

2003

2003 Annual Report
MINNESOTA
TELECOM
ALLIANCE

**IN
REVIEW**

Dear Friends,

A new name, new bylaws and new mission statement were some of the hallmarks to making 2003 a significant year in the history of the Minnesota Telecom Alliance.

Overall, a streamlining of the decision-making process marked our first year as the Minnesota Telecom Alliance. Restructuring reduced the Board of Directors from 22 to 19 members, and consolidated 21 committees into 18. Today, the MTA is a more modern, more efficient organization that is fiscally responsible to its members.

Before examining the year in review, it is appropriate to take this opportunity to thank the members for their support and commitment to the Minnesota Telecom Alliance. Through participation in committees our members help develop policy and direction for the Alliance. It is the committees that drive the MTA's legislative agenda, regulatory positions, conventions and training topics. You proved once again that it is the members that make MTA successful year after year.

Reflecting on the 2003 legislative session, it was again focused on the state's budget issues. Considering the pressure in the legislature to find funding to balance the budget, we were successful in getting MTA's legislative agenda passed.

We were able to pass several key pieces of legislation important to members; particularly the MTA initiated promotion and packaging of telephone services bill. The law eliminates the requirement for cost studies and reports for promotions. Companies can now package and promote regulated and unregulated services in a single service bundle.

We took another step toward speaking with one voice before legislators and regulators by partnering with other state-wide trade groups to form M3 to forge a united front. M3 includes MIC (Minnesota Independent Coalition), MART (Minnesota Association for Rural Telecommunications) and MTA (Minnesota Telecom Alliance). Together, we adopted a two-year strategic plan that better positions us to move forward with one voice.

There were also serious regulatory challenges in 2003, such as voice over Internet protocol (VoIP) ruling that went against the Minnesota Public Utility Commission, and is being addressed by the Federal Communications Commission (FCC) and Congress. Another critical challenge is helping members receive adequate compensation for terminating long distance calls. In 2004, the MTA will play an active role in addressing these issues.

Our new name better reflects the diverse membership in the MTA, from small and large companies, rural and metro, incumbent and competitive, cooperative and private. Thank you for the role you played in helping the Alliance make a seamless transition in 2003 from the MTA to the Minnesota Telecom Alliance.

Walter S. Clay
Chairman, Minnesota Telecom Alliance
Chairman, President and CEO, Hutchinson Telephone Company

Legislative & Regulatory Representation

Budget issues again dominated the legislature but there was movement on key telecommunications issues.

MTA was able to get several bills passed into law and made sure others didn't make it to the governor's desk.

Chapter 97 (HF 671)

This MTA-sponsored bill authorized the promotion and packaging of telephone company services; eliminated the requirement for cost studies and reports for promotions; and removed the sunset expiration dates for alternative regulation plans (AFOR).

Chapter 58 (HF 645)

Modifications and technical amendments were made to the Power Limited Technician Licensing Law. The deadline for taking the Limited Power Technician licensing exam was extended to September 30, 2003.

Chapter 43 (HF 317)

All counties were authorized to bond for the construction of facilities that can be used for or by commercial wireless service providers. All counties were permitted to lease such sites for public safety communications.

Two Year Strategic Plan

The Alliance adopted and is working to implement a five point strategic plan:

1. Establish a state universal service fund to protect high-cost companies and their customers from unreasonable rate increases due to reductions in access charges.
2. Regulate an incumbent local exchange carrier only for quality of service when a viable eligible telecommunications carrier operates in its geographic service area.
3. Create a single regulatory agency for telecommunications carriers.
4. Secure passage of a state law permitting the operation of open video systems operators
5. Establish a system for delivering originating calling numbers to terminating carrier for proper billing.

Regulatory Relations

The MTA weighed in on the voice over Internet protocol (VoIP) issue that came before the Minnesota Public Utilities Commission and was later ruled on by the U.S. District Court in Minneapolis.

MTA also led the fight for its members to receive adequate compensation for originating and terminating long distance calls.

