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VIA ECFS

March 31, 2014

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

**Re: WC Docket No. 08-71**

Dear Ms. Dortch:

On March 27, 2014, Kim Harber and Mary Westerhold of Madison Telephone Company (“Madison” or the “Company”), John Kuykendall, Cassandra Heyne and Ryan Denzel of JSI, and Michael Romano of NTCA (collectively, “Madison representatives”) met separately with Amy Bender of Commissioner O’Rielly’s office and with Priscilla Argeris of Commissioner Rosenworcel’s office. On March 28, 2014, Madison representatives met separately with Nicholas Degani of Commissioner Pai’s office and with Erin Boone, Alex Minard, and Suzanne Yelen of the Wireline Competition Bureau. The subject of discussion was the Madison Petition for Waiver of Sections 54.305 and 36.612 rules in which the Company seeks to receive Safety Valve Support (“SVS”) for acquisition of two exchanges in 2001.<sup>1</sup> Attached are the materials provided to meeting participants.

Madison representatives described the commitments required to meet the basic communications needs of its rural Illinois customers since acquisition. This included outside plant, central office and local transmission access investments to ubiquitously deliver dependable voice service and enhanced calling features, including SS-7 class services (i.e., CNID, etc.), that were unavailable to customers throughout the acquired exchanges. These network investments were supported by network planning principals that allowed for the provisioning of IP centric services to be delivered through broadband deployments that meet or exceed Commission standards recently set forth. The importance of sufficient and predictable USF support to meet exponential growth demand for speed, bandwidth, and IP services in these rural exchanges is critical.

Immediately after the acquisition closed, the Company took measures to familiarize itself with the rules and follow procedures to submit the required data to receive SVS. Madison

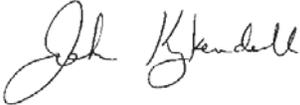
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<sup>1</sup> See Petition of Madison Telephone Company for Waiver of 47 C.F.R. § 54.305(d)(2), 54.305(f), and 36.612(a)(2) to Receive Safety Valve Support, WC Docket No. 08-71, filed Nov. 7, 2013 (“Madison Petition”). A copy of the waiver was provided to meeting participants.

repeatedly sought guidance from USAC and NECA while continuing to pursue clarification and submit information it believed to be correct. Upon undertaking a comprehensive review of its overall budget, Madison discovered that it had not been receiving SVS. In its petition, Madison seeks to resubmit its SVS eligibility and election notification to establish a calendar index year of Jan 1 – Dec. 31, 2002 to align the index year with the data that has already been submitted. Alternatively, the Company stands ready to submit quarterly data for the previous years that the company should have been receiving SVS. Expedited resolution and assurance that total amount of SVS for the investments already made and that the Company should have received as well as what it is entitled to receive going forward is needed to properly prepare for the required ETC annual report and five year plan, and to plan for continued investments needed to deliver competitive IP product solutions to rural Illinois.

Please contact the undersigned with any questions.

Respectfully submitted,



John Kuykendall  
Vice President

Attachments

cc: Amy Bender  
Priscilla Argeris  
Nicholas Degani  
Erin Boone  
Alex Minard  
Suzanne Yelen



# Safety Valve Support Waiver

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EX PARTE PRESENTATION

BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

MARCH 27-28, 2014



# Madison Telephone Company Safety Valve Support Waiver

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- I. Background on Madison Telephone Company and acquired exchanges
- II. Madison is eligible for Safety Valve Support (SVS) and has been eligible since acquiring exchanges in 2001
- III. Madison is an excellent steward of USF and grant of the waiver is warranted
- IV. Requested Relief and Next Steps



# Madison Telephone Company

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Family-owned RLEC founded in 1940

Headquartered in Staunton, IL (population 5,030)

Since the acquisition Madison has remained committed to meeting the communications needs of anchor institutions, residents and enterprise solutions for these communities

- Delivers services that enable economic & community development
- Broadband meets and exceeds minimum standards set forth by FCC throughout Madison's service area

Sufficient and predictable USF support is essential for Madison to continue meeting constantly-increasing demands for speed, bandwidth, and IP services



# Madison's Acquired Exchanges

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Madison acquired the adjacent, underserved Staunton and Livingston exchanges in 2001 to expand its operational footprint anticipating the network and operational synergies associated with developing the economic sustainability of this rural Illinois region.

At the time of the acquisition, the exchanges were in poor condition:

- Basic voice was not reliable
- Central Office lacked infrastructure to support SS7 (CLASS), voice mail, calling features
- No last-mile access network or middle-mile facilities were available for broadband.

Madison faced strategic and financial challenges in modernizing and integrating the neglected exchanges with its existing service area.

- Madison persisted with the acquisition, making the capital and operational commitment required to provide quality centric, competitive services that were unavailable and lacking in the exchanges.
- All capital and operational investments were made anticipating the USF (SVS) recovery being applicable to the newly acquired exchanges in Madison Telephone's expanded Study Area.



# Madison's Eligibility for SVS

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In accordance with 54.305(f), Madison notified NECA, USAC, and the FCC that it was eligible for SVS on July 2, 2001

- Carriers have the option of establishing the SVS index period either the first calendar quarter or the first calendar year following the acquisition
- Madison opted for the first calendar quarter in order to expedite receiving SVS and elected an index year of July 1, 2001 – June 30, 2002.
- Madison submitted data for July 1, 1999 – June 30, 2000 which it understood to be compliant with the rules

Madison **has been eligible** for SVS since it acquired the two exchanges

- Lack of clear guidance from USAC and NECA resulted in the company believing that it had submitted the correct data



# Ongoing Efforts to Receive SVS

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In 2004, Madison again sought guidance and confirmation that it would receive SVS

- USAC was unable to locate Madison's initial SVS eligibility letter
- NECA assured Madison they were "checking into it"
- NECA confirmed that Madison qualified for SVS
- Madison promptly provided its initial eligibility letter to USAC a second time as directed by NECA and again requested clarification on the data that needed to be submitted

By 2005, Madison believed the issue was resolved

Madison continued to submit annual cost data



# Safety Valve or Safety Net?

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Madison believes that NECA inadvertently confused its Safety Valve Support with Safety Net Additive

- May 4, 2005 NECA disbursement statement showed that Madison would receive \$2,480/month in SVS
- A revised statement from May 31 rescinded the amount and mislabeled it "Safety Valve Additive"
- Madison also qualified for Safety Net Additive for its original exchanges around the same time period, which it received from 2006 until 2010

Again, Madison believed the issue was resolved and continued to submit annual cost data with no indication that quarterly data submissions were also required



# Grant of the Waiver is Warranted

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While conducting an extensive review of its budget and network improvement plans per FCC requirements for the 5-year plan, Madison's due diligence confirmed:

- It never received the SVS that it was eligible to receive all along—an amount that Madison estimates would exceed two million dollars

Madison's situation is similar to two other waiver petitions regarding SVS and the data submissions required to receive it:

- CenturyTel of Central Wisconsin and Telephone USA of Wisconsin inadvertently missed a quarterly filing which halted the SVS payments
- Twin Valley Telephone also missed a quarterly filing and noted confusion about the data submission requirements
- Both petitions were granted



# Good Cause for Granting the Waiver

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Granting Madison's waiver is in the public interest

- This support is greatly needed for Madison to continue investing in our Staunton and Livingston exchanges
- In the absence of SVS, Madison anticipates it will have to scale back network investments negatively impacting maintenance, competitive product provisioning and service quality improvements
- The funds will be used to facilitate the guiding principals of the FCC's accelerated IP transition and rural broadband deployment efforts needed to meet enterprise/consumer demands:
  - For Increased Broadband Access Speeds
  - For investments to evolve last-mile network solutions (FTTN & FTTH) that are needed to address the exponential growth of IP solutions in our Rural Study Area thereby assuring economic and social sustainability.
  - Network deployments to accommodate the emerging IP centric tools that serve Business, Health Care, Education, Anchor Institutions and Public Safety initiatives



## Next Steps

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Madison respectfully requests expedited attention to this matter and that the FCC permit Madison to resubmit its SVS eligibility and election notice and establish a calendar index year of Jan. 1 – Dec. 31, 2002 to align the index year with the data that has already been submitted

- Alternatively, Madison stands ready to submit previous years' "-3" quarterly filings that would be aligned with its original index year

Madison seeks to receive the total amount of SVS for the investments already made and that it should have received since it became eligible.

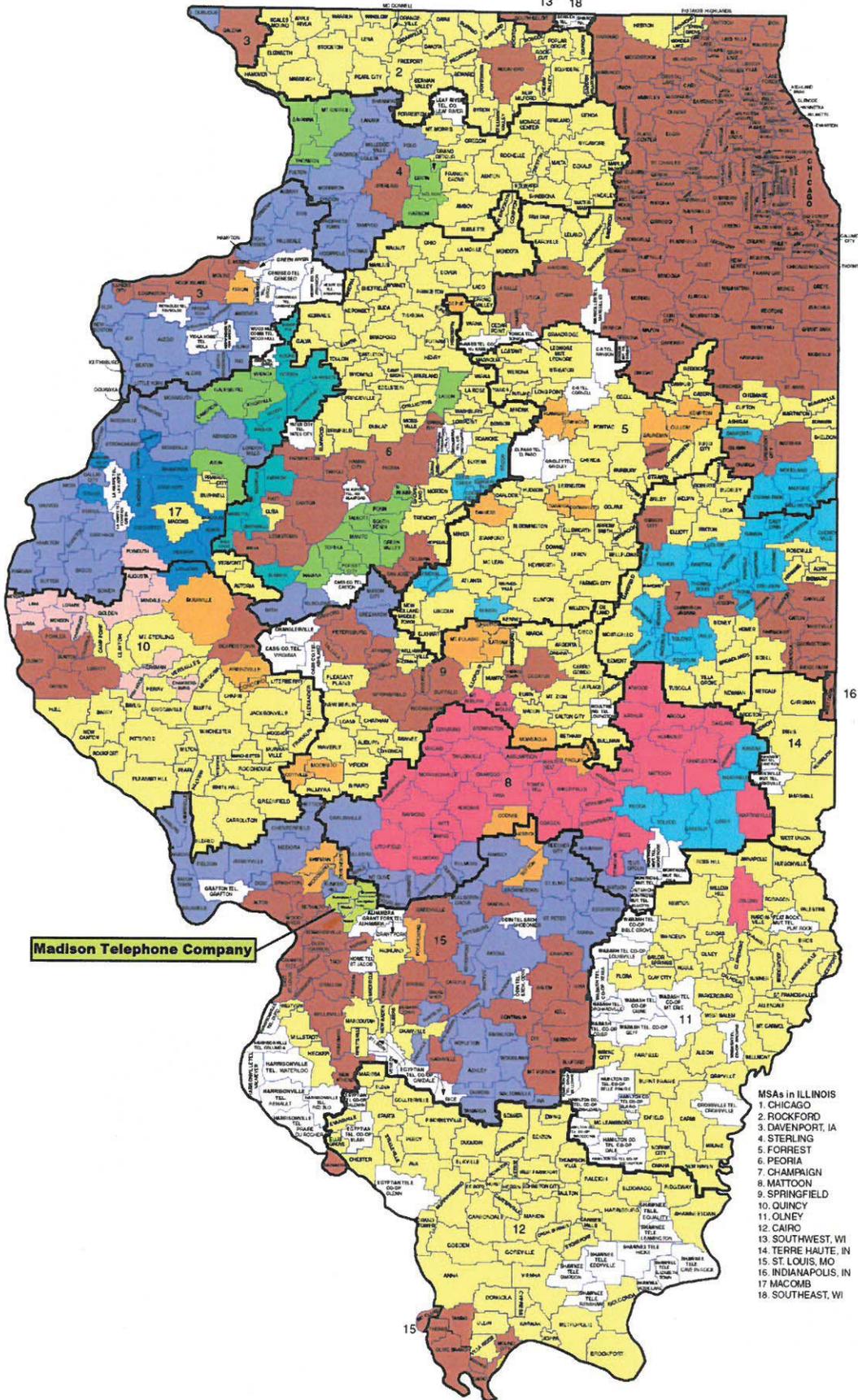
Madison seeks resolution and guidance assuring they receive SVS going forward. This is needed to:

- Properly prepare the upcoming FCC 5-Year Plan requirement
- Plan the continued investments needed to deliver competitive IP product solutions to rural Illinois.

The SVS waiver should not be held up by the implementation of other USF reforms, as SVS was not part of the 2011 Transformation Order

