny the State of Minnesota's request for a declaratory ruling for its 'Connecting Minnesota' project. The State, in January of 1998, had asked the FCC to rule in favor of its agreement to grant exclusive access to the freeway rights-of-way to Denver-based International Communications Services/Universal Communications Networks (ICS/UCN).

The FCC, last December, found that the trading of exclusive access to the rights-of-way for communications benefits is "fundamentally inconsistent with the 1996 Act." The Commission's order referred to the intent of the Act – to replace monopoly rights with open competition – in ruling against the State's agreement.

Although the FCC did not preempt the agreement with this order, it has asked for additional comments on whether it should. The MTA is studying the order and will soon decide if and when it files comments.

Wireless providers approve E911 contract

The MTA wireless members made positive headway last year in verbally approving a wireless Enhanced 911 (E911) contract that wireless carriers can use as a model for their Phase I, E911 agreements with the State of Minnesota. The contract comes after hours of meetings with the State to agree on the technology to use for E911 calls to the public safety answering points (PSAPs) in Minnesota. Some issues to still be resolved include the determination of which law enforcement agency will receive the call - County Sheriff or State Patrol.

Although U S WEST announced in 1999 that they began providing E911 service for their U S WEST Wireless subscribers in the Twin Cities market using the Feature Group D protocol, carriers are not required to provide E911 capability until PSAPs have installed equipment to receive and process E911 data and until agreement is reached on cost-recovery methods.

The next step of the E911 implementation - Phase II - is scheduled to begin October 1, 2001, with at least one technical requirement that includes the ability to identify a caller's location within 125 meters.

1999 Legislative session summarized

Several bills that impact MTA members came out of the 1999 Minnesota Legislature.

Chapter 43 amended the 'One-call' statute and requires excavators to immediately notify the 911 PSAP whenever any flammable, toxic, or corrosive gas or liquid is released as the result of damage that occurs to an underground facility.

Chapter 125 authorized the Minnesota Public Utilities Commission to establish and delegate powers to subcommittees and designate a lead commissioner for a docket or subject.

Chapter 228 authorized telecommunications providers to offer reduced priced services to state government entities and public/private educational institutions.

Chapter 250 stated that MNET is not to compete with the private sector and is prohibited from purchasing telecommunications network equipment unless the private sector cannot provide the services. Also, higher education institutions do not have to use MNET as their provider and instead may choose a provider from the private sector.

Telecommunications regulations attract attention

The Board of Directors established the 'Rewrite Committee' mid-year to examine the appropriateness of Chapters 237 and 238 for regulating telecommunications service providers.

The MTA learned of proposals from the Minnesota Senate and the Department of Public Service that were being drafted for the 2000 legislative session to revise the current telecommunications laws and agreed to prepare its own industry bill that would rewrite the current, outdated telecommunications regulation.

MTA legislative lobbyists will monitor the telecom reform action at the 2000 legislative session and introduce the MTA bill if appropriate.

PUC requests two new area codes for metro area

The Minnesota Public Utilities Commission (PUC) in March voted 3-2 in favor of a three-way geographic split for the 612 area code. The plan, approved by the North American Numbering Plan Administration (NANPA), is Phase II of the PUC's relief plan for the exhaust of the 612 area code and will allow Minneapolis, Fort Snelling, St. Anthony, and

Richfield to retain the 612 area code and provides two new area codes, 952 & 763, for the western suburbs of Minneapolis (the remainder of the former 612 area).

Commissioner Koppendrayer and former chair Garvey cast the dissenting opinions on this geographic split of wire centers and instead favored the overlay solution proposed by the industry because it is less disruptive to consumers and less expensive for the local carriers.

Under this plan, the permissive dialing period begins February 27, 2000 and mandatory dialing becomes effective January 14, 2001.

Garvey resigns as Chair of Public Utilities Commission; Ventura names Scott as new Chair

Edward Garvey submitted his resignation in December as chairman of the PUC. He continues to serve the remaining three years of his six-year commissioner term. Garvey was appointed to the Commission and designated chairman by former Gov. Arne Carlson. Governor Ventura redesignated Garvey as chair earlier this year.

Ventura named Commissioner Gregory Scott to replace Garvey as chair. Scott's term as chair will expire in January of 2003, and his term as a commissioner expires in January 2005.

Line sharing ordered at state and federal level

The PUC held a hearing in September investigating line sharing by telecommunications companies and ordered U S WEST to work with COVAD, Rythms, and any other interested CLEC on a technical trial to resolve technical and operational issues involved in providing line sharing. Upon performing the required tests that demonstrated that line sharing was technically feasible, U S WEST reported the results back to the Commission who then ordered the local exchange carrier to share its lines with competing providers that offer DSL (digital subscriber line) service.

U S WEST and several CLECs agreed to terms of the agreement and will provide a progress report to the Commission in the first quarter of 2000.

In a separate decision, the Federal Communications Commission (FCC) voted to require telephone companies to share their fiber-optic lines with competitors that offer data services.

MEMBERSHIP RECOGNITION

Companies' safety/health efforts awarded

Five companies were honored last year with MTA 'Safety Awards'. The awards are presented annually to companies in recognition of outstanding safety and health efforts throughout the course of the previous year.

1999 Safety Award recipients:

Ace Telephone Association, Houston;

Garden Valley Telephone Company, Erskine;

Midwest Wireless Communications, Mankato; and

Runestone Telephone Association, Hoffman.

