

**National Telecommunications Association (NTCA)
New Orleans, Louisiana
February 11, 2008**

**Thomas C. Dorr
Under Secretary for Rural Development**

Thank you, Tom, for that very generous introduction. It is a distinct pleasure to be with you this morning. Greetings from Secretary Schafer and President Bush.

I'd like to begin by thanking you for coming to New Orleans. This is a great city ... but it's also a city is still in recovery ... still working to come back ... and your presence here makes a real contribution.

It's true in rural America with every project we do ... and it's just as true here ... it doesn't matter if a community has 600 people or 600,000 ... nothing is sustainable without first building, or in this case rebuilding, the economic base ... businesses and jobs.

Yes, government can help. In New Orleans, government is engaged at all levels. But in the final analysis jobs are created by commerce and

industry, and conventions and tourism in New Orleans are a big piece of the puzzle.

I don't know when NTCA scheduled this convention. You may be on a long-lead cycle and may have scheduled several years before Katrina. Or it may have been more recently. But your commitment to this city and to this State does make a difference. So again, thank you.

USDA Rural Development shares that commitment. Most people don't think of us as a disaster relief agency ... but we are when we need to be. Events like Katrina ... or the Greensburg, Kan., tornadoes last May or more recently the tornadoes in Mississippi ... engage us at many levels.

When Katrina hit, hundreds of our employees ... some of whom had lost their own homes ... worked around the clock staffing emergency centers and arranging for emergency shelter. Right here in Louisiana, our then State Director Mike Taylor and his staff stood up the first emergency rescue centers. Why? Because they are here. They know the territory.

By the time it was over, we had housed over 10,000 people, mostly residents of New Orleans, in rural multi-family housing properties across the country, some as far away as Maine and Alaska.

I'm sure that was a culture shock, but we got the job done. And we're still involved today ... obviously not in the City of New Orleans, because we deal in rural ... but elsewhere in Louisiana and Mississippi and Alabama and Texas as we help communities put the pieces back together.

There are hundreds of success stories. At least one of them, Cameron Communications, may be here today. We're partnering now with Cameron Communications to install fiber to the home in an area devastated by Hurricane Rita, which hit less than a month after Katrina.

I can't speak highly enough of the efforts of our people here in Louisiana ... and elsewhere along the Gulf Coast ... in meeting that emergency. They truly rose to the occasion. Two of them are here:

- Clyde Holloway, our State Director, and**
- Bill Vogt, one of our Utilities Field Representatives.**

I've thanked them before ... but Clyde, Bill ... I hope you will once again convey my appreciation to the rest of our folks across the State.

Fortunately, however, natural disasters are the exception, not the rule. Ordinarily USDA Rural Development is in the opportunity business.

We are essentially an investment bank for rural America with a current portfolio of just under \$100 billion invested in rural infrastructure, housing, community facilities, businesses, and energy development.

We are also, of course, a longtime partner of YOURS in extending telecommunications services to rural America. Since the formation of the REA in 1935, we have literally grown up together. The partnership is strong and we look forward to working with you for many years to come as you accommodate the many changes and opportunities ahead of you.

And this partnership will also evolve. In fact, we are marking the end of an era today. A little later this afternoon we will be bidding farewell to the Rural Telephone Bank. This is historic ... we are actually closing

down a government program. This is something you can tell your grandchildren you were part of. I know the RTB isn't very big, but one would think the news media would be beating down the doors just for the novelty of it.

While not large, however, the RTB played a significant role in the financing of rural telecommunications infrastructure. Its role as a supplemental lender was key in providing additional support over and above what was available through the old REA.

It was also a true public-private partnership, a mixed ownership entity capitalized by shareholder borrowers. But time moves on. The financial system matured. Private lenders began to step up to an expanded role as supplemental lenders.

And so, after a generation of useful service, the RTB chose voluntarily to dissolve through prepayments of loans and dividend payouts that exceeded loan advances.

Dissolution is, in fact, the appropriate end of a GSE, a government sponsored entity. This has been done in an orderly, fiscally responsible

manner ... one that returns the private equity investment to the industry and results in future tax savings to the American people

Many of you have played an important role in this process. For me, it has been an honor to be part of the team, and Chairman of a very talented group of Directors as we took on this job three years ago.

In a few hours, the RTB will be history. But the rest of our portfolio is going strong. In that context, I would have liked today to discuss our new broadband regulations and the implications of the new Farm Bill for rural infrastructure. But my crystal ball isn't that good. As you know, the Farm Bill remains in conference and our new regulations are in abeyance until that is resolved.

The President remains committed to the passage of a strong Farm Bill. We hope that this can be done sooner rather than later. But clearly there are some difficult issues yet to be resolved.

Just last week, for example, at the swearing in ceremony for Secretary Ed Schafer, the President indicated once again that he will not sign a Farm Bill predicated on new taxes, as some in Congress are proposing.

A Farm Bill has not relied on a tax increase since 1933 ... and in that case, the Triple A was eventually ruled unconstitutional. The President is right about this. Farm income, farm exports, and farm equity are at historic highs. We don't need to be asking other sectors of the economy to pay even higher taxes in order to increase support payments.

The President is also committed to modernizing and reforming Title I. He wants to act aggressively to open more foreign markets to U.S. farm exports. He proposes to reform the safety net to protect American farmers against retaliatory trade complaints under the WTO.

Congress frankly isn't on the same page on some of these questions. The Farm Bill is therefore snagged on a number of issues that have nothing to do with rural infrastructure, telecommunications, or broadband. But we all have to live with the delay while these problems are worked out.

Many of you, for example, are concerned with our new regulations for the Broadband Program, as well as with the potential impact of the

Farm Bill on rural