At the federal level, MTA kept members abreast of the fight to eliminate costly, antiquated regulations that hinder our growth and capabilities.

MTA On The Road

Each year, the MTA staff makes an extra effort to visit our member companies. Some of the companies we visited in 2003:

702 Communications (Moorhead), Benton Cooperative Telephone Company (Rice), diversiCom Mainstreet Communications (Sauk Center), Farmers Mutual Telephone Company (Bellingham), Garden Valley Telephone Company (Erskine), Gardonville Cooperative Telephone Association (Brandon), The Home Telephone Company (Grand Meadow) Hutchinson Telephone Company (Hutchison), Integra Telecom (Prior Lake), Paul Bunyan Rural Telephone Cooperative (Bemidji), Pine Island Telephone Company (Pine Island), Rothsay Telephone Company (Rothsay), Runestone Telephone Company (Hoffman), TDS Telecom (Pequot Lakes), Unitel Communications (Park Rapids), USLink (Pequot Lakes) and Wikstrom Telephone Company (Karlstad).

A History of Service

In 2003, six member companies celebrated their golden anniversaries. Congratulations to the following companies for reaching this historic milestone.

100 Years
Blackduck Telephone,
 Blackduck
Manchester-Hartland
Telephone Company,
 Manchester
Madelia Telephone
Company, Madelia
diversiCom Melrose
Telephone Company,
 Melrose
Minnesota Valley
Telephone Company,
 Franklin
Starbuck Telephone
Company, Starbuck

Continuing Education

Each year we offer seminars and conferences designed to help our members sharpen their skills, increase their knowledge of the telecommunications industry, and enhance the value of membership.

New Leader Academy

MTA hosted the inaugural New Leaders Academy in June. This management training tool helped new and future leaders learn about Minnesota's telecommunications industry including the regulatory and legislative functions under which our members operate. During the one-day seminar participants heard from MTA leaders on the organization's mission and goals, and then met with commissioners and staff members from the Minnesota Public Utilities commission.

In June, MTA sponsored a wireless E-9-1-1 meeting that brought interested parties – both private and public-- together to work on finishing E 9-1-1 Phase I and II in Minnesota.

MTA was a cosponsor of the Small Business DSL Workshops held in 18 locations around the state from June to August. The workshops, which gave small businesses an opportunity to learn the ABCs of high-speed Internet service, meet their local telecommunications providers, and locate resources in education, workforce, and economic development. MTA provided a tool kit to members to help companies get the most out of the excellent marketing opportunity. Member companies participated in the workshops nearest to them and displayed their company's marketing materials.

Annual Convention & Conferences

Throughout the year, MTA offered several opportunities for individuals to network with other telecom professionals.

The big three – Convention, Golf Day and Fall Conference – were the main events in 2003.

MTA 94th Annual Convention

Once again, our annual convention was held in Minneapolis. It truly was an event for learning about the latest technology, equipment, brands and important issues facing the industry. The new innovative product break out session was a big hit with conventioners. The convention provided educational breakout sessions, informative speakers and great networking opportunities for the 2, 274 attendees. The trade show featured 185 companies, an increase of 19 from the previous year, occupying all 237 available booths.

Golf Day

Another successful MTA Golf Day was held at the Crow River Country Club in Hutchinson. More than 186 golfers enjoyed the opportunity to relax with friends and network with fellow members. The event got underway with a shotgun start and included a putting contest, social hour, dinner, prizes and awards to the winning teams.

Fall Conference & Communications Seminar

'Building a Winning Team' was the theme of the 2003 Fall Conference and Communications Seminar, held again at the Kelly Inn located near downtown St. Cloud. Participants gave the event high marks on the conference evaluations. At the half-day Communications Seminar, attendees participated in a customized team building workshop designed specifically for the event. They heard practical information on how to improve their team's performance. Topics covered at the Fall Conference included a short sales course, ethics and governance, media relations and presentations on the latest advances such as IP Telephony, Wi-Fi and Triple Play, voice, video and data.

