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May 25, 2012

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

**Re: WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135,  
WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45,  
WC Docket No. 03-109, WT Docket No. 10-208, WC Docket No. 11-42, WC  
Docket No. 03-109, WC Docket No. 12-23  
Notice of *Ex Parte* Presentation**

Dear Ms. Dortch:

On May 23, 2012, Jeff Wilson, Patrick Young and Shannon Young of Dickey Rural Telephone Cooperative (“DRTC” or “the Company”), and John Kuykendall of John Staurulakis, Inc. (“JSI”) met separately with Patrick Halley, Garnet Hanly and Divya Shenoy of the Wireline Competition Bureau and with Joseph Cavender, Legal Advisor to Commissioner Rosenworcel. The discussion focused on DRTC’s successes in promoting broadband adoption among its subscribers in rural North Dakota and how the Company may salvage these efforts to continue broadband service in light of USF reforms and the resulting curtailment of universal service support that DRTC had been receiving.

Specifically, Mr. Wilson described the single study area approximately the size of Connecticut served by DRTC and two affiliate companies. DRTC has invested in a fiber network, aggressively marketed Lifeline, provided discounted lap top computers, free internet and computer classes and outreach to local schools. These efforts have been highly successful in increasing broadband adoption in the DRTC study area that averages 1.76 access lines per square mile. The meeting participants discussed resources for continuing broadband adoption consistent with National Broadband Plan goals so that DRTC will not have to suspend what have been successful broadband adoption initiatives. Attached is summary material which was provided to meeting participants. Also attached is a map of North Dakota incumbent local exchange carriers showing DRTC’s service area in a larger context, provided herewith to supplement the *ex parte* presentation.

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Ms. Marlene Dortch  
May 25, 2012  
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Please contact the undersigned with any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Kuykendall". The signature is written in a cursive style with a large initial "J" and "K".

John Kuykendall  
Vice President

cc: Patrick Halley  
Garnet Hanly  
Divya Shenoy  
Joseph Cavender

Attachments

# ATTACHMENT 1

EX PARTE PRESENTATION

*Dickey Rural Telephone Cooperative*

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**Dickey Rural Telephone Cooperative's  
Success with Broadband Adoption**

