

2005

**IN
REVIEW**

Annual Report
**MINNESOTA
TELECOM
ALLIANCE**

Dear Friends,

Welcome to the 2005 Annual Report, a summary of events and activities that have shaped our industry and association over the past 12 months. Before reflecting on the past year, I want to thank you, the members, for your support and commitment to the Minnesota Telecom Alliance. MTA's success in 2005 was a direct result of our members' involvement, from another successful convention to lobbying at the legislature. It was your active participation that helped make us an even stronger Alliance.

We experienced a number of successes in 2005. We began the year by reaching a settlement agreement on the intraLATA compensation complaint against Qwest that the Alliance filed with the Minnesota Public Utilities Commission. At the legislature, we were successful in passing legislation that reduced and simplified the annual reporting requirements for telcos.

The MTA's direction and philosophy was guided by our strategic planning process begun by the Board of Directors in May. This clearly helped us focus on our objectives and bring more uniformity to our efforts.

Since this is an election year for the governor, plus the entire Minnesota House of Representatives and Senate, I encourage all members to get involved – not only with local politics, but to meet with the candidates for the legislature and make them aware of our issues.

Through our Alliance, we will continue to work together to champion balanced proposals for fair legislation that governs the delivery of voice, video and broadband service to all Minnesotans.

I want to thank you for an exciting first year as MTA Chairman. It was an honor and a pleasure for me to experience the behind the scenes operations of the MTA and to witness the hard work and dedication of our committee members. I look forward to the challenges and success that I know we will have in the coming year. When we work together we, will be successful.

Kevin T. Larson
Chair, Minnesota Telecom Alliance
CEO and General Manager, CTC Telcom



Special Member Meeting On Qwest Settlement

A special member meeting was held in April to give members an overview of the interim settlement Qwest and MTA reached in the intraLATA compensation complaint.

The more than 90 attendees at the Sheraton Hotel in Bloomington learned how the settlement would impact billing and the sequence of events that led up to the settlement. As part of the settlement, participating member companies would receive transiting records at no charge for a one-year trial period.

Incumbent active member companies also received specific details for their companies on the settlement.

In another effort to keep members informed, a question and answer information piece was posted on the MTA Web site as well as published in the MTA Weekly Bulletin.

The meeting was arranged by the Intercarrier Compensation Task Forces, part of the Regulatory, Tariffs & Services Committee.

Representing the Industry

Our association's lobbying efforts resulted in some significant successes this year at the Legislature. MTA's strong push to reduce and simplify the annual reporting requirements for telephone companies was rewarded with the initiative included in an omnibus Jobs, Energy, Agriculture and Economic Development Committee finance bill that passed during the special session. The document is now less than a single page.

The omnibus bill also contained:

- a requirement for the Department of Commerce to conduct a study and recommend how to change from a per access line count to a per number in use basis to fund the 911, TAP and TAM programs;
- resolved 911 funding issues and secured funding for payment of past due accounts; and
- the Department of Commerce was given authority to use TAP funding for promotions of the TAP program.

The omnibus education finance bill appropriated seven million dollars to the Department of Education for telecommunications aid. School districts are to submit their actual telecommunications/Internet access costs, minus their E-rate revenue for reimbursement.

Other bills related to telecommunications or contain related provisions that were passed by the Legislature in 2005 were:

SF 527 Chap. 6: Authorized utility special assessments against affected property owners for the cost of burying or altering a new or existing system within the right-of-way that exceeds the utility's design and constructions standards or those set by law or tariff, but only upon petition.

SF 1355 Chap. 62: Extended the application period for power limited technicians, and waved the 36 month experience requirement for applicants until September 30, 2005.

SF 1368 Chap. 97: The Department of Commerce (DOC) was required to establish an e-filing account and retrieval system for the Department and PUC by July 1, 2006. A one time assessment of up to \$300,000 will be levied against all utilities to pay for the cost of implementation.



Education Opportunities

MTA University

This year the MTA University was transferred to the Human Resources Committee, which in turn, contracted associate member, Cronin Communications, to coordinate program development and logistics.

The results were very impressive. The first session, an in-depth professional development program for managers and supervisors held in June, was a complete sellout with more than 200 people attending.

In December, more than 290 people attended a one-day course on super sales training for customer service representative and installation and repair technicians.

MTA Safety Awards

The annual MTA Safety Awards were presented to five member companies during the 96th annual meeting in Minneapolis.

Small Company Award

Emily Telephone Company, Emily

Medium Company Award

Midwest Information Systems
Parkers Prairie

Large Company Award

Garden Valley Telephone Co.
Erskine

Safety Leadership Award

Randy Versdahl
Garden Valley Telephone Co.

Events throughout the Year

Each year, the MTA hosts several events for member companies and their staffs. Our convention, golf day, and communications seminar-fall conference are the main programs we present yearly. Additional educational opportunities are occasionally added to our programming schedule in response to members' needs.

MTA 96th Annual Convention

The yearly MTA convention was again held at the Hyatt Regency and Millennium Hotels in Minneapolis. Once again we sold all of the 239 booths in the exhibit area. The attendance of 2,032 was slightly below the all-time record for our annual event.