Member Recognition



21st Century Award winners display their awards. Pictured left to right: Roger Carlson, John Rose, Jr., Rick Morrow, Richard Anderson, Rose Marie Kohn, and MTA Chairman Walter S. Clay.

21st Century Leadership Awards

The MTA presented its fourth annual 21st Century Leadership Awards at its 94th annual meeting. The awards recognize exceptional achievements that individuals and companies have made to the progress and prosperity of Minnesota's telecommunications industry. The awards were presented in the following categories:

Humanitarian – **Rose Marie Kohn**, Sleepy Eye Telephone Company

Public Service – **Rick Morrow**, Hutchinson Telephone Company

Industry Leaderships – **John Rose, Jr.**, Albany Mutual Telephone Association

Associate Member Industry Leadership Award – **Roger Carlson**, Carlson Communications

Economic Development Award – Gardonville Cooperative Telephone Association

MTA Safety Awards

The MTA Safety Awards recognize the outstanding safety and health efforts of members. Companies recognized for the annual MTA Safety Awards:

Small Company Award - **Midwest Telephone Company**, Parkers Prairie

Medium Company Award – **Hutchinson Telephone Company**, Hutchinson

Large Company Award – **Ace Communications Group**, Houston.

Safety Director's Award – **Connections, Etc.**, Big Lake

Safety Leadership Award – **Jerry Keeton, Connections, Etc.**

A Look At the MTA Safety Program

The MTA Safety Program provides a total safety, health, environmental and loss control consulting service designed to meet the rapidly changing needs of telephone companies. The program's highly qualified, experienced staff has extensive expertise. The staff train companies employees and examines field operations, providing the expert advice companies need to improve and stay in compliance with government regulations. The staff provides a minimum of nine scheduled contacts between staff safety professionals and member companies per year. The safety training sessions, which are often done at the company's location, typically run approximately 2.5 hours in length and are scheduled between September and May.

The MTA safety staff members are: Erik Monsos, director of safety and education, and safety consultants John Zupin, Ladd McCluskey - South Dakota, Don Grant, Kris Johnson, and Harold Stelton.

2003 At A Glance

- Power limited technical licensing information distributed to MTA members.
- Weekly Bulletin replaces Member Bulletin (monthly).
- MN Reception held at Hawk and Dove in Washington, D.C. for congressional delegation and staffs.
- Inside wire article distributed to members.
- Concentrating On Driving signs made available to members.
- Human Resources Committee conducts salary survey.
- MTA presented over \$27,000 from Motorcycle Raffle Proceeds to Muscular Dystrophy Association and North Star chapter, I.T.P.A..
- MTA sponsors wireless E-9-1-1 meeting.
- New Leaders Academy Graduates First Class
- Annual MTA Golf Day
- 9-1-1 Curriculum Kit Made Available to Members.

2003 Committees & Chairs

The success of MTA is due in large part to the many individuals that volunteer their time to our member committees. Listed below are MTA committees and current chairmen.

