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TELECOMMUNICATIONS GUIDE

Gene South, Sr. Takes Helm At USTA

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Gene R. South, Sr., a leader in the Minnesota telecommunications industry and very active in the Minnesota Telecom Alliance (MTA), was elected chair of the United States Telecom Association board at the group's annual convention in Las Vegas in October. During his one-year term as USTA's leader, the CEO and General Manager of Lakedale Communications of Annandale will work for a significant rewrite of the federal Telecommunications Act of 1996.

"I'm excited at this opportunity and I feel very honored and privileged to have been chosen USTA chair by my peers," South says. "I'm grateful to my company and its owners, the Bishop family, for allowing me to devote the time necessary to undertake this huge commitment. I think this is more of an honor for my company than it is for me."

Next Logical Step

For South, a 36-year telecom industry veteran who moved to Minnesota to take Lakedale's helm in 1992, his new role with USTA fulfills a long-held dream and is the "next logical step" for someone long active in the organization. In addition to eight years on USTA's board and seven on its executive committee, he's belonged to numerous other association committees, including a recent stint chairing the Small Company Committee, and he just completed a year as the group's first vice chair.

An Oklahoma native, South served eight years in the U.S. Army in Vietnam and Europe, earning many college correspondence credits and learning to make model ships using telephone lacing twine for the rigging. He attended Southeastern State College in Oklahoma and received electrical engineering and business administration degrees from the University of Maryland. He helped design the wave-guide on the antennae of the Very Large Array radio telescope in New Mexico and began his telecommunications career with GTE. Before moving to Minnesota, he ran the Panhandle Telephone Cooperative in Guymon, OK, for 10 years.

Lakedale Communications, which consists of 21 different companies, affiliates and subsidiaries, has grown dramatically under South's leadership. It's the independent local phone company for Maple Lake, Annandale, Paynesville, South Haven, Montrose and Waverly, offering its customers long distance, wireless, Internet faster than DSL and digital video in addition to local service.

Lakedale also sells telecom systems to businesses, paging services in the St. Cloud and Twin Cities areas, and is a statewide long distance seller. In addition, the company partners in a competitive phone company (EN-TEL) in Willmar that also sells enhanced services and energy, a regional fiber optic network (SHAL) that leases long distance, and a St. Cloud area wireless company.

"I always wanted to be a CEO and manage my own company because I

wanted the chance to make the decisions that help a company succeed," South says.

Gene has been active wherever he goes. His MTA service includes six years on the board and time on the executive, legislative and small companies committees. He chaired the Rural Telephone Finance Cooperative, a national "bank" for rural telcos, and the Minnesota Association for Rural Telecommunications (MART) at the same time (2001-03). He's also involved in his community, having led the boards of Buffalo Hospital, Annandale Health and Community, and Kimball Golf Club, and he's served terms on the Minnesota Safety Council and the Rural Independent Competitive Alliance boards.

Married to his wife, Ida, for 34 years, the couple raised four children and has four grandchildren. An avid golfer, Gene thinks the key to success is balancing work and family. "You have to work a lot to accomplish things, which helps your family in the long run," he notes, "but you have to spend time with your family, too."

USTA Goals

In his year as USTA chair – "No one would want to do it any longer," South jokes – he faces a heavy travel schedule. He will speak at numerous state and regional telecom association conventions as he promotes the value of USTA membership. But he says the group's focus on rewriting the '96 telecom act is the correct strategy. "If we try to put our arms around any more, we might do more damage than good," he explains.

Revisiting the act is necessary, South says, "because the laws, rules and regulations have to catch up with our lives. Current laws are already antiquated. They're stifling the lifeblood of our businesses." With the cable, wireless and VoIP (voice over Internet providers) industries opposed, he knows rewriting this seminal telecom law will be "an uphill battle." But while a rewrite

might have been "a bold idea" just a year ago, he thinks there is now a general consensus that it will happen because the industry is changing so quickly. "We've got to move into the future faster," he says.

South cites two big reasons for rewriting the act – stabilizing universal service and creating industry-wide market-based competition. "I believe that affordable, reliable access to essential services for all Americans is the heritage of our industry," he said in his USTA speech in Las Vegas. "We need to fight to see that all companies – new and old – contribute to this absolutely vital national priority. USTA has a powerful, unwavering and united commitment to a strong, stable future for universal service."

South sees the removal of "government-managed competition" as crucial to telcos "because real competition is eating our industry's lunch today." Some of the things blocking the market-based competition that he believes necessary include:

- The cable TV industry's continued wireline monopoly;
- The loss of customers – and significant long distance revenues – to unregulated wireless and Internet phone companies;
- The difficulty of providing enhanced services due to state regulations;
- And the costs of building expensive, often unused infrastructure as the "carrier of last resort."

He uses his own company's experience to illustrate. "In Annandale, there are four wireless towers in a three-mile radius and cable companies can supply DSL service, but the state PUC says I have no competition because there's not another local wired phone company. We have infrastructure already in place and we can't maximize our revenues from it unless we get a franchise, which involves installing wire to every customer in an area in

much less time allowed to the original franchisee. Small companies don't have the millions of dollars needed to do that.

"Many think that incumbent phone companies are a barrier to competition but, believe me, laws and regulations are sitting on our tail so we can barely move. And when we can move, it takes so long to obtain a franchise that the existing provider has time to upgrade facilities and lower prices, making it even harder for us to compete. To provide consumers with the benefits of enhanced services, we need more liberty in how we provide them."

The Motivation

In addition to achieving a personal goal, South says his desire to learn from others, including some of the largest companies in America, is a big reason why he's active in USTA. "When you're in the inner circle of leadership," he says, "you absorb information that helps you move your company forward." He also takes seriously his obligation to share what he learns with MTA. "The state associations and the USTA need to work together closely because some issues just can't be solved at the state level," he says.

Gene also sees the value of his association work for his employees. "They need a comfort zone that our company will survive," he explains. "They need to feel confident that if they work hard, they have the opportunity to expand their careers."

If they do that, they'll find that they're just modeling an example they see up close every day.

Minnesota Telecom Alliance is a not-for-profit professional association representing more than 94 small, medium and large telecommunication companies providing voice, data, wireless, and high-speed broadband services to Minnesota's metropolitan and rural communities. More information about MTA can be found on the Internet at www.mnta.org.