

Did You Know?

A Rural Telecommunications Fact Sheet

"Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas."

— Telecommunications Act of 1996,
Section 254 (b)(3)

Rural Is Different

Millions of Americans depend on community based telecom providers to connect to their neighbors ... and the world. True pioneers, these independent companies have connected the most economically and geographically demanding rural areas and played a leading role in extending technological innovation to all corners of the U.S., all the while remaining dedicated to offering customer-focused, high-quality service. Moreover, their partnerships with the communities they serve have ensured the economic future of their areas, as well as that of the individual residents and businesses to whom they bring service.

Through the years, community based telecom providers have gone well beyond plain old telephone service, ensuring that their customers and local economies have access to all that telecom offers. In addition to their longstanding position as rural America's wireline foundation, community based providers serve as the telecom link to the information economy for millions of consumers.

Did You Know?

- Community based telecom providers serve approximately 8 percent (13 million-14 million) of the access lines in the U.S., but cover almost 40% of the land area. In nine states (AL, ND, MT, SD, IA, MN, WY, SC, and WI), independents provide service to 20% of the total access lines.
- The customer density in areas served by community based telecom providers averages about 19 access lines per square mile, compared with 128 lines per square mile for non-rural carriers.

- Community based telecom providers generally serve areas with limited local calling scopes: 70%-80% of customers of these companies can reach less than 5,000 other subscribers with a local call. In non-rural areas, by contrast, 70% of customers can reach more than 25,000 lines with a local call. Thus, customers of community based companies are much more dependent on toll, or long-distance, services than those in urban markets.
- 85% of non-rural carriers' customer usage is local (non-toll), compared to 68% of total usage for community based telecom providers.
- On average, 81% of community based telecom provider lines are residential (generally producing less revenue), compared with 73% for non-rural carriers. Substantial revenue-producing business customers are similarly skewed: Less than 13% of rural provider business lines are more lucrative, multi-line businesses.
- Total per-line equipment investment for community based telecom providers averages more than \$5,000, compared with approximately \$2,850 for non-rural carriers; the range for total per-line equipment investment for community based providers is \$1,400 to \$40,500, far greater than the \$1,570-\$4,350 range for non-rural carriers.
- Despite the demographic and financial obstacles they face, community based telecom providers offer their customers a similar array of basic service choices as available in urban mass markets. More than 90% provide custom calling features, such as call waiting and call forwarding; almost 90% offer equal access (*i.e.*, long-distance choice); and, almost three-quarters offer advanced calling features, such as caller ID.



- Almost 98% of community based telecom providers provide Internet services in their areas. More than 80% offer toll-free, dial-up access to the Internet to at least three-quarters of their customers, at average rates of less than \$20 per month for unlimited use. In most cases, this dial-up service was the communities' first opportunity to access the Internet without having to incur toll charges for the calls.
- More than half of these companies offer high-speed access services to their residential customers, and more than 60% to local businesses. Most use digital subscriber line (DSL) technologies, while some offer cable modems to bring high-speed capacity to their areas for the first time. *Close to 80%* plan to make high-speed broadband access available to the majority of their customers by the end of 2001.
- More than half of community based telecom providers offer cellular, PCS, or other type of wireless services. More than 60% provide their communities – many, for the first time – with affordable access to video programming through cable TV, direct broadcast satellite (DBS) systems, and even wireless technology.
- While the mission of community based telecom providers is to keep rates affordable for their rural subscribers, customers in urban markets served by larger providers are witnessing significant increases in their service rates. Basic cable rates have risen almost 33% – almost triple the rate of inflation – since 1996; prices for high-speed Internet access via DSL technology are on the rise – by as much as 20% – following hikes by AT&T, the Bell companies and major ISPs; and, many long-distance companies are increasing the monthly “buy-in” charges for their popular service plans.
- Service quality has become a glaring sore point for many large telecom companies serving urban markets. According to the Federal Communications Commission, the number of customers who report they are dissatisfied with the quality of their local

phone service has risen from 10% in 1997 to nearly 17% in 2000. By contrast, in some states, community based telecom providers note trouble reports of less than 3%.

- More than 90% of community based telecom providers provide significant support for local and regional development programs. Some 85% offer educational programs to help local schools take full advantage of advanced technologies and services.
- Nearly 75% of community based telecom providers are engaged in or planning e-commerce activities. Almost two-thirds of company executives or managers participate in their local chamber of commerce or other economic development organization.

A Story Worth Telling

Community based telecom providers have always maintained a simple philosophy: to provide a variety of quality services, at affordable rates, to the residents and businesses they serve. All the while, precisely because they are “*community based*,” these companies have operated with the strong conviction that they serve not just “customers,” but neighbors and friends.

For rural towns and communities, the expansion of telecom capabilities, “*global reach*,” is critical. High speed Internet access, broadband and wireless, entertainment and video, and other advanced service applications will soon become the staples of the global economy. Despite lingering perceptions that may obscure their oft-demonstrated expertise, community based telecom providers are already planning, deploying, and providing the services that will afford their areas and their customers access to those economic and informational necessities.