ILLINOIS COMMERCE COMMISSION  
 EXCHANGE AREA BOUNDARIES OF ALL  
 TELEPHONE COMPANIES IN THE STATE OF ILLINOIS

13 18

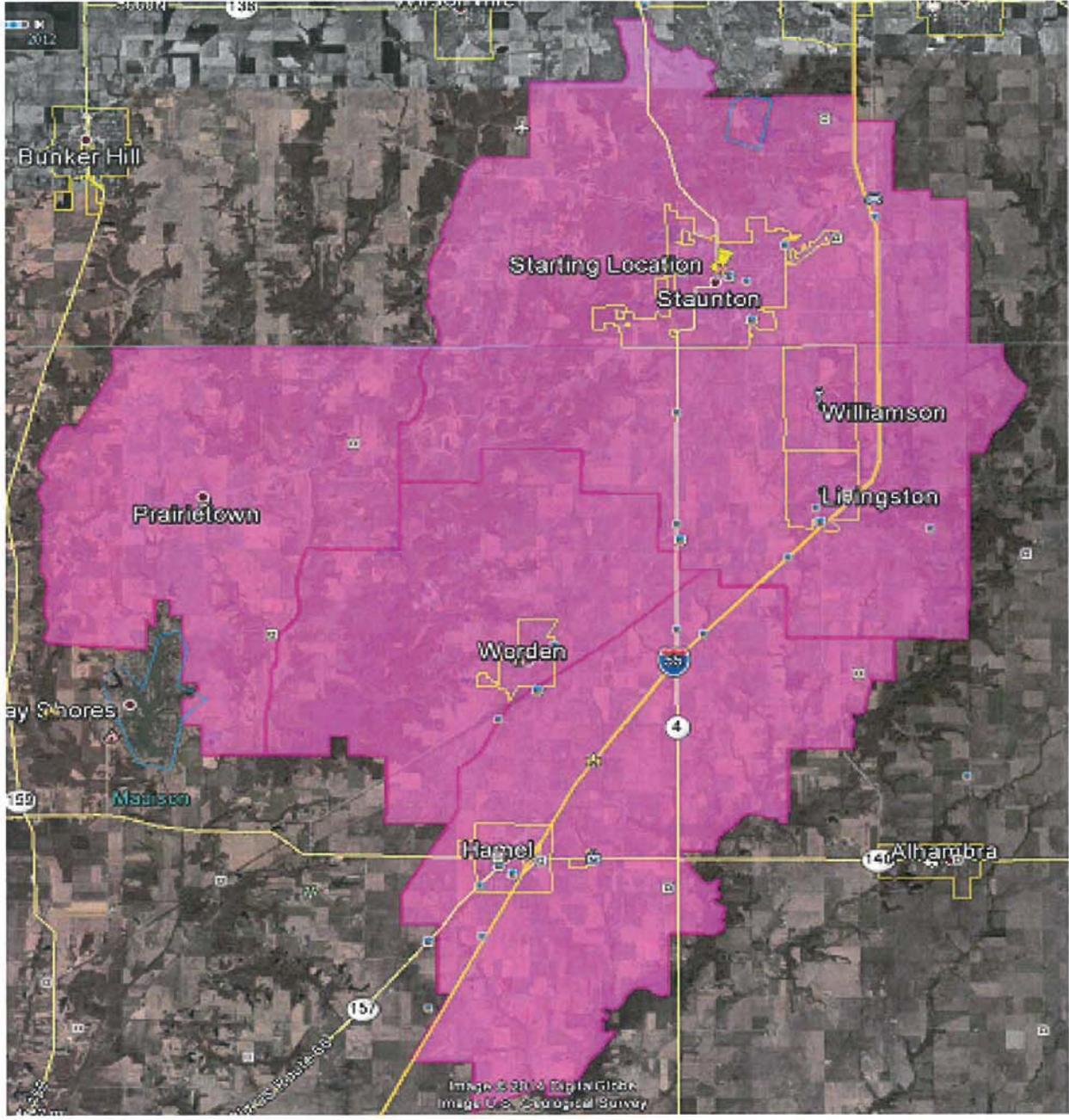


**Madison Telephone Company**

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  2. ROCKFORD
  3. DAVENPORT, IA
  4. STERLING
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  6. PEORIA
  7. CHAMPAIGN
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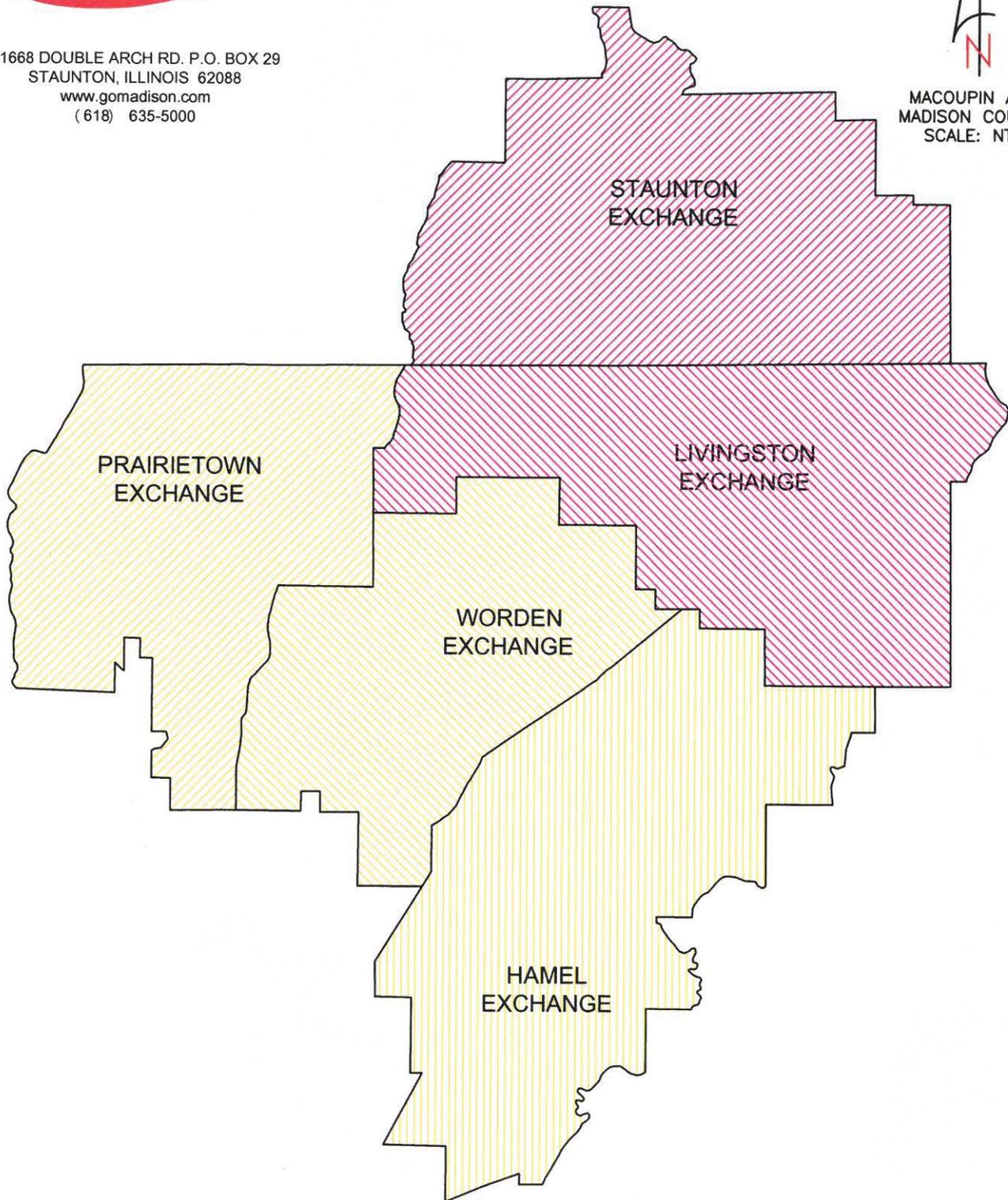




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MACOUPIN AND  
MADISON COUNTY  
SCALE: NTS



FILE: MADISON BOUNDARY EXCHANGES: STAUNTON, LIVINGSTON, HAMEL, WORDEN, & PRAIRIETOWN

PROJECT: LOCATION OF MADISON COMMUNICATIONS EMBEDDED AND ACQUIRED EXCHANGE BOUNDARIES

KEY:  EMBEDDED EXCHANGES  ACQUIRED EXCHANGES

SHEET: 1 OF 1



# MEDP'S NewsFlash

MAY 2010

[www.macoupinpartners.com](http://www.macoupinpartners.com)

Illinois Department of Transportation has announced that Illinois 255 will be completed by Summer 2012.