Associate Members Convention Committee

Dean Laliberte, Power Product Services, Hibbing

Associate Members Golf Committee

Thomas R. Farm, Olsen Thielen & Co., Ltd., St. Paul

Budget, Dues & Bylaws Committee

Kevin T. Larson, CTC Telecom, Brainerd

CLEC Committee

Paul Hoge, Emily Cooperative Telephone Co., Emily

Convention Planning Committee

Walter S. Clay, Hutchinson Telephone Co., Hutchinson

Directors Nominating Committee

Walter S. Clay, Hutchinson Telephone Co., Hutchinson

Education and Safety Committee

Richard D. Keane, Pine Island Telephone Co., Pine Island

Executive Committee

Walter S. Clay, Hutchinson Telephone Co., Hutchinson

Fall Conference Program Committee

Paul Freude, Paul Bunyan Rural Tel. Cooperative, Bemidji

Financial Review Committee

Ronald D. Nelson, TDS Telecom, New London

Human Resources Committee

Kris Nelson, CTC Telecom, Brainerd

Legislative Committee

Will Bartley, Lakedale Communications, St. Paul

Marketing & Communications Committee

Katie Johnson, Park Region Telephone, Underwood

Officers Nominating Committee

George W. Wikstrom, Wikstrom Telephone Co., Karlstad

Regulatory, Tariff & Services Committee

Bill VanderSluis, HickoryTech, Mankato

Small Companies Committee

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

Technology & Engineering Committee

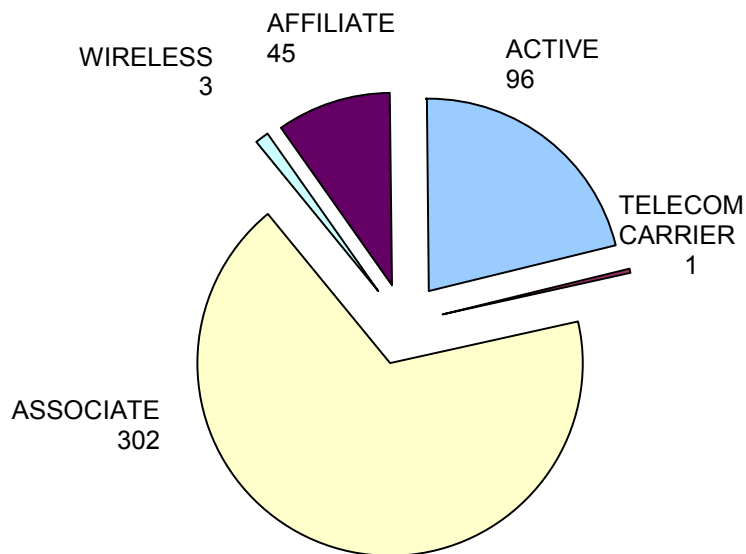
Kenneth Knuth, Woodstock Telephone Co., Slayton

Wireless Technology Committee

Dean Polkow, Rural Cellular Corporation, Alexandria

Membership At-A-Glance

(As of December 31, 2003)



A Premiere Telecom Alliance

Member retention and recruitment are vital to the stability of any membership-based organization. MTA membership actually grew last year, reversing a decline over the past two years caused by mergers and the turbulent economic conditions and slump in the telecom industry. We gained 68 members in all five categories of our membership base—active, affiliate, association, telecommunications carriers and wireless. The gain was dented by the loss of 61 members.

As in the past, we will continue to look for ways to add value to the services and products we provide to our members. The feedback from evaluation forms used at MTA events will help guide us in this effort. With the support of members, we will remain a strong voice for the telecom industry before legislators, regulators, media and consumers.

A complete financial statement has been mailed to MTA member companies.

2003 Board of Directors

Chairman

WALTER S. CLAY
Hutchinson Telephone Co., Hutchinson

Vice-Chairman

KEVIN T. LARSON
CTC Telcom, Brainerd

President

MICHAEL J. NOWICK
MTA, St. Paul

Secretary-Treasurer

RONALD D. NELSON
TDS Telecom, New London

Directors

BRENT CHRISTENSEN
Medelia Telephone Co., Medelia

VICTOR E. DOBRAS
Sprint, Saint Paul

JOHN FINKE
HickoryTech, Mankato

GEORGE W. FISH
Garden Valley Telephone Co., Erskine

PAUL FREUDE
Paul Bunyan Rural Telephone Co-op., Bemidji

PAUL HOFF
Onvoy, Minneapolis

PAUL HOGE
Emily Cooperative Telephone Co., Emily

SCOTT JOHNSON
Cannon Valley Telecom, Inc., Bricelyn

RICHARD D. KEANE
Pine Island Telephone Co., Pine Island

KENNETH KNUTH
Woodstock Telephone Co., Slayton

DEAN LALIBERTE
Power Product Services, Hibbing

JOHN LASS
Frontier Communications, Mound

ANTHONY V. MAYER
West Central Telephone Association, Sebeka

DEAN POLKOW
Rural Cellular Corporation, Alexandria

GENE R. SOUTH, SR.
Lakedale Telephone Co., Annandale

GEORGE W. WIKSTROM
Wikstrom Telephone Co., Karlstad



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