For the second year in a row, Connections, Etc., Big Lake, received the coveted 'Safety Director's Award' for the accomplishments of their in-house safety program.

New awards program to recognize individuals and companies

The '21st Century Leadership Awards', a new program to recognize members' contributions to the progress and prosperity of Minnesota's telecommunications industry, was announced in 1999.

The awards will be presented at the MTA Annual Meeting to three individual members in the categories of humanitarian efforts, public service, and industry leadership. One member company will receive recognition for its economic development efforts.

Over 20 entries were submitted for this inaugural year. Each entry was well prepared, documented and deserving of the award. This made selecting the winning entry an unenviable task and one the Convention Planning Committee took very seriously.

PUBLIC RELATIONS

Public relations campaign promotes advanced services

The MTA Public Relations Committee last year developed an opportunity for MTA members to promote their advanced services that are available within the communities in their service area.

Approximately 30 percent of the operating telephone companies participated in the statewide campaign that included press releases, color posters, newspaper ads, bill inserts, and direct mail post cards.

In 1999, telecommunications providers saw a continuation of a trend that began in the 1990s – Public relations is becoming an integral part of a company's strategic business plan to help them prepare for competition, satisfy customers and increase revenue.

Safe use of wireless phones promoted during annual program

The MTA, its wireless members and the Minnesota State Patrol celebrated 'Wireless Safety Week' and the opportunity to remind consumers to use their wireless phones safely when behind the wheel of a car. The May program again fell on the week preceding the Memorial Day holiday weekend – the opening of summer travel for most Minnesotans.

In addition to distributing 10, easy-to-remember tips developed by the Cellular Telecommunications Industry Association (CTIA) for driving and using a wireless phone, the MTA and its wireless members conducted a media outreach campaign to deliver their critical safety message.

Several years ago, Minnesota became one of the first states where competing wireless providers annually come together to promote the safe use of wireless phones.

Equipment upgrades and intensive planning make Y2K a non-event

One of the biggest media events of 1999 fizzled out on New Year's Day. What once was feared as a great unknown, the Y2K computer bug was squashed due to the diligence, planning and budgetary expenditures of companies large and small. The cooperative effort to eliminate possible date roll-over glitches on computers around the state, country and world should be a model of collaboration companies can use as strategic partnerships are formed and business relationships are strengthened in the coming years.

An informal, random poll of MTA members on New Year's Day, shortly after midnight, added credibility to industry statements prior to New Year's Eve. The public switched network was unaffected by the Y2K bug and individual company systems continued to send and receive voice and data traffic, just like any other day.

Web site's traffic grew in '99

The MTA Web site at www.mnta.org continues to see an increase in the number of visitors. One of the reasons for the increase in traffic was the new 612 area code split. The announcement in October created interest in the prefix list pages and other area code information. Other parts of the site that saw page views increase throughout the year were the information

pages for the major MTA events such as 'State Government Conference', 'Golf Day', and 'Fall Conference'.

MEMBERSHIP EVENTS

Annual Convention - 1999

Over 2,300 telecommunications professionals from Minnesota and around the country attended our Annual Convention last year. In 1999, we began offering multiple 'Breakout Sessions' in response to member requests for more education and training opportunities at the convention.

MTA Associate Members again last year competed in the 'Innovations' display – the annual contest to recognize innovative products and services in the telecommunications market. Kansas City based CHR Marketing Solutions (formerly CHA Marketing Services), a division of CHR Solutions, received the most votes from member telephone companies for their 'Marketing Success Kit', a new marketing product for independent telecommunications firms. Second place was awarded to National Independent Billing Inc., (Mankato) for their 'Rules-Based Billing and Customer Care Solution'. The 'Lucent Technologies 900 MHz Wireless Intercom', distributed by Badger Communications Corporation (Durand, Wis.) took third place in 1999's competition.

State Government Conference

Each year we host a one-day program to summarize the year's legislative session. It's a great way to find out about what happened at the state Legislature, learn if your company will be affected by recent bills and get an update on state and federal telecom regulation.

Golf Day

The MTA Golf Day is held each year in July. Last year it was again held at the Crow River Country Club in Hutchinson. The dinner following the golfing is for golfers and non-golfers alike. MTA Associate Members sponsored holes along the course and provided some great giveaways for all in attendance.

Fall Conference & Communications Seminar

The annual 'Fall Conference and Communications Seminar' was a very successful event in 1999. An analysis of the conference evaluations showed generally high ratings for the speakers, topics and accommodations.

The first day of the conference, a half-day 'Communications Seminar', was

well received by all attendees. Examples of successful marketing programs were shared to help companies better communicate with their customers.

MEMBER ANNOUNCEMENTS

Citizens Utilities purchases 159 exchanges in the state from GTE and U S WEST

Citizens Utilities (Stamford, Conn.) will become the second largest telephone company in Minnesota if its purchases of 159 exchanges are approved by state and federal regulators.

Citizens Utilities provides telecommunications services and public services including gas distribution, electric distribution, water distribution and wastewater treatment services to approximately 1.9 million customers in 22 states. Citizens Communications, a division of Citizens Utilities, operates all-digital, local exchange properties serving approximately one million access lines in 13 states.

MTA welcomes new members

Active

NorthStar Access, LLC (Big Lake) and 702 Communications (Moorhead) joined the MTA last year as Active Members.

Wireless

Aerial Communications (Edina) joined the Association as a Wireless Member.

91st Annual Convention

Minneapolis, Minnesota

February 27 - March 1, 2000

Hyatt Regency and Regal Hotels

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