Golf Day

The 32nd Annual MTA Golf Day was a big success with a record turnout of 207 golfers, 37 hole sponsors, and an array of prizes. The July 11th event was once again held at Crow River Country Club in Hutchinson. Finishing in first place was the team of Dirk Berger, Darren Dierbeck, Tom Farm, David Langerud, Lee Maier and John Sonnek. The second place team was Jim Berreth, Randy Breuer, Walt Clay, Bruce Knutson, Dennis Miller and Monty Morrow.

Communications Seminar & Fall Conference

Our fall gathering was again held at the Northland Inn, Brooklyn Park. The program for both days was built around our theme, Think BIGGER! Topics covered at the Communications Seminar included online safety programs for schools and communities, realigning customer service functions to meet today's customers and communicating in a crisis. Three interesting breakout sessions were on the agenda for the Fall Conference: Managing the Crisis; The FCC is Considering Intercarrier Compensation Reform; and Top Ten Things I Learned Softswitching. The event concluded with a lively interactive presentation on 8 Elements of an Effective Team.

Member Recognition

21st Century Leadership Awards

The fifth annual MTA 21st Century Leadership Awards were presented in the following categories:

Humanitarian – Steve Holmvig, CTC Telcom

Public Service – Dennis Renowski, CTC Telcom

Industry Leadership – Bill VanderSluis, HickoryTech

Associate Member – Cliff Albertson, Badger Communications

Economic Development – Midwest Wireless

At a Glance

MTA Safety Program

The MTA Safety Program offers complete safety, health, environmental and loss control consulting services to meet today's needs of telephone companies. The staff of professionals provides training for the company's employees who need to improve or stay in compliance with government regulations.

What's a typical year for the MTA Safety Program?

The following number of training sessions is provided at each member company:

- 6 Employee safety training sessions
- 2 Field observation sessions
- 1 Manager / supervisor training session

This equals to:

- 720 safety meetings
- 176 field observations
- 64 manager meetings
- Approximately 174,000 miles without incident

For 2005 there were 41 requests for additional training sessions. All demands were met.

Communications

The Marketing and Communications Committee continued to promote the online safety bookmarks that were made available to members. To date, more than 62,000 have been distributed by member companies.

The MTA Marketing and Communications Committee developed a news release that informs customers on the e-mail identity theft problem known as "phishing." the release could be localized by each member company with sections to identify the company suggested quotes for a company spokesperson. "*Phishing Isn't Just for Anglers Anymore*" provided an overview of how the scams work and how to avoid becoming a victim.

The Minnesota Telecom Alliance, represented by several member companies and staff, hosted a booth at the Minnesota Telecommunications Association's 19th Annual Conference and Trade Show May 10, at the St. Paul River Center. The "other" MTA is a collaborative network of telecommunication, information technology, knowledge management and business professionals from large businesses, governments and institutions. The event was an excellent opportunity for Alliance members to educate this group, whose members make telecommunications decisions for their companies. The message from members representing the Alliance was that small and rural telephone companies are high-tech, high-touch companies with networks capable of handling their broadband needs for branch offices or remote workers. The members that participated were CTC Telcom, Pine Island Telephone Company, West Central Telephone Association and Blackduck Telephone Company. Associate member Badger Communications helped organize the MTA's participation, and donated a cordless color Caller-ID phone for a drawing.

MTA Web Site Gets New Look

The MTA Web—www.mnta.org -- was redesigned to give it a more inviting look and make it easier to navigate. Throughout the year, MTA worked to strategically integrate the Web site with the association's goals and objectives. Members visiting the site have access to all publications, including the HR Bulletin and Weekly Bulletin, member news and tools, and education and safety information. One new item is the instant poll that gauges members' opinions on various timely industry issues. Overall, the number of visitors to the MTA site increased significantly in 2005.

MTA on the Road

MTA staff was on the road in 2005 visiting a number of our Active member companies. Some of the companies we visited:

Ace communications Group (Houston), Albany Mutual Telephone Association (Albany), Benton Cooperative Telephone Co. (Rice), Bridgewater Telephone Co. (Monticello), Cannon Valley Telecom (Bricelyn), Crosslake Communications (Crosslake), Connections, Etc. (Big Lake), CTC Telcom (Brainerd), diversiCOM Melrose Telephone Co. (Melrose), Emily Cooperative Telephone Co. (Emily), Frontier (Burnsville), Gardonville Cooperative Telephone Association (Brandon), HickoryTech (Mankato), Hutchinson Telephone Company (Hutchinson), Lakedale Telephone Co. (Annandale), Lonsdale Telephone Company (Lonsdale), Midwest Telephone Co. (Parkers Prairie), NU-Telecom (New Ulm), Park Region Telephone (Underwood), Sleepy Eye Telephone Co. (Sleepy Eye) TDS Telecom (Pequot Lakes), and Winnebago Cooperative Telephone Association (Lake Mills, IA).

More visits are planned for 2006.

A History of Service

In 2005, these member companies celebrated anniversaries.

