

TESTIMONY OF

BRENT CHRISTENSEN

**CHRISTENSEN COMMUNICATIONS
MADELIA, MINNESOTA**

UNITED STATES HOUSE OF REPRESENTATIVES

SMALL BUSINESS SUBCOMMITTEE on

RURAL and URBAN ENTREPRENEURSHIP

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Mr. Chairman and members of the committee, thank you for the opportunity to testify this morning. My name is Brent Christensen. I am the Vice President and General Manager of Christensen Communications Company. We are an independent, local exchange telecommunications carrier located in Madelia, Minnesota. It would be easier to tell you that we are a telephone company, but quite frankly, that is no longer an accurate description. I also have the privilege of serving as the chairman of the Legislative Policy Committee for the Organization for Promotion and Advancement of Small Telecommunications Companies (OPASTCO).

Our company was founded in 1903 by 48 local people who wanted state of the art telecommunications. One of those original 48 was my great-great-grandfather, Henry Joerg (the local blacksmith and saddle maker). This original group approached the owner of the local flour mill, C. S. Christensen (my other great-great-grandfather), and asked him to purchase 25% of the original stock. Over the years, my family acquired more and more stock, and today my father is the sole stockholder.

In 2006, we stopped using the Madelia Telephone Company name altogether.

Christensen Communications Company better reflects what our business has become.

We had customers who never thought of us when they needed their computers repaired or even for high-speed Internet.

We are very integrated in our community. We employ six people, not counting my parents and me. All but one of our employees reside in the community. We encourage our staff to be active in the community. Our employees are or have been volunteer Firefighters, EMTs, and Boy and Girl Scout leaders. We are active in the Chamber of

Commerce and other civic organizations. I currently serve on the Madelia Public School Board and am Vice President of the Chamber of Commerce. I also previously served as Mayor of Madelia and president of the Madelia Development Corporation.

I am here today to talk about broadband's impact on rural communities and Madelia in particular. We started providing broadband in 2000. We didn't start by putting a business plan together and figuring out how much money we could make. We started offering DSL because it is important to the economic survival of our community. We entered into the DSL business because Marv Davis needed it.

Marv, and his son Will, own Davis Sales and Service, a local Polaris dealer. We had been offering dial-up Internet service for a few years, as was a competitor. They told me that Polaris had changed the way they sold their snowmobiles, watercraft, and ATVs. Warranties were now issued over the Internet. When a customer came in to buy a snowmobile, the Davis' would fill out the customer information online and print off a warranty application. Once the customer had signed the document, the Davis' would scan the document and transmit it back to Polaris over the Internet. The problem was that dial-up was too slow for this process and their dial-up connection would frequently time out and they would have to start over. This was a frustrating process for the Davis' and their customers. In the end, if we didn't solve the problem, the Davis' would sell fewer Polaris', and it would severely impact their business.

I did some research on different solutions that would work with our network. We bought some equipment and got DSL service to the Davis'. The entire process took about 20

days. We didn't do a business case first, we didn't have to go through corporate bureaucracy, we just got a new service to a customer who needed it. The hard part was figuring out what to charge. It took us awhile, but in the end we settled on a rate that was both fair to the consumer and eventually recovered our costs.

When I was in high school, I worked at the telephone company as the summer help. My grandfather was president of the company at the time. I remember the two of us walking back to the office one day and him telling me how important the telephone company was to the community and how we had a responsibility to provide the best service possible. Back then it meant providing quality, reliable telephone service. Today it means much more. Today we have to provide state of the art communications for the survival of our small town. Madelia is like a lot of other towns our size, and in many ways like the communications industry itself. We are in competition with other communities in our area. We are in competition for industry and people. As a community we have to leverage our assets to develop our economy. Communications is one of those assets. Because of our communications infrastructure, we can market our town to telecommuters, small businesses, and others who do not depend on a specific location to conduct their business.

A good example of this is the House of Print. They are a local printing company that was started in the 1960s by a company that owned two daily newspapers in towns about twenty miles from Madelia to the north and south. Both papers needed to replace their printing facilities, and instead of each buying new presses, they built a new printing operation in Madelia which is halfway between the two. Today The House of Print prints

newspapers for 100 daily and weekly newspapers.

The House of Print was our third DSL customer. Before they received high speed Internet, drivers would have to bring floppy disks containing the newspaper pages to Madelia to be printed. Proofs would have to be either faxed or mailed to customers, and the company was very geographically limited. Our high speed Internet allowed them to expand their customer base and increase their business. They have literally brought in millions of dollars of new business because of their high-speed Internet connection.

The House of Print is no longer geographically limited. Today they can bid for printing jobs online, allow the customer to upload data, proof the job on line, and mail the finished product directly from their facility. They have the advantage of being centrally located in the United States, which makes shipping their finished product that much easier. The House of Print has expanded significantly as a direct result of the Internet. They have added or upgraded their printing presses and expanded their building facilities.

The House of Print has become very dependent on the Internet for their business. So much so that they have had to add a redundant Internet connection. While we are now the only dial up Internet provider in Madelia, we have two high speed Internet competitors, Midwest Wireless, a cellular provider, and Comcast Cable. The House of Print gets their redundant Internet connection from Comcast.

As a small, rural company, we face many challenges providing state of the art communications. We have to provide all of the same services as the larger companies. This gives us a good understanding of our customers.

A good example of this is Farmers State Bank in Madelia. They are a locally owned independent bank. They compete against the Madelia branch office of a much larger bank. Our high-speed Internet connection has allowed Farmers State Bank to offer a full line of Internet banking services. I personally balance my checking account online and have even started paying my bills online. These services have kept Farmers State Bank competitive with other banks in our area.

Companies like Christensen Communications look to Congress for leadership on issues and programs that give us the opportunity to thrive, and in turn, keep our customers and community thriving. We ask Congress to continue to support a strong and viable Universal Service Fund (USF). The USF is the most important federal program for our continued success. Congress and the Federal Communications Commission needs to support the reform of the intercarrier compensation regime by implementing the Missoula Plan, which was developed by a broad cross section of the telecommunications industry. And Congress needs to support programs at the Agriculture Department's Rural Utilities Service and the Small Business Administration that help small businesses like mine.

We face many challenges in this industry, which directly affect our company and our ability to provide the advanced services our customers need to stay competitive in their businesses, like Davis Sales and Service, the House of Print, and Farmers State Bank.

I would like to thank you for the opportunity to testify today, and I would be happy to answer any questions you may have.