MEDP is a member of Corridor 67, Inc. and a continued supporter of US 67 and the expansion of I-255.

*"The completion of I-255 and US 67 will help continue the trend of residential growth in Southern Macoupin County."*  
Macoupin County Chairman Andy Manar

## Madison Dedicates Broadband to CUSD#6

Staunton School Superintendent, Kyle Hlafka, addressed an audience comprised of school staff and students, city and state officials, and regional educational administration during a Broadband Dedication held May 7th at the Staunton School. This ceremony recognized key Staunton School District and Madison personnel for their roles in the design and configuration of a new state-of-the-art fiber-optic network installed at the school. This broadband project was the result of a partnership between

the Staunton School District and Madison Communications created to address Internet latency issues being experienced by the school district. When discussions began between the school and Madison, the district was on a shared T-1 circuit with several other public entities. The broadband technology solution delivered to the school district by Madison has resulted in unlimited bandwidth capacity for the district.

According to the school's Technology Director, Dan *Madison, cont. on page 2*



*Madison's Senior VP, Kim Harber recognizes Madison Communications (left) and Staunton School District (right) with plaques at Friday's Broadband dedication.*

## H&H Expands Cherry's Future

When Cherry's IGA was looking to expand their long-standing Girard grocery store, owners Jim & Dawn Cherry didn't think twice about who to call. H&H Construction, of Carl-ville, was their first choice. Nick O'Brien, a six-year project manager with H&H, got straight to work. The expansion project, which began in June 2009 and ended March 2010, included a 19,000 square foot

concrete parking lot expansion, 50'x120' pre-engineered metal building expansion, relocation of the deli, remodeling of the existing store, and a new exterior canopy.

"The project has expanded their very popular deli with several new pieces of new preparation equipment and display cases," said O'Brien. "It also provided room for their *H&H continued on page 2*

## New Legislation to Boost Number of Illinois Small Business Jobs

*New Tax Credit Will Offer Small Business Owner Reward for job creation.*

Senate Bill 1578 creates the Illinois Small Business Job Creation Tax Credit. The \$2,500 credit will be available to businesses with 50 or fewer employees that hire new, full-time Illinois employees during a 12-month period beginning July 1. Ninety-five percent of Illinois businesses have fewer

than 50 employees.

To qualify for the credit, a new job must be sustained for at least one year and pay at least \$25,000 annually. Eligible companies can apply for the credit online and will be issued a tax credit certificate beginning July 1, 2011. Applications *Credit, continued on page 3*

**Madison, cont. from page 1**

Brynildsen, "The passive optical network connection to Madison, our Internet service provider, is scalable to fit the needs of the school district, not only for today, but for years to come. With the Internet and technology now a vital part of the education process, a fiber network of this caliber provides student benefits such as streaming media, research in real time, video conferencing with other parts of the world, plus content-rich online lessons. For administrators, the limitless bandwidth capacity means a reduction of time and money through the exchange of information, communication, and reporting services now available online, including access to web-based grants and government funding opportunities."

Keynote speakers for the event included Kyle Hlafka, Staunton School Superintendent; Robert Schwartz, Madison President; Dan Brynildsen, Staunton School Technology Director; Larry Pfeiffer, Regional Superintendent of Schools; and Kim Harber, Madison Senior Vice-President. In addition to certificates and plaques being presented to both school and Madison personnel, students



*Madison Communications President, Bob Schwartz.*

in attendance at the event were recognized for their achievements; namely, grade school high achievers in the Accelerated Reading Program and high school desk-top publishing students who had designed the invitation to the event.

This dedication marked the second of its kind in the community of Staunton where a broadband-based public-private partnership resulted in increased opportunity and enhanced educational and health care services. According to Doug Dougherty, President of the Illinois Telephone Association, the ITA and its members are interested in duplicat-



*Staunton School Technology Director, Dan Brynildsen gives introductions to Larry Pfeiffer, Kyle Hlafka and Bob Schwartz.*



*Kim Harber of Madison Communications honors Dan Brynildsen and Kyle Hlafka of Staunton School District.*

ing partnerships of this kind throughout the state of Illinois because of their impact on eco-

nomics and the sustained benefits received by residents in these regions.

**H&H, continued on page 2**

new refrigeration equipment: bakery freezer, deli cooler and produce cooler."

With the deli's expansion Cherry's IGA has been able to add more services.

"We have added cake decorating. This is a service we have been unable to provide for a few years after losing our outside supplier," said Cherry's IGA Store Director Paige Wheeler. "The department is growing every week and we are very excited to be able to provide this service to our customers."

The new equipment has allowed Cherry's IGA to keep up with their bigger chicken order demands. A smoker allows

them to offer smoked meats including: whole chicken, pork loins, turkey legs, beef brisket and more.

The biggest gain to their produce department has been the ability to display all their produce better with more floor space for hassle-free shopping.

Cherry's IGA held their grand opening April 12 with 75 people in attendance. The grocery store was very satisfied with H&H's end result.

"H&H was very good to work with. Nick O'Brien and everyone at H&H were helpful throughout the entire project," said Wheeler. "They were involved from the very beginning stages of the idea of the remodel

and helped with every stage. They also helped determine what would be the best way to expand the store, which was to go out the east and is what we did."

This was the second time H&H and Cherry's IGA teamed-up. A previous remodel in 1997 was what led to the relationship between the two companies. This made H&H an obvious choice when talks of a second expansion came up.

"We are looking towards the future - this construction has been all about the future direction of the store," commented Wheeler.

H&H Construction Services, Inc. is a second-generation

family-owned business and has grown to become a significant force in commercial general construction in central and southern Illinois and the greater St. Louis area. The award-winning company was established in 1951.

H&H maintains a team of 100 plus top professional craftsmen, providing steel erection, concrete services and interior finishes with its own employees. This experience provides hand-on expertise and professionalism on all projects. The company's goal is always to provide total quality service.

For more information on H&H Construction, visit [handhconstruction.com](http://handhconstruction.com).