Congratulations to the following companies for reaching this historic milestone.

100 YEARS

Connections, Etc., Big Lake
NU-Telecom, New Ulm

Sleepy Eye Telephone Company, Sleepy Eye

2005 Committee Chairpersons

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

Chris Danielson, Farmers Union Insurance, Roseville

Associate Members Golf Committee

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

Budget, Dues & Bylaws Committee

John Finke, HickoryTech, Mankato

CLEC Committee

Paul Hoge, Emily Cooperative Telephone Co., Emily

Convention Planning Committee

Kevin T. Larson, CTC Telcom, Brainerd

Directors Nominating Committee

Kevin T. Larson, CTC Telcom, Brainerd

Education and Human Resources Committee

Kris Nelson, CTC Telcom, Brainerd

Executive Committee

Kevin T. Larson, CTC Telcom, Brainerd

Fall Conference Program Committee

Ronald Laqua, Halstad Telephone Company, Halstad

Financial Review Committee

Bill Otis, NU-Telecom, New Ulm

Information Technology Committee

John Scheel, Connections, Etc., Big Lake

Legislative Committee

Brent Christensen, Christensen Communications, Madelia

Marketing and Communications Committee

Robert M. Gannon, Blackduck Telephone Co., Blackduck

Officers Nominating Committee

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

Regulatory, Tariffs & Services Committee

James Beattie, BEVCOM, Blue Earth

Safety Committee

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

Small Companies Committee

Dave Bickett, Park Region Telephone Company, Underwood

Technology & Engineering Committee

Fritz Hendricks, Onvoy, Minneapolis

Wireless Committee

Jim Jech, St. Cloud Wireless Holdings, Waite Park

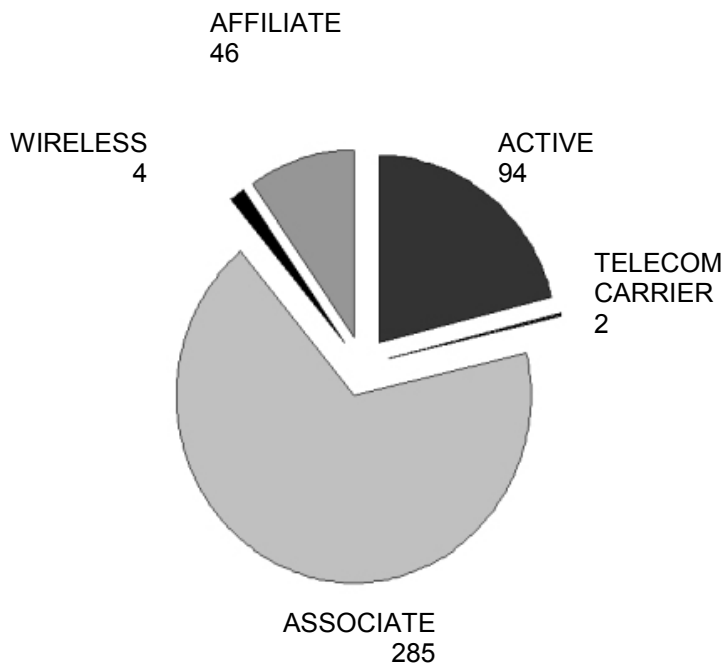
MTA Officers & Directors - 2005

A Premiere Telecom Alliance

Member recruitment and retention continue to be a priority for the MTA. We made strides with MTA's overall membership increasing slightly last year, compared to the previous year. The biggest increases were in associate members and wireless. Active membership was down by only one.

Looking ahead to the next twelve months, we will continue to evaluate our services to ensure they are valued and desired. We will use member feedback to define enhancements to membership training and education. And we will represent the entire Minnesota telecom industry to policy-makers, media and consumers.

For the complete financial picture please refer to the financial statement that was mailed to MTA member companies.



Chairman

KEVIN T. LARSON
CTC Telcom, Brainerd

Vice-Chairman

JOHN FINKE, HickoryTech, Mankato

President

MICHAEL J. NOWICK, MTA, St. Paul

Secretary-Treasurer

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

Directors

BRENT CHRISTENSEN
Christensen Communications Company, Madelia

CHRIS DANIELSON
Farmers Union Insurance Companies, Roseville

VICTOR E. DOBRAS, Sprint, Saint Paul

ROBERT EDDY, Connections Etc., Big Lake

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

ROBERT M. GANNON
Blackduck Telephone, Blackduck

PAUL HOFF
Onvoy, Minneapolis

PAUL HOGE
Emily Cooperative Telephone Co., Emily

JIM JECH, Northern PCS, Waite Park

SCOTT JOHNSON
Cannon Valley Telecom, Inc., Bricelyn

KENNETH KNUTH
Woodstock Telephone Co., Slayton

RONALD LAQUA
Halstad Telephone Company, Halstad

JOHN LASS
Frontier Communications, Mound
BILL OTIS, New Ulm Telecom, New Ulm

CHERYL SCAPANSKI
Benton cooperative Telephone Company, Rice

CAROL WIRSBINSKI
Integra Telecom., Minneapolis



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