1 Senator Burns.

2 SENATOR BURNS: Well, thank you very

3 much. I appreciate being asked to just make a few

4 remarks today, because I think this is very, very

5 important.

6 As you know, we are coming out of a -- well,

7 we're using some words in our vocabulary now that

8 just up until -- that weren't there five years ago.

9 And it's been a marvelous thing to see this

10 explosion in the information age. Even back when we

11 were starting to discuss the '96 act, in my visits

12 with the -- with the original Bells and also with

13 the local telephone companies, one thing that was

14 revealed is the -- was the growing amount of

15 capacity that was being taken up by data. And not

16 voice, but by data. And so it was pretty simple to

17 me that as soon as the -- the faster we could work

18 the digital ones and zeros and you have emerging

19 technologies, the better it's going to serve all of

20 us and especially in rural areas.

21 Our digital dozen is moving very, very good.

22 But I want to tell you a little bit about -- we

23 introduced legislation the other day that would --

24 that would free small telephone providers from some

25 regulatory reporting requirements originally

1 intended for large companies.

2 Oh, and by the way, I just want a special

3 welcome to Commissioner Harold. He's been one of

4 the really good shining parts of the -- of the FCC.

5 He and Michael Powell, I think, have done just a

6 marvelous job on that -- on that commission about

7 forwarding new services and trying to bring us into

8 the -- into the new century, something to take us in

9 there with, and with the new technology. I

10 appreciate all the work that they've done.

11 We need to cut through some red tape for our

12 smaller providers. But, you know, a long time

13 ago -- and Earl Owens is there, I know. And we've

14 worked a lot on issues. And I don't know of anybody

15 that is aware or more concerned about rural Montana

16 and how we serve rural Montana, especially in the

17 high speed Internet.

18 But let me -- let me tell you I thought, at

19 one time, there would never be competition in rural

20 areas. But I -- I see that that was a

21 misconception. Because we really didn't know how

22 far wireless would go, especially when we got into

23 the digital age. And we know that it's going to be

24 there now. And I think most of us have to deal with

25 that situation. Not only have we got it, but we've

1 got to give the tools to our rural providers, our
2 rural telephones, and our cooperatives. And we also
3 have to make sure that they can compete on a -- on a
4 level playing field. And, also, with the wireless
5 folks. And they're the providers of that. We know
6 that that new technology is moving. VH -- the
7 VHF is moving. DDM -- DDMS, I think, is moving
8 right now and deployed. And, also, we introduced
9 legislation for the AccelerNet wireless the other
10 day, for AccelerNet.
11 So there's a lot of things happening that's
12 going to spur -- is going to spur that buildout of
13 these new technologies. So I -- we will continue to
14 work on that.
15 We've -- we've got to provide more funding
16 for our rural providers and take the cap off the
17 universal service. We're working on that now to
18 make sure that they can compete. Although I will
19 say, at the outset, that there is -- I think there
20 is a point in the universal service where -- where
21 it -- it -- we must use it in its best way. And
22 that is to provide competitive and new services in
23 rural areas. But we don't want to get to a point
24 where we are stepping on -- on technology, to not
25 let it be deployed because we're living in the

1 cocoon of universal service. So I think there's a
2 point of diminishing returns as far as deployment of
3 new technologies are concerned. But I think, you
4 know, we've worked very, very hard on this.
5 I appreciate Harold coming out and -- the
6 Commissioner coming out and listening to rural
7 telephones and the concerns we have.
8 Harold, we've -- you've heard me say this a
9 thousand times. And I'll say it again. Out here,
10 we've got a lot of dirt between light bulbs. And to
11 make that -- and to make that work and to have
12 everybody have a part of this -- of this new economy
13 is going to take some real imagination and working
14 with my rural telephones and my cooperatives and
15 independents. To make it -- to really make it work
16 is going to take an extra effort.
17 I'm just happy to be a part of -- of this
18 movement. I don't think we -- none of us thought,
19 back in 199- -- whenever I offered the first
20 amendment on video dial tone, that we would be at
21 this point. It only took six years to amend the
22 1935 law. And, basically, what was hurting us was
23 we were trying to deal with 1990 technologies with
24 an old, old law. And -- and so it had to be done.
25 And kicking and clawing and screeching, we

