

**USDA Rural Development  
Telecommunications Program**

**Success Story: Broadband Initiatives Program, Broadband Loan Program, &  
Telecommunications Infrastructure Loan Program**

**Rural Telephone/Nex-Tech – Success story**

**Lenora, Kansas**

**Need:**

Lenora, Kansas, headquarters of Rural Telephone Service Co., Inc. is a small agricultural community surrounded by miles of open plains in the northwest part of the state. This rural community needed telephone service, so Rural Telephone, a cooperative, was created and began to provide telephone services in 1951. Over time, the communities that Rural Telephone serves required access to broadband service so that they could grow.

**How Rural Development Helped:**

Rural Telephone is one of the earliest Rural Utilities Service (RUS) borrowers and has provided funding for more than 32 projects that helped bring telecommunications service to their customers. Rural Telephone's long partnership with USDA dates back to 1952, when Rural Telephone received a \$602,000 loan. The cooperative has applied for and received 25 additional RUS Telecommunications Infrastructure and Farm Bill Broadband Loan Program loans between 1952 and 2008.

Under the Farm Bill Broadband Loan Program, six loans have been awarded from 2001 through 2009 to Rural Telephone's subsidiary, Nex-Tech. These loans provided broadband infrastructure improvements in the following communities: Norton, Alma, Osborne, Phillipsburg, Plainville, Stockton, Smith Center, Oberlin, Munjor and Hoxie.

Keeping pace with technology and local needs, the company has continued to grow and reach out beyond city limits to the rural residents in its service territory to connect them to advanced services. To carry these western Kansas communities and surrounding rural areas into 21<sup>st</sup> century communication technology, Rural Telephone/Nex-Tech received a \$101 million Broadband Initiatives Program (BIP) award to further enhance its service and expand into new areas. The BIP award will add 21 new communities, spanning more than 4,600 square miles to the company's service area.

The BIP project impacts 26 rural areas and 21 towns in western Kansas. Currently, 99% of the area covered by the BIP project is un-served or underserved. This mostly Fiber-To-The-Premise (FTTP) project, will be completed within three years and will offer more than 23,000 homes and businesses the opportunity to connect to high-speed Internet. The BIP award is expected to provide an opportunity for more than 335 schools, hospitals and other community facilities to access broadband.

**Results:**

As one of RUS' early borrowers, Rural Telephone has been able to provide up-to-date phone and broadband services to these small agriculture communities in Western Kansas. In recent years, area farmers and businesses have benefited from the availability of broadband, which has provided opportunities in the global agricultural

marketplace. One immediate benefit of building out this network is added employment for the area. As part of the BIP award, Rural Telephone/ Nex-Tech has hired ten new full-time employees and filled nineteen part-time positions since October 1, 2009. The company has also retained multiple engineering firms and construction contractors employing more than 200 engineering and construction technicians to complete the project. As of January 2011, 1,736 customers are cutover to FTTP. Construction and cutover is completed in the Almena, Athol, Gove, Hill City, Long Island and Morland exchanges, and construction is nearing completion in the Collyer, Damar, Norcatur, and Hoxie areas. Construction is ongoing in Palco and Phillipsburg.

The business of keeping western Kansas well-connected with broadband and communication services is only one way Rural Telephone/Nex-Tech serves its communities. Rural Telephone initiated its Revolving Loan fund (RLF) through utilization of a \$400,000 grant from the USDA Rural Economic Development Loan and Grant Program, or REDLG. The grant was instrumental in the construction of a ten-unit assisted living center in Logan, Kansas. Through the RLF program, USDA and Rural Telephone have assisted with the creation of a full service fiber mill, grocery store, hotel, apartment building, abstract company and hunting lodge. Combined, through the REDLG and RLF programs, USDA and Rural Telephone has loaned more than \$2.7 million for projects that have created 84 fulltime jobs in western Kansas and contributed to the area's economic development.