**Presentation**

**May 2012**



## Dickey Rural Telephone Cooperative

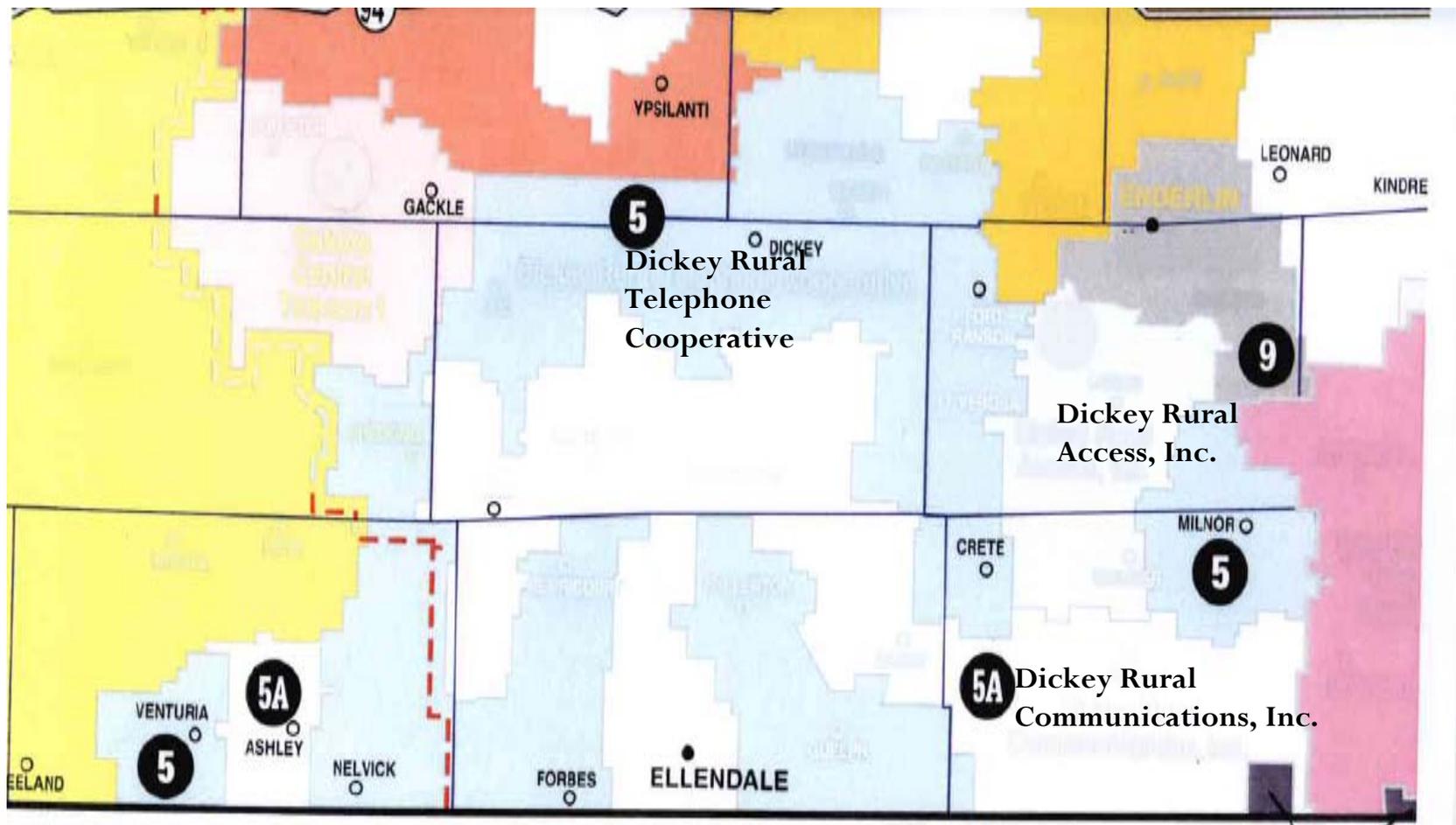
- ❑ 1950 -Dickey Rural Telephone Cooperative (DRTC) was created to bring telephone service to rural southeastern North Dakota. It was the first telephone cooperative in North Dakota
- ❑ 1966 – Dickey Rural Communications (DRC), a subsidiary of DRTC, acquired approx. 6,500 access lines from US West
- ❑ 2002 – Dickey Rural Access (DRA), another subsidiary of DRTC, acquired approx. 2,500 access lines in the Gwinner and Lisbon exchanges from Citizens (now Frontier)
- ❑ These three companies together serve a single study area and are marketed as Dickey Rural Networks (DRN)
- ❑ DRC and DRA are in the process of being merged into DRTC

## DRTC's Service Territory

- ❑ DRTC's study area covers 5,644 sq. miles which is roughly the size of the state of Connecticut
  - Connecticut has 5,543 sq. miles
- ❑ As of May 1, 2012, the three companies combined had 9,748 access lines
  - The companies sent a total of 8,789 bills in its most recent billing
- ❑ This equates to approximately 1.76 access lines per sq. mile



# DRTC's Service Territory (Cont'd)



## DRTC's Lifeline Subscribers

- For low income subscribers, DRTC aggressively markets Lifeline
  - As of May 1, 2012, DRTC had 436 Lifeline customers
  - Of those customers, 195 also subscribe to broadband