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## Energy Efficiency is Good Business

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**Small Business Online Store** - Small businesses can save big on a wide variety of highly efficient lighting products at the Act On Energy Small Business Online Store. Discounts of up to 50 percent on compact fluorescent light bulbs (CFLs), LED exit signs and motion-sensing light switches are available exclusively to small business electric customers (Rate DS-2). Visit [ActOnEnergy.com](http://ActOnEnergy.com) today to take advantage of these bright ideas and bargains.

**HVAC Program** - To improve the performance of HVAC systems without sacrificing comfort, the Small Business HVAC Program provides incentives for businesses to tune up existing heating or cooling equipment or purchase new high-efficiency air conditioners, furnaces, boilers, or other HVAC equipment. Incentive amounts are based on the size and efficiency level of the new equipment you purchase.

**Commercial Kitchens Program** - With out Commercial Kitchens Program, Act On Energy will provide a low-flow pre-rinse spray valve for small commercial restaurants and other food service facilities (Gas Rate GDS-2) at no charge. In addition to the free nozzle there are incentives available for energy efficient equipment such as steamers, hot holding cabinets, high efficiency ice makers and more. Check them out at [ActOnEnergy.com](http://ActOnEnergy.com) and find out ways to decrease your electric and gas consumption.

**E-Smart® Programmable Thermostat** - Receive a FREE programmable thermostat with FREE professional installation that will also save small businesses up to \$100 dollars per year in energy costs. This FREE thermostat can be programmed remotely via the internet. To see if you qualify for this FREE program, please call 866-800-0747.

**Eligibility** - Eligibility varies by program, for more information about eligibility please visit [ActOnEnergy.com](http://ActOnEnergy.com) or call the toll free number at 866-800-0747.

*Act On Energy provides these services to customers of AmerenCIPS, Ameren CILCO and AmerenIP - the Ameren Illinois Utilities.*

## Employers are urged to participate in the State of Illinois 'Put Illinois to Work' Employment Program

The Put Illinois to Work (PIW) program was recently unveiled. An anti-poverty program aimed at building a healthy workforce by putting unemployed and underemployed Illinois residents back to work. Put Illinois to Work is a collaborative effort of the Illinois Department of Human Services (IDHS), the Illinois Department of Commerce and Economic Opportunity (DCEO) and Heartland Human Care Services (HHCS). Funding is provided through the Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund (ECF), which was created by the American Recovery and Reinvestment Act of 2009 (ARRA).

Through Put Illinois to Work,

eligible Illinois residents will be placed in subsidized employment positions with participating worksites for up to six months, learning valuable skills and supporting their families. Private, public and non-profit businesses are encouraged to sign on with Put Illinois to Work. Eligible participants will be matched to subsidized employment opportunities with these worksites in hopes that they might transition into an unsubsidized position at the program's conclusion. Eligible worksites and participants must meet program criteria and agree to adhere to specific programmatic requirements. Participants must be age 18-21, or 18 and over and the parent (custodial or noncustodial) of

a minor child. All participants must have a household income below 200 percent of the Federal Poverty Level (\$2,428 per month for a family of two) and be legally present and authorized to work. For eligibility criteria and additional information on Put Illinois to Work, visit [www.PutIllinoisToWork.Illinois.gov](http://www.PutIllinoisToWork.Illinois.gov).

**Credit, continued from page 1** for the credit may be submitted as soon as a new, full-time Illinois employee is hired and begins providing services. The total amount of credits issued is capped at \$50 million. Calculation of the net increase in the number of Illinois employees is based on the employer's num-

## LCCC Macoupin County Education Center is Offering... Easy Email

The Easy Email Workshop will be held Wednesday, May 26th from 10-am-12pm. The cost is \$19.

Learn how to: set up an email account, send & receive email, save attachments like photos & documents, organize your inbox, and access your email from outside locations.

You should be familiar with computer and Windows basics to be successful in this class. Register today by calling 217-854-5400

## LCCC Macoupin Education Center is Offering...Computer Boot Camp

In Computer Boot Camp you'll learn to use a computer and make you life easier - at home and work!

The class is offered Tuesdays/Thursday, June 15th - 24th, 10am-12pm. The cost is \$79.

This basic training course is perfect for new computer users or those whose skills need refreshing. Learn how to use the mouse and keyboard effectively, set up an email account on your Internet, organize and print files, keep your computer safe from viruses, and purchase new computer.

Register today by calling 217-854-5400.

ber of Illinois employees as of June 30, 2010. The determination of whether an employer has 50 or fewer employees will include all employees in every location, which includes both in Illinois and out-of-state employment totals. Related businesses will be treated as one business for the determination.



*MEDP Lobby Day 2010: Back Row L to R: Bill Borklund, Mayor Tommy Thompson (Mayor's Alliance), County Board Member Raymond Coatney, Sheriff Don Albrecht, County Coroner Brad Targhetta. Front Row L to R: Kim Harber, Bill German, Shari Albrecht, Sue Campbell, Senate President John Cullerton, Senator Deanna Demuzio, Macoupin County Board Chairman and Cullerton's Chief-of-Staff Andy Manar.*



*Kim Harber, Sue Campbell, Brad Targhetta, Representative Jim Watson and Sheriff Don Albrecht.*



*Representative Betsy Hannig, Sue Campbell, Shari Albrecht, Bill Borklunk and Bill German.*

### **MEDP Lobby's in Springfield May 4, 2010**

Ten members of Macoupin Economic Development met in Springfield on May 4th to lobby issues concerning Macoupin County. The group met with Senator Deanna Demuzio, Senate President John Cullerton, Representative Jim Watson, and Representative Betsy Hannig. Each official received a folder enclosed with the following: MEDP Municipal Partners Legislative Funding Request, Macoupin County

Lobby Day Legislative Summary, Macoupin County Board Request for Funding for the Historic Courthouse, Sheriff Don Albrecht's Opposition to SB1381 - Medical Cannabis and Request for Support of SB3264 & HB5675 - Critical Access Hospital Reimbursement.

MEDP was recognized in the gallery by Senator Demuzio and Rep. Hannig offered the House floor for photos.

## **Calendar of Events**

- May 18: MEDP Monthly Meeting 6pm at LCCC in Carlinville
- May 20: Chamber Alliance Meeting 3:00-5:00pm at MEDP in Carlinville
- June 15: MEDP Monthly Meeting 6pm at LCCC in Carlinville
- June 22: Mayor's Council Legislative Reception, Terry Park Golf Course - Palmyra



# **MEDP'S NewsFlash**

For more information about Macoupin Economic Development Partnership or newsletter submissions contact:  
 shari@macoupinpartners.com  
 courtney@macoupinpartners.com

# RURAL TELECOM

JULY-AUGUST 2013

The Magazine  
of Rural Telco  
Management

#stars

#hardy



#opportunity



#localtelcos



#sunrises



#tradition



#seasons

# RURAL IS COOL



#fresh



#countryair



#safety



#farms

**20**  
Broadband  
Adoption and  
Your Consumer

#space



#clearsignal



#affordability



#lakes

**24**  
Video and  
Changing  
Customer  
Habits

#countryroads



#fun



#workethic



#mainstreet

**28**  
Competition  
Today vs. 10  
Years Ago

#vistas

PHOTO COURTESY WAITSFIELD AND CHAMPLAIN VALLEY TELECOM



WCVT offered more than 40 training sessions on Google Apps.