1 finally -- six years later, we passed -- we passed
2 that 1996 act.
3 Nothing -- nothing that Congress has done in
4 the last ten years has contributed so much to the --
5 to the extension of the economic cycle than the
6 passage of the 1996 act. None of it. None of us
7 dreamed of the amount of venture capital or the
8 willingness to invest in new technologies in order
9 to deploy for the information age. None of us even
10 dreamed how much there was out there. But, boy,
11 after that was passed -- and then to watch 19- --
12 especially 1998 and 1999. It was absolutely
13 unbelievable, the growth of this industry.
14 Now, is the day of the dot-com over? I
15 don't think so. I think there's some -- there are
16 some great ideas out there. And one thing that
17 helps us that live in Wyoming and those of us that
18 live in Montana is e-commerce is blind. It doesn't
19 know where you are or who you are. You will be able
20 to compete in that commerce. But there's some
21 things -- more things we've got to do. Security and
22 safety is one of them. A couple of those things
23 before it can reach its potential. It's how we
24 handle privacy and how we handle -- how we handle
25 financial transactions and how we handle medical

1 records and this type of thing. So we've got a long
2 way to go to really let this industry grow to its
3 full potential. But, nonetheless, we're aware of
4 it.
5 And that's about all I have to offer today.
6 I just -- I just appreciate the awareness that we
7 have -- that we have among our commissioners and our
8 elected people in states like Wyoming. I think the
9 governor of Wyoming is very aware. Also, the
10 governor of Utah, who's been -- Governor Leavitt has
11 been marvelous to work with on this issue. And, of
12 course, Marc Racicot here in Montana. But we know
13 we've got challenges ahead of us. And how we can
14 tweak policy -- especially in Section 706. How we
15 can tweak that policy and make it work for the rural
16 areas is a key to our viability.
17 Now, we say we've got a digital divide. I
18 don't think it's as much of a divide -- divide as it
19 is our inability for the imagination to build off
20 and on ramps so that we can get on the glass
21 highway. And I think we will probably overcome
22 those challenges much quicker than we think we are.
23 Another thing, I want to congratulate the --
24 especially here in Montana, the rurals -- the rural
25 independents and the cooperatives. Nobody was

1 quicker on the uptake to use fiber optic and
2 broadband technologies in their trucks. And they
3 started putting glass in the ground. They were way
4 ahead of everybody else. And so they set a great
5 example of the deployment and the willingness to
6 invest in rural communities, because they felt like
7 this -- this part of the infrastructure in rural
8 America is going to be -- is going to be necessary
9 before rural America can be economically viable.
10 So thanks for asking me here today. I'm
11 just happy to join you. And I'm not going to take
12 any questions. I've got a full day. I don't know
13 who makes out my schedule. I think someone in the
14 public probably made up this silly schedule. But,
15 nonetheless, thank you for inviting me.
16 Those are kind of my thoughts. And keep us
17 in the loop. It's very important that you keep us
18 in the loop, that we communicate, and that we do the
19 right thing for our -- for our infrastructure in all
20 of our rural states. Thanks a lot.
21 COMMISSIONER ROWE: Thank you very
22 much, Senator Burns.
23 (Applause.)
24 COMMISSIONER FURTNEY: Thank you,
25 Senator Burns.

1 I would take a couple of questions from the
2 audience. I know I've had requests for -- by
3 several of you. And I think we have time for two
4 quick questions, maybe, of our panelists.
5 Would you please come up to the mike.
6 MR. PRESTON: My name is Jay Preston.
7 I'm president of Ronan Telephone Company. We are a
8 small, family owned commercial telephone company
9 operating in western Montana. I'll limit my
10 questions to two for the panel.
11 Number one, to what extent is the deployment
12 of advanced telecommunications services in rural
13 areas today supported by, number one, switch to
14 access charges levied upon interexchange traders,
15 voice long distance calling and, two, universal
16 service funding currently intended to support basic
17 rural telephone service only? That's the first
18 question.
19 MR. McCUE: Good morning, Jay. Welcome
20 to Wyoming.
21 MR. PRESTON: Thank you.
22 MR. McCUE: I don't think there is. In
23 a lot of cases, the broadband deployment is not
24 supported by access at all. So I'm not sure I'm
25 following your question there. Certainly, in ILEC