## Connectivity is Key

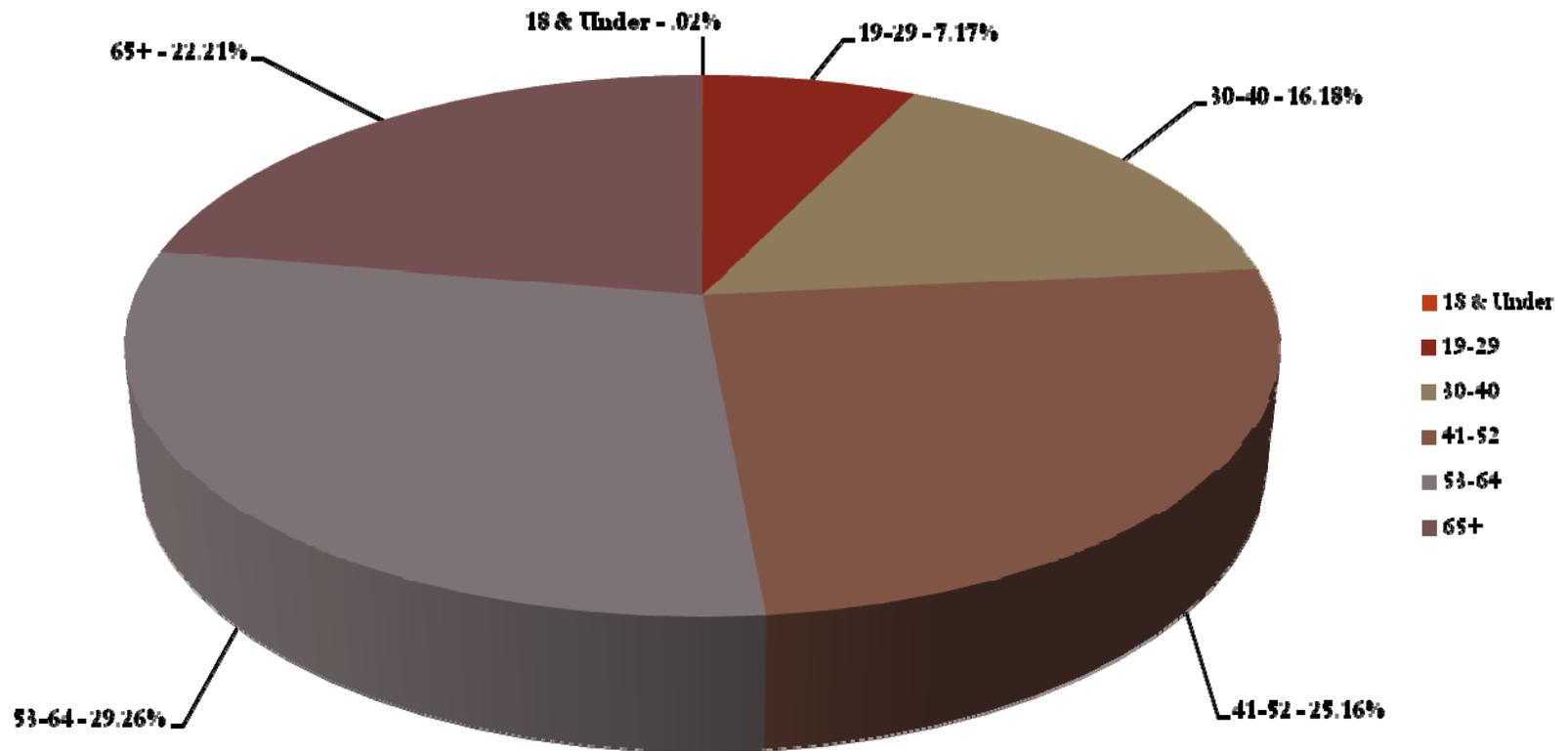
- ❑ Because the DRTC cares for all those that reside within its study area, it invests in state-of-the-art technology so the residents have what they need to stay connected with each other and the rest of the world.
- ❑ Connectivity offers our customers:
  - Educational experiences – ITV Consortium, online classes
  - Careers – Verety, Medical Transcriptionist, college professors
  - Telemedicine

## DRTC's Broadband Deployment

- ❑ DRTC began fiber-to-the-home (FTTH) construction in 2004 and has completed its buildout to all those in the study area
- ❑ As of May 1, 2012, DRTC had a total of 7,305 broadband connections
  - Broadband connections includes connections to subscribers as well as connections to smart grid, smart water meters and smart farms

# Profile of Broadband Subscribers

## Total Customers by Age



## Participation in Rural PC Project

- ❑ In 2009, DRTC became a pilot site for the Rural PC Project, a joint project between NTCA, Communications Supply Service Association, Pivot and Microsoft which:
  - Provides affordable and reliable PCs to rural consumers to enhance their quality of life;
  - enables low income consumers to have access to computing and internet technologies; and
  - increases broadband adoption in rural areas.
- ❑ DRTC became involved in the Rural PC Project to educate its older citizens on how to use the services we offer
  - Remove the fear factor of buying a computer, expense and setting up the equipment

