

NEWS RELEASE
STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSIONER TONY CLARK

FOR IMMEDIATE RELEASE
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Clark Announces Historic Shift in North Dakota Phone Industry

Public Service Commissioner Tony Clark today released a telecommunications industry statistical report that shows a dramatic change in the way North Dakotans are communicating.

For the first time, there are more wireless phones in use in the state than land-based phone lines. For 2006, there are an estimated 394,752 wireless phones in use, compared to 328,762 land-based access lines. In 2005, there had been 335,006 landlines, compared 325,109 wireless sets.

“This change is revolutionary on many fronts,” Clark said. “Most importantly, it illustrates just how mobile communication in our society has become. Until very recently, if you wanted to speak to someone on a phone, you had no choice but to be literally, physically tied to a wire. That change is profound.”

“For those of us in government and industry, it causes us to reflect on how much the telephone business has changed since the monopoly days of ‘Ma Bell’. For decades, the phone system was the most monopolized and heavily regulated of any of the utilities. But technological innovations, an influx of private capital and government mandated competition and deregulation have created an entirely new marketplace.”

The number of wireless sets in use in North Dakota last year grew by over 21 percent. “To put the growth of wireless in perspective, consider that while the total number of landlines dropped for the second straight year, the total number of all phone devices is up nearly 10 percent. The phenomenal growth in wireless is fueling that increase,” Clark said.

“The report also tells me that the PSC was on the right track when it started its “Zap the Gap” program a few years ago. We recognized the emerging importance of wireless. Although the PSC does not have jurisdiction to order cell phone companies to put up towers to expand service, we have worked aggressively to stress the importance of expanding wireless throughout rural North Dakota. Our lobbying and working with industry has paid dividends. We have seen a number of new rural towers go up already, with more planned. While there is still work to be done, things have come a long way.”

The report also revealed insights into the state’s growing competitive phone business among wired phone providers. Companies, known as CLECs (competitive local exchange carriers) now serve 66,812 lines. These competitors operate almost exclusively within the areas where Qwest Communications is the incumbent provider. Nearly all other phone companies in

the state are shielded by a federal law that discourages land-based competition in rural markets. Collectively, incumbent local exchange carriers (ILECs) serve 261,950 lines.

In total, non-traditional and non-incumbent phone providers, including wireless and wireline CLEC's, now serve 64 percent of the North Dakota phone market. There are 461,564 non-incumbent phone access lines compared to 261,950 traditional phone lines provided by incumbent local providers.

“This report shows that North Dakota government and industry are doing a lot of things right when it comes to telecommunications policy in this state,” Clark said. “We have embarked on a course of prudent deregulation. Our regulatory climate today allows companies more flexibility to innovate, and greater freedom to invest and to be exposed to market risks. Consumers have never had more choices, and consumers benefit when businesses compete.”

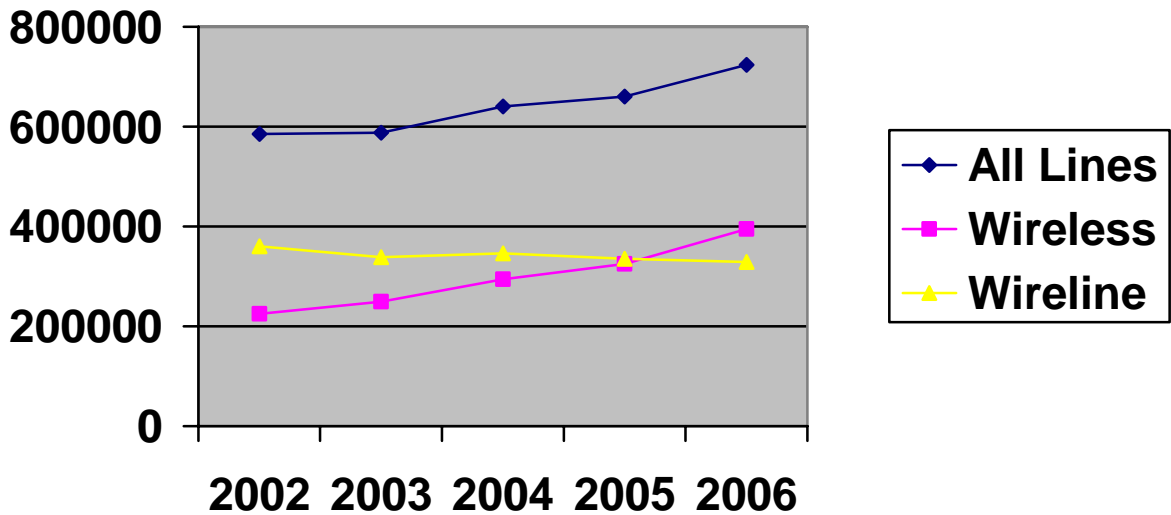
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Data charts are attached to this news release

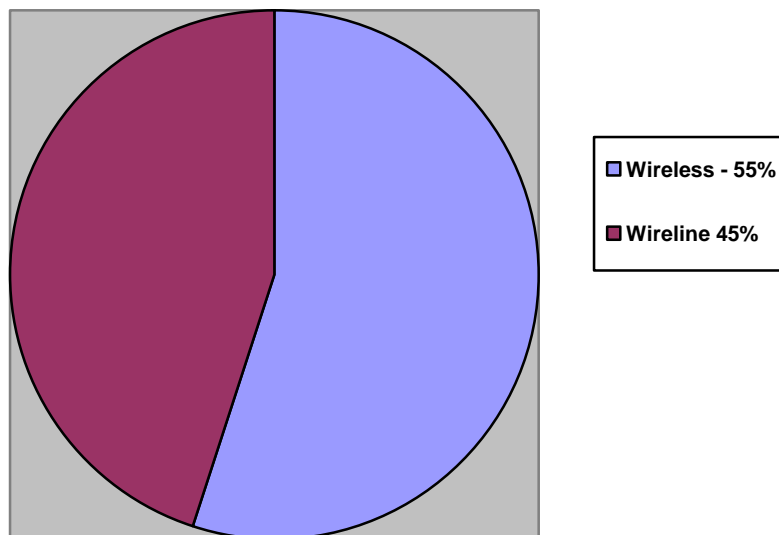
North Dakota Phones in Service 2002-2006

	2002	2003	2004	2005	2006
Wireless	225,089	249,282	294,371	325,109	394,752
Wireline	360,356	338,514	345,924	335,006	328,762
ILEC	319,125	300,656	298,274	283,836	261,950
CLEC	41,231	37,858	47,650	51,170	66,812
All Phones	585,445	587,796	640,295	660,115	723,514

North Dakota Phones in Service 2002-2006



Total Share of Phone Lines North Dakota 2006



Wireline Phone Companies Incumbent vs. Competitive Local Exchange Carriers 2002-2006