1 territories, Universal Service Fund is supporting
2 the underlying plant that supports that. And I
3 don't think that could be argued. But as it relates
4 to other support and other mechanisms, I guess I
5 wouldn't agree that there is any there.
6 MR. PRESTON: Okay. Then I'll ask you
7 another question. What percentage of your revenues
8 in Silver Star comes from those two sources?
9 MR. McCUE: I couldn't quote those off
10 the top of my head.
11 MR. PRESTON: In Ronan's case, it's
12 around 70 percent.
13 MR. THOMPSON: I could make a quick
14 comment on both of those issues. A lot of the need
15 for rolling out broadband, you know, putting fiber
16 in the loop and those kinds of things, you know, you
17 can include in your cost study and actually get some
18 return on your investment through -- if you're a
19 cost-based company, on the cost side. And if you
20 look at your inter- and intrastate switch access, I
21 would agree that around 70 percent is probably a
22 realistic number of what you could actually get
23 back. But, still, that other 30 percent, no one's
24 taking claim for it. And, still, 30 percent with
25 the numbers we've been talking about is substantial.

1 On the second issue, when it comes to the
2 Universal Service Fund, I know, in that study we did
3 for South Dakota that I referenced a couple times,
4 the average South Dakota company, only 5 percent of
5 their revenue comes from universal service. And,
6 you know, some of the quotes that we've heard this
7 morning, I think, would support that.
8 MR. PRESTON: I would challenge the 5
9 percent figure for the rural western states and the
10 independent companies. My company, it's probably 10
11 percent, 5 to 10 percent. But I know for the
12 cooperatives and the other independents in Montana,
13 it's far higher than that.
14 But I have a second question, if I could.
15 Given the well-defined and universally recognized
16 difficulties in providing rural infrastructure to
17 carry both basic and advanced services in sparsely
18 populated rural communities and, at the same time,
19 the Telecommunications Act's dual and somewhat
20 contradictory goals of simultaneously providing
21 competition and enhancing universal rural service,
22 how is investment in rural infrastructure likely to
23 be affected if rural providers are forced to provide
24 services to competitors at extremely low rates
25 intended to facilitate the kind of competition that

1 we're seeing in the cities served by the former Bell
2 system companies?
3 MR. DYE: Well, that's a problem for my
4 company, because we are putting in some
5 infrastructure. And we know that as soon as we get
6 it in, there's going to be competition on it. But I
7 can't grow my communities if I don't put it in. So
8 it -- it's -- you know, it's not a good deal, but I
9 don't have any choice. If I sit there and don't put
10 infrastructure in, I can't give my customers
11 anything or the advanced services that they need and
12 deserve.
13 MR. PRESTON: I agree. But can you
14 afford to pay your competitor to use that
15 infrastructure?
16 MR. DYE: No. I guess that's why I
17 brought the subject up to start with.
18 MR. PRESTON: I don't think any of us
19 can. And to the extent that that is likely to
20 occur, it's going to have a chilling effect on
21 investment in rural infrastructure.
22 COMMISSIONER FURTNEY: Mary, did you
23 have a question you wanted to ask?
24 UNIDENTIFIED SPEAKER: Yes. Thank you.
25 Just briefly.

1 When you talk about new federal subsidy
2 programs, funds to help with all of this, I would
3 like your opinions and perceptions of who would pay
4 for this. Who -- who is going to provide into the
5 subsidy fund? How do you see all of that happening?
6 Thank you.
7 MR. McCUE: Without being cute, the
8 metro areas. I think -- like most universal fund
9 contributions, I think it has to be widely
10 distributed and spread across the entire nation on a
11 per access line or a per -- per loop basis. It
12 would be difficult to administer a program as -- as
13 wonderful as the FCC and NECA is at administering
14 pools, anything that would stretch below access line
15 counts or some type of revenue would be extremely
16 difficult to administer and would typically get
17 diluted so that the revenue wouldn't make it to the
18 people that needed it.
19 MR. THOMPSON: Yeah. And, you know, it
20 could potentially be similar to the way the USF
21 currently is funded, which, like Ron was saying, is,
22 you know, spread across all telecommunication
23 providers. There are a couple exceptions. If
24 you're an ISP or a very small provider, they don't
25 contribute. But it's a very broad-based support.

1 MR. OWENS: If it's a universal service
2 program, then it needs to be a universal
3 contribution program. And there are probably some
4 sacred cows out there that should be roped in.
5 You mentioned ISPs. When an ISP gets into
6 the -- into the long distance business, they should
7 be contributing to the fund. I think there are a
8 number of things like that that need to be carefully
9 considered.
10 COMMISSIONER FURTNEY: Okay. I think
11 it's time to wrap it up, wrap the program up for
12 this morning.
13 Please join me in another round of
14 applause -- or a round of applause for this panel.
15 And let's include all of the participants over the
16 course of the last three days. And that would
17 include those from the Montana collaborative on
18 Wednesday, those that participated on the bus tour
19 yesterday, and those that participated at this
20 morning's hearing, as well.
21 Thanks to all of you.
22 (Applause.)
23 COMMISSIONER FURTNEY: Not only would I
24 like to thank the participants but also all of the
25 support people for the various companies who helped

1 organize the arrangements and the accommodations on
2 the bus tour yesterday, in particular. You all did
3 a fantastic job, and my sincere thanks to each and
4 every one of you. I don't have a list of all the
5 names, but you know who you are.
6 And let's give them a round of applause, as
7 well.
8 (Applause.)
9 COMMISSIONER FURTNEY: I'd also like to
10 thank the staff people for both the joint
11 conference, the FCC, the South Dakota, Montana, and
12 Wyoming commissions. Please stand if you're present
13 when I call your name. But I know these people have
14 put a lot of effort into this hearing, and others,
15 as well. Emily Hoffner. Rebecca Benion. Ellen
16 Blackner. Jeff Richter. Bonnie Lorang. Jay
17 Driscoll. Heather Forney. Dave Mosier. Dave
18 Walker. Dale Sherman. And any staff I may have
19 forgotten, please stand. And let's give them all a
20 round of applause.
21 (Applause.)
22 COMMISSIONER FURTNEY: I'd also like to
23 thank the folks at Vision Net and the Department --
24 the Wyoming Department of Administration and
25 Information -- Information Technology Division who

1 have been responsible for setting up all of the
2 technical equipment needed to hold this conference,
3 this hearing. Thanks to all of those folks.
4 (Applause.)
5 COMMISSIONER FURTNEY: At this time, I
6 have just a couple or three more comments -- or
7 things I need to tell you.
8 We will have a map to the Echostar site
9 visit available during the lunch. And for those of
10 you who want to drive out there on your own. We are
11 also providing -- we've got some vans, and we can
12 provide shuttle service. So we will be doing that.
13 I believe we're meeting right outside this east
14 door -- is that right, Dave? -- at 1:00 to go do the
15 Echostar tour.
16 And with that, the other thing --
17 Dave Walker, what am I forgetting?
18 MR. WALKER: Commissioner, anybody that
19 needs a ride to the airport, either before lunch or
20 during lunch, or to DIA later, after Echostar,
21 please see me.
22 COMMISSIONER FURTNEY: Thanks, Dave.
23 We've got lunch set up in the room right
24 next door at this time. And I think we're ready to
25 go with that, as well.

1 Is that right, Dave?

2 Okay. Thanks, everyone.

3 (Applause.)

4 (The hearing proceedings were

5 concluded at 12:10 p.m., June 23, 2000.)

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1 C E R T I F I C A T E

2 I, SABRINA TREVATHAN, a Registered
3 Professional Reporter, do hereby certify that the
4 foregoing 157 pages constitutes a full, true,
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