

Continual changes and regulations on the minds of PC Telcom staff

Written by Chris Lee

Despite a year where PC Telcom experienced an operating loss, board members and staff are excited for what the future has to offer. Members of PC Telcom met Thursday, April 12 for the annual meeting at HHS.

PC Telcom CEO/General Manager Vince Kropp painted the picture of what may shake out depending on Federal Communications Commission (FCC) rules in the coming future.

PC Telcom continued the ongoing replacement of outdated copper cable with fiber optic cable. Approximately 100 miles of fiber optic cable and electronics at an approximate cost of \$1.3 million were installed.

“Depending on where the proposed Federal Communications Commission (FCC) rules shake out, we may be forced to alter our current plan of delivering a fiber optic connection to all members within our Holyoke exchange,” Kropp said.

The upgrades that are being made provide PC Telcom additional capacity where the copper plant has outlived its useful life. Fiber optic cable provides much more capacity, which allows PC Telcom to offer much higher internet speeds.

The FCC has mandated broadband speeds of at least four Mbps of download speed upon reasonable request. Four Mbps download speeds are very difficult to attain beyond about one mile over most copper cable.

In addition to providing much more capacity, fiber optics cost less to install, less to maintain and are less susceptible to environmental problems such as radio frequency interference and the damage caused by moisture intrusion in copper cables.

PC Telcom circulated a resolution during last Thursday’s meeting hoping members would provide their signatures.

The resolution, which PC Telcom will send to federal legislators, recognizes the vital importance that broadband will play in the lives of the customers. The resolution also recognizes that while four Mbps download is considered sufficient today, regulators and legislators must recognize that broadband is expected to follow a trajectory similar to computing power.

“We sometimes also hear that wireless technology will replace land line facilities, and while wireless has improved over the last several years, I believe that we are many years away from wireless technologies having sufficient capacity to handle current and future broadband needs,” Kropp said.

The FCC’s broadband plan identifies the entry level for sufficient broadband at four Mbps down and one Mbps up. Current wireless deployments in the area are something less than one Mbps down, Kropp said.

“Last year we increased our base internet speeds from 1.0 Mbps to 2.0 Mbps. We currently provide speeds to 15 Mbps,” Kropp noted.

PC Telcom plans to install approximately 45 miles of fiber optic cable in 2012. They also plan to improve and expand their fixed wireless broadband facilities.

Another new service they hope to be deploy is PCTV+, which will be a video product that is delivered over a hi-speed or internet connection.

Kropp also noted they anticipate rate adjustments to coincide with the FCC’s recent order.

The FCC and Colorado Public Utilities Commission are not only advocating residential benchmark rates of approximately \$17 per month, but essentially requiring benchmark rates within a certain time frame or PC Telcom foregoes equal dollars from other mechanisms.

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“The estimated \$17 benchmark is about \$4 higher than our current average residential rate,” Kropp said.

Since PC Telcom is regulated by the FCC and the Colorado Public Utilities Commission, they do not have the luxury of reviewing their rates internally and adjusting them on a periodic basis as necessary outside of the ratemaking process.

Kropp outlined the federal resolution that was distributed and noted they also have a state resolution that will be used in the advocacy of Colorado Senate Bill 157, which seeks to modernize telecom laws in Colorado and to level the playing field for access to the Colorado High Cost Support Mechanism that was designed to deliver advanced telecommunications services to rural Colorado at affordable prices.

PC Telcom has undertaken a formal strategic planning process annually for approximately the last 10 years, board president Rick Krueger said. Board members meet with an outside firm that works in the telecom industry to discuss past goals, come up with new ones, view regulatory changes and project their financial future.

Krueger outlined seven goals that came from this year’s planning session. They are as follows:

—Establish and communicate a clear direction for the company.

—Increase management and team effectiveness through team development efforts.

—Aggressively expand the education and training of board members, employees and customers.

—Maximize efforts to understand the desires and needs of customers and to address to meet them.

—Continue to pursue the latest technology and application.

—Develop and utilize partnerships to create products and services.

—Strong financial performances for the company.

Financial report given

PC Telcom accountant Jessica Cumming walked members through the financial report for 2011.

Total current assets increased from \$1,865,885 in 2010 to \$1,944,218 in 2011. Non-current assets dropped from \$148,830 in 2010 to \$118,782 in 2011. PC Telcom saw a net loss of \$94,749 in 2011.

“These expenses were anticipated as part of our plant investment and the return on these investments is projected to increase in the coming years,” Cumming said.

“This loss was anticipated due to the plant investments which were planned and implemented in 2011,” Krueger said. He noted the investments totaled in excess of \$2 million.

Krueger said the net income will continue to improve as a result of the increased use of the assets.

Total liabilities and members' equity increased about \$1.3 million to \$14,665,415 in 2011.

Being involved in a cooperative such as PC Telcom means the members own the company. As a result, they share in the profits that are made through a capital credit allocation.

Customers/members of PC Telcom in 2000 and/or 2008 will soon receive a capital credit refund check from the company. The check reflects \$50,000 of the remainder of 2000 and \$50,000 of the year 2008 patronage assigned to accounts.

Brandt, Martin re-elected to board

PC Telcom members re-elected incumbents Jerry Brandt and Randy Martin to the board of directors. Brandt fills an urban chair while Martin was re-elected to a rural seat.

Others on the board include Krueger as president, Gary Sperber and John Schneider.

Kropp also acknowledged Lonnie Krueger who has been with Phillips County Telephone Company for 35 years this month. "It's amazing to think that one of Lonnie's first jobs was converting members from open wire, party lines to now converting members from copper lines to fiber optic lines capable of 15 Mbps and beyond," Kropp said.

The Dial Tones provided the entertainment for the evening with a witty sketch which was filled with wonderful music. Members of the quartet include Bryan Kroeger, Mark Phillips, Mark Erin Phillips and Gary Koch.

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Prior to the business meeting, members enjoyed a catered meal by Bill and Kristi Pelle. Members also had the chance to win a variety of door prizes given away in a drawings throughout the meeting.

Holyoke Enterprise April 19, 2012