# BROADBAND ADOPTION AND YOUR CONSUMER



PHOTO COURTESY MADISON COMMUNICATIONS

# B

BY MASHA ZAGER

roadband usage represents more than a revenue stream for service providers. Social and political life, economic opportunity, and access to health care, education and government services have all become inextricably linked to broadband. That's why, ever since the American Recovery and Reinvestment Act of 2009, encouraging broadband adoption has been a national policy goal.

In the stimulus program, the National Telecommunications and Information Administration (NTIA) reserved a portion of its \$4 billion grant fund for programs that could be models for "sustainable adoption." And the national broadband plan, published in 2010, called for measures to ensure that all Americans could "reap the benefits of broadband."

Specifically, the plan called for addressing the issues of cost, digital literacy and relevance that keep Americans from using broadband services. One recommended measure was to extend two telephone-oriented Universal Service Fund programs, Lifeline and Link-Up, to support broadband connectivity for low-income customers.



Toledo Telephone partnered with a community college for training.



PHOTO COURTESY TOLEDO TELEPHONE CO.

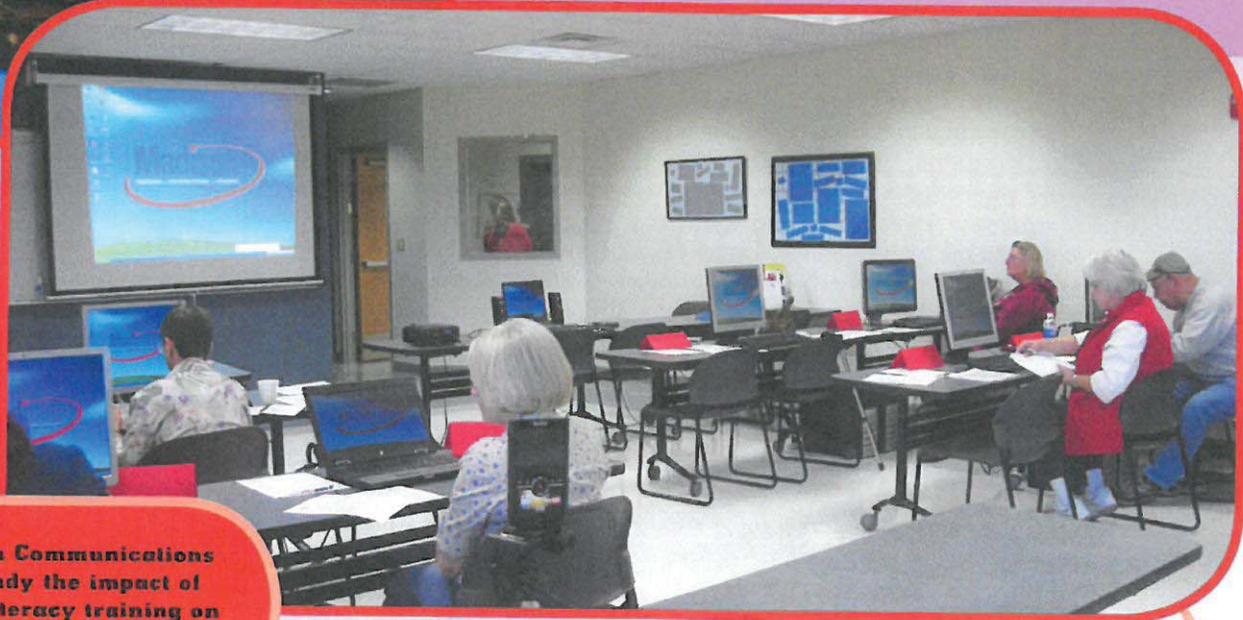


PHOTO COURTESY MADISON COMMUNICATIONS

Madison Communications will study the impact of digital literacy training on broadband adoption.



As the national broadband plan was translated into specific policy initiatives, the FCC turned its attention to restructuring Lifeline. However, the agency found little reliable evidence about which changes might be most effective. To generate statistically valid data that could guide its decision, in December 2012, the FCC awarded \$13.8 million to 14 pilot programs designed to promote low-income households' adoption and retention of broadband services. In addition to providing data, the projects themselves will deliver broadband to about 74,000 low-income consumers. Recipients include urban and rural wired and wireless broadband providers.

### Broadband Changes Lives

Toledo Telephone Co. (Toledo, Wash.) used the NTIA adoption grant it received in 2010 to provide free training, equipment and broadband service to its telephone customers who hadn't yet subscribed to broadband. By the time the program ended, 87% of its telephone customers were using broadband (up from about 40%), and most program participants are now switching to paid services as their two years of free broadband come to an end.



**Toledo's broadband adoption program more than doubled the number of broadband subscribers.**

PHOTO COURTESY TOLEDO TELEPHONE

Dale Merten, Toledo's chief operations officer, said the company's choice of partners was instrumental to the success of the program. The Cowlitz Tribe helped promote the program to its members, many of whom live in Toledo's service area, and the tribe also offered space for computer classes. Centralia Community College provided the digital literacy program that began with computer basics and went on to cover Microsoft Office, e-commerce and other skills participants wanted to learn.

Addressing the barriers of costs and skills was relatively simple, Merten said: "The toughest one was relevance." Toledo's most successful strategy for engaging participants proved to be knocking on doors and talking with customers, one at a time, about how the Internet could improve their lives. A favorable article in the local newspaper also helped generate excitement about the program. Sometimes, however, the pressure had to come from outside—for example, one elderly couple was unimpressed by the Internet until their great-grandchild was born and they discovered they could follow his progress on Facebook.

Merten said that when the adoption program began, "If I knew one person was able to ... get a degree or a job, that would make it a success for me." His wish was granted some months later when his marketing manager

**[A Toledo Telephone] marketing manager received a letter from a disabled worker who had taken advantage of the program to learn computer skills and voice-recognition software. The worker was now working his way toward a degree in applied science and a job in the energy industry.**

received a letter from a disabled worker who had taken advantage of the program to learn computer skills and voice-recognition software. The worker was now working his way toward a degree in applied science and a job in the energy industry.

### Testing the Value of Training

Madison Communications (Staunton, Ill.) is a participant in one of the new FCC pilot projects, along with six other Illinois telcos and Partnership for a Connected Illinois. The project will quantify the impact of digital literacy on broadband adoption and retention. In Madison's service area, low-income customers in one of five exchanges will receive broadband at a lower cost, free installation and intensive digital literacy training, while similar customers in the other four exchanges will receive only the lower cost and free installation.

