

## PC Telcom prepares for more changes in the upcoming year

Written by Kyle Arnoldy

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Members of PC Telcom gathered Thursday, April 11 in the HHS auditorium to discuss how the company fared in 2012, what the future holds for members and to elect two members to fill the rural and urban seats.

Vince Kropp, PC Telcom CEO/general manager, described the advancements of the company and informed members of possible obstacles they may face in the future.

In the past year, PC Telcom continued the ongoing replacement of outdated copper cable with fiber optic cable. The company installed approximately 100 miles of fiber optic cable and electronics at an approximate cost of \$1.4 million.

“In addition to providing far greater capacities, fiber optics are now more economical to install, require less maintenance and are far less susceptible to interference such as water intrusion and radio frequency interference,” said Kropp.

Last year PC Telcom increased Internet speeds from 2.0 Mbps to 6.0 Mbps and currently provides download speeds up to 30.0 Mbps. Rural connections with 6.0 Mbps and greater require fiber optics connections.

Kropp stated that in the upcoming year, the company plans to install an additional 20 miles of fiber optic cables in rural areas. Their goal is to have nearly 100 percent of all subscribers be served by fiber optics within the next five and a half years. Plans have also been made to improve and expand the fixed wireless and broadband facilities.

PC Telcom is currently deploying the PCTV+, a video product delivered over high-speed or Internet connection. Kropp pointed out some of the nice features offered by the product, including its ability to bridge the gap between traditional cable television content and online content.

Amazon, Hulu Plus, Netflix and YouTube are all options for video content.

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“Some of the programming costs on cable television systems have doubled in the last three-five years,” Kropp said. “I am hopeful that as video content expands on the Internet, consumers will find new choices for video programming and they will choose the channels they wish to purchase as opposed to being forced to buy 100 plus channels to get the handful of channels they choose to watch.”

The Federal Communications Commission is beginning to explore ways to transition telecommunications regulations to broadband and Internet protocol, but are currently regulating voice services, which Kropp referred to as “yesterday’s technology.”

The FCC has mandated that the local access rates are at the benchmark level of \$14 before July 1. Next year the benchmark is expected to rise to approximately \$16.50 for residential service.

The FCC has encouraged and mandated certain levels of increased broadband availability. To meet the FCC’s broadband plan, PC Telcom has upgraded its infrastructure. Impacts from the FCC’s regulatory changes will have long-lasting effects on PC Telcom.

“About 55 percent of our revenue is at stake with intercarrier compensation and universal service reform,” Kropp said.

Kropp pointed out that Colorado Eagle-Net Alliance was awarded a grant of \$146 million in 2010 to deliver high-speed fiber-optic networks to areas that were lacking broadband or were not served. According to Kropp, Eagle-Net set out to serve schools, libraries and medical centers, but still steals customers from PC Telcom in a way in which Kropp referred to as “cherry-picking.”

“If Eagle-Net is allowed to compete in this unfair manner, it will remove tax dollars from rural Colorado because Eagle-Net does not pay property taxes as a state agency. It will move jobs to Denver and will cause a serious loss of revenue for providers such as PC Telcom,” Kropp explained.

“To put more perspective on this, I will say that I am aware of a handful of countries that have state-run telecommunication networks. One of those countries borders South Korea to the north. I guess my question to elected officials who are backing these is, ‘Are we going in the right direction with this? Does this sound like efforts of democracy or the exact opposite?’”

### Finances for 2012 reported

PC Telcom accountant Jessica Cumming presented members with the financial report for 2012.

With operating revenue totaling \$5,004,029, and total operating expenses representing \$4,796,262, PC Telcom ended 2012 with a net income of \$473,895.

Total current assets increased to \$3,022,650 from \$1,944,218 in 2011. Non-current assets significantly increased from \$118,782 in 2011 to \$246,092 in 2012. Total liabilities and members’ equity increased from \$14,665,415 in 2011 to \$16,296,564.

“PC Telcom’s vision is to be your premiere technology solution,” Cumming stated. “Being able to achieve that mission requires investments in a necessary plant to provide those solutions.”

In the past 10 years, PC Telcom has increased total plant services nearly \$15 million to \$22,235,162 in 2012.

“These investments have opened a world of opportunity in products and services to you, the membership,” Cumming said.

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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 2011 will soon receive a capital credit refund check from the company. This check reflects \$50,000 of the year 2011 patronage assigned to accounts.

### **Schneider, Sagehorn elected to board**

Incumbent John Schneider was re-elected for his second term at the urban position while Diane Sagehorn will take over her first term at the rural position.

Others on the board include Rick Krueger, Randy Martin and Jerold Brandt.

Kropp also acknowledged Carol Krumm who has put in 20 years of service with the company.

The Holyoke Jazz Band provided the entertainment for the night with their performance of the Mission Impossible theme song, "Stairway to Heaven" and "Come Sail Away."

Prior to the business meeting, members enjoyed a catered meal by The Skillet. Members also had the chance to win a variety of door prizes given away at the meeting.

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