## Participation in Rural PC Project (Cont'd)

- ❑ In the pilot program, DRTC offered laptops for an upfront fee to new customers who signed a two-year contract for a bundled phone and Internet offering
  - Customer was required to also purchase an antivirus protection and have a good credit rating
  - Termination fee applied if a customer disconnected before contract ended
- ❑ DRTC promoted the contract offering mainly to dialup customers with the goal of upgrading them to high speed broadband by offering an affordable, updated computer.
  - Goal was to sell at least 50 laptops in 3 months

## Results from Rural PC Project

- ❑ After 3 months, DRTC had exceeded its goal and distributed more than 75 laptops
- ❑ A survey was taken which had a 60% response rate
  - 32% had income of less than \$35,000
  - 41% indicated it was their first computer
  - The computer received a 95% satisfaction rating
  - 76% indicated that they will be more likely to purchase other technology and services from DRTC with the highest percentage (89%) in the 45-64 age bracket
  - Primary uses included email, web browsing, online banking, social media and uploading photos to process

## Results from Rural PC Project (Cont'd)

### ❑ Customer Comments

- “I couldn’t afford a computer and I have wanted one for a long time. DRTC provided this opportunity and I am thankful.”
- “I love my new computer and high speed Internet. I would not have been able to purchase a laptop without this promotion. Thank you.”
- I really appreciate the fact that DRTC offered this at the price that I could afford as someone on a fixed income it is hard to find good bargains. I would not have had it otherwise.”

### ❑ Although the pilot program ended in Sept. 2009, DRTC has continued to distribute laptops and to date has now placed 1,025 laptops in homes within its service territory

- 21 of these recipients are Lifeline customers (DRTC specifically targeted Lifeline customers in its laptop promotions)

# Other Community Broadband Education

- ❑ DRTC offers ongoing free Internet classes to its customers
  - DRTC holds a minimum of 2 computer classes per month rotating in the communities in its service territory
  - Over 140 classes conducted in the last 3 years
- ❑ Free Computer Classes
  - Basic and advanced computer classes
  - Email and digital camera
  - Excel spreadsheets
  - Facebook & e-bay classes
  - Classes in creating online photo albums/calendars
  - Skype (in development)

# Other Community Broadband Education (Cont'd)

- ❑ DRTC makes presentations in 13 schools each year
  - Kindergarten – 911 and telephone etiquette presentation
  - 4<sup>th</sup> grade – Internet is worldwide, viruses, cyberbullying, online predators and tips to stay online
  - 5<sup>th</sup> – 12<sup>th</sup> grade – true stories of young adults who have experienced online predators, cyberbullying and sexting followed by discussion
- ❑ DRTC also
  - Has scholarships available for seniors and classes for parents
  - Visits 2 Headstart programs with its 911 and telephone etiquette presentations
  - Participated in a joint presentation with a school outside of its territory

## Broadband Education Being Jeopardized

- ❑ All of these successful efforts to expand broadband adoption in DRTC's very rural service area is being jeopardized
  - USF-ICC reforms have significantly curtailed the amount of high cost universal service that DRTC has been receiving
  - For example, DRTC would have received approximately \$1.68 million in safety net additive support over the next five years if the FCC had not eliminated this program
  - Due to the FCC's extremely onerous waiver process and uncertainty regarding any favorable outcome, there is no viable avenue by which to obtain any relief

## Conclusion

- ❑ Both the Rural PC Project and the free Internet classes work in tandem in educating and providing affordable PCs for all those that reside in DRTC's rural service area
  - These efforts have been very successful in encouraging broadband adoption, a major goal of the National Broadband Plan
- ❑ In order to conduct these and other community broadband education efforts, DRTC must invest considerable financial resources
- ❑ Due to the substantial curtailment of the amount of high cost universal service funds that DRTC had been receiving, DRTC will have to suspend these efforts thus ending what has been successful broadband adoption initiatives

# ATTACHMENT 2

## STATEWIDE MAP

### NORTH DAKOTA INCUMBENT LOCAL EXCHANGE CARRIERS