The program officially launched April 1, and as of mid-April the company was ramping up for the project and aligning the activities of its various partners. The Citizens Utility Board, an Illinois nonprofit that represents the interests of utility customers, will help with promotional announcements and posters. Madison and the other participating local exchange carriers will then send direct mailings to customers, verify their eligibility and provide them with vouchers to purchase refurbished computers for \$50 from Computer Banc, an Illinois nonprofit that helps provide low-cost technology for classrooms. Connected Living, a national organization that specializes in technology adoption, will provide four hours of basic computer training for customers in the "digital literacy" study group. Connected Living also will provide ongoing support for those who need it.

Even before the full marketing effort launched, inquiries about the program began to pour in, and Kim Harber, Madison's senior vice president, said he is excited and optimistic about the project. However, Harber said, the question, "How do I incorporate broadband into my life at work, at home, in the education of youth?" is still unan-

swered. The company plans to work closely with the local hospital, schools and economic development organizations to make sure that those who adopt broadband actually benefit from it and that the FCC's vision of broadband as an economic engine for rural America becomes a reality.

### A Homegrown Adoption Program

Many telcos are trying to address obstacles to broadband adoption without help from federal grant programs. For example, Waitsfield and Champlain Valley Telecom (WCVT; Waitsfield, Vt.) has an inexpensive "broadband lite" offering targeted to lower-income customers, and the telco provides education to all its customers.

By converting its email system to the Google platform, WCVT has been able to offer customers the full suite of Google's cloud-based services, which increases the value of broadband for them. In connection with the Google conversion, the company offered 40 educational sessions that more than 600 of its customers attended, either in person or online. WCVT has partnered with the local chamber of commerce to offer training for small-business users. Libraries and town recreation departments also host training classes for residents and help promote them.

Kurt Gruendling, vice president of marketing and business development for WCVT, said age can be a major barrier to broadband adoption, but that seniors' children and grandchildren often encourage and help them to keep their families in closer touch through social media and video chat. In addition, Gruendling pointed out, new, inexpensive, easy-to-use devices such as tablet computers make the Internet less intimidating for many, including seniors, who were once reluctant to try it.

### Quality Versus Price

Not everyone agrees that broadband adoption programs are the best way to increase broadband adoption. Derrick Bulawa, chief executive officer/general manager of BEK Communications Cooperative (Steele, N.D.), offered a contrarian view: "If you invest in relevance, the price of Internet service is irrelevant." For Bulawa, high quality is what makes Internet service relevant.

A recent broadband stimulus award allowed BEK to build out fiber to the home (FTTH) in a nearby underserved area. The speed BEK offered—20 Mbps to 100 Mbps—and the reliability of the system were enough to attract subscribers. Without any specific "adoption program,"

BEK quickly sold broadband services to about 87% of potential customers in that competitive area, even though it was largely rural and low-income. (BEK's total penetration rate for all services is 92%.)

Bulawa said of his FTTH offering, "It's work-quality Internet service. If they wanted to work from home or run a small business, it was something they could rely on. People understood the notion that this was going to work."

Working from home wasn't the only "relevant" application. Bulawa told the story of an elderly customer who swore he would never buy Internet service even if BEK were selling it for \$5 a month. As far as he was concerned, the Internet was only a gateway to all kinds of depravity. Bulawa said, "Suddenly, when the hospital came up with a workstation that would let him transmit his vital signs—blood pressure, glucose and so forth—instead of driving 100 miles every two weeks, it became relevant for him, and he bought Internet service.

"The hospital requires high-quality broadband to make this service happen," concluded Bulawa, offering one more way broadband changes and improves life in rural America. ■

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**ANNUAL REPORT  
2012**

# A Lifeline For Low Income Broadband

In December, the Federal Communications Commission announced that residents in 35 rural Illinois counties are set to receive \$1.5 million in discounted internet services, digital literacy training, and low-cost internet devices. The goal is to study the effects on users as the FCC transitions to providing low-cost phone service to broadband technology.

Broadband Illinois' pilot program "**Better Broadband, Better Lifeline**" is designed to target citizens who need broadband the most—the 37 percent of Illinoisans without high-speed connections at home. We've also made

sure to address each of the three barriers to getting low-income individuals online: cost, digital literacy and relevance.



Through convening seven broadband providers, two world-class training entities, and the marketing muscle of our on-the-ground regional eTeams, we'll have the opportunity to show how Better Broadband can enhance individual lives.

For those eligible, one-on-one digital literacy training and outreach will be provided by Broadband Illinois, Connected Living and the Citizens Utility Board.

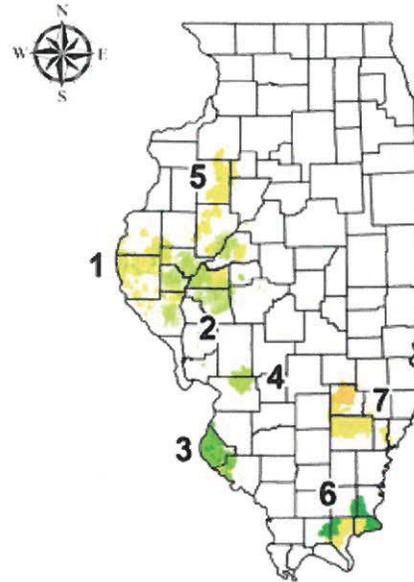
**For more information:**

<http://www.broadbandillinois.org/lifeline>



Regional eTeam Leader Barbara Webster and Kim Harber

 **Education**  
Students do homework  
and take courses online.



**Participating Providers:**

1. Adams Networks
2. Cass Communications Management
3. Harrisonville Telephone Cooperative
4. Madison Communications
5. Mid Century Telephone Cooperative
6. Shawnee Telephone Cooperative
7. Wabash Telephone Cooperative

*"As we continue to develop the synergies brought about by private sector investment, the governor's Broadband Deployment Council and the FCC's lifeline pilot, Broadband Illinois can facilitate and coordinate the "think tank" leadership required to address the expanding role that technology will play in successful community and economic development efforts throughout every region of Illinois."*

- Kim Harber, Vice President, Madison Telephone

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## David J. Herron Joins the NTCA Board

By Tennille Shields, NTCA Senior Writer/Editor

During the 2010 NTCA Annual Meeting & EXPO in February, David J. Herron, CEO/general manager of West Carolina Rural Telephone Cooperative (WCTEL; Abbeville, S.C.), was elected as the Region 2 representative on the NTCA Board of Directors. He replaces Curley P. Huggins, who recently retired. Herron's term is 2010-2012.

In an interview with Exchange, Herron talked about his 40 years in the industry, his commitment to serving rural areas and how he plans to contribute to the NTCA board.

1. Tell me a little bit about yourself. When and how did you first get started in the industry?

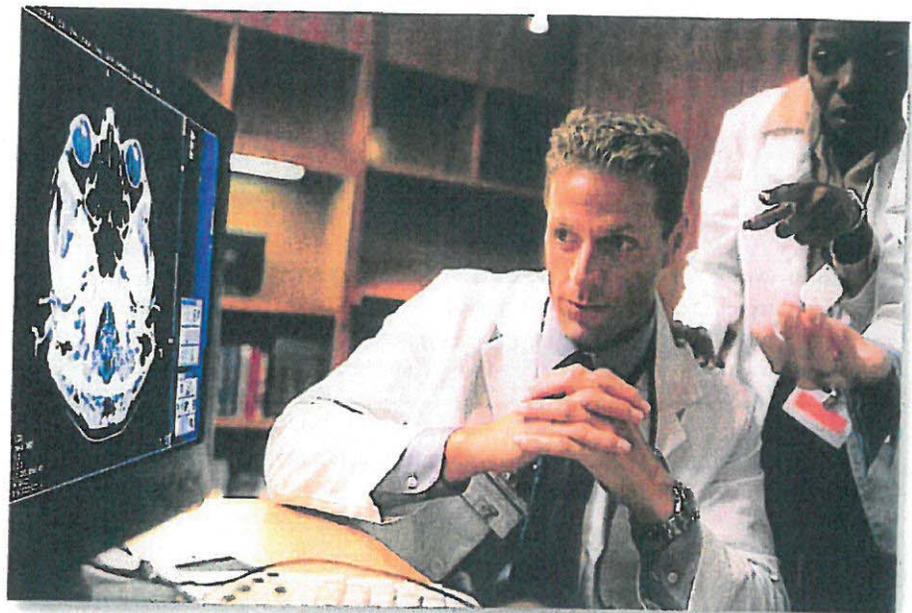
Herron: I graduated in 1970 from University of Tennessee with a degree in electrical engineering. I was hired by the Rural Electrification Administration (now the Rural Utilities Service) and spent most of my time there as field engineer and GFR, primarily in the Southeast. I went to work with West Carolina Rural Telephone Cooperative in 1987 as assistant manager and became general manager in 1988. This year celebrates 40 years in the industry.

2. What is it about rural telecom that has kept you interested over the years?

Herron: It keeps changing. The basic philosophy is still there. We were put here on this earth to ensure that everyone in rural areas has access to the same types of services as the people in urban areas.

While the basic services have changed from plain old telephone service (POTS) to broadband, and the technology has

*continued on page 2*



## Madison Telephone Forges Lasting Community Partnerships

By Linda Prante, Madison Telephone Marketing Coordinator

Time and again, rural telephone companies prove their commitment as community partners. Taking the initiative to improve the quality of life in rural America is just what NTCA member Madison Telephone Co., headquartered in Staunton, Ill., did in its service territory.

Madison Telephone is a broadband provider that serves residential and business customers located across 25 communities in southern Macoupin and eastern Madison counties in Illinois. While this region is rural, Madison Tele-

phone has recognized the critical need to support educational opportunities and the advancement of rural health care initiatives by making broadband service available. In addition, the company has worked collaboratively to assist its partners in identifying broadband use and adoption as critical tools needed to support the social and economic infrastructure required to compete in rural America.

Nearly two years ago, Madison Telephone initiated a community partnership project with Community Memorial Hospital in Staunton. The hospital was on a shared T-1 circuit with other public facilities and was experiencing extreme latency in data transmission. As a rural health care facility, Community Memorial Hospital was considering the installation of a new 64-slice CT scanner that would produce significantly larger files for analysis/transmission, as the facility relies on remote diagnostic services provided by larger hospitals and clinics in St. Louis, Mo., and Springfield, Ill.

Taking the initiative to improve the quality of life in rural America is just what NTCA member Madison Telephone Co., headquartered in Staunton, Ill., did in its service territory.

*continued on page 4*

## Forging Partnerships

*continued from page 1*

Madison Telephone worked in conjunction with the hospital to install a fiber solution in December 2008 that provides the hospital with unlimited potential to access the bandwidth needed to expedite the transfer of diagnostic information. Films are sent for timely readings and diagnosis, increasing the effectiveness of the hospital's treatment and, ultimately, benefiting patients. The solution also positions the hospital to respond to any requirements needed to support rural health initiatives for delivering quality, dependable health care. The hospital has been so pleased with the results that it recently committed to a long-term relationship with Madison Telephone.

Again taking the lead, Madison Telephone collaborated with the Staunton School District to provide a fiber connection for delivering enhanced data services that would allow the district to access online education, enhance digital literacy and ensure the ability to meet administrative data needs. While the school also was experiencing substantial issues with connectivity and bandwidth, Madison Telephone was quick to respond. Due to the demands placed on education to find innovative, cost-effective solutions for teaching children and maintaining curriculum, Madison Telephone worked to provide interim solutions while establishing the fiber network connection that was completed in December 2009.

Through these fiber connections, Madison Telephone has helped to provide for unlimited capacity and expansive opportunity for these anchor community tenants—Community Memorial Hospital and the Staunton School District—to grow and prosper in a challenging rural environment.

Similar partnerships are being developed for other locations in Madison Telephone's region.

The Illinois Telephone Association also is promoting this design as an example of how its member companies can create effective public-private partnerships to address community needs. The statewide association named it "Company of the Year" during the association's annual meeting.

In pioneering the deployment of a fiber-optic network within this region, Madison Telephone is committed to establishing public-private partnerships with civic, health care and educational institutions to facilitate growth and job opportunities for mid-state Illinois. From the deployment of Madison's fiber network to the local hospital to the completion of a nearly identical project with the Staunton School District, Madison Telephone has created the opportunity for future broadband expansion within the region. Coupled with a redundant, robust network design, Madison Telephone continues to serve as a leader in deploying broadband technology.

"We will continue to work with our partners to generate the tools needed to facilitate broadband adoption and use," said Bob Schwartz, Madison Telephone president. "These tools will be designed to encourage customers to secure affordable broadband service throughout our service territory. In addition, we continue our commitment to support our local businesses in retaining and growing the job opportunities available throughout our rural Illinois footprint.

"As we experience quantum leaps in the delivery of broadband, we must always remember it is not about what type of technology is serving our customers, but rather how that technology is serving our customers and meeting their expectations," he continued. "Our industry must prepare to deliver the content and applications that serve in the best interests of our customers. Through the cost-effective use of technology we can, and should, be a committed partner in preparing for the future." ☐

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"As we experience quantum leaps in the delivery of broadband, we must always remember it is not about what type of technology is serving our customers, but rather how that technology is serving our customers and meeting their expectations."

## Did You Know?

NTCA TeleCommunity



NTCA launched **Rural Telecommunity**, an online home for news and information about the rural communications industry. This resource provides instant access to video interviews with rural telecom executives and podcasts covering timely topics. You also can get one-click access to NTCA's Facebook page, which features breaking news, special announcements and other helpful information. To check it out, visit the "About NTCA" section of [www.ntca.org](http://www.ntca.org). Or click on the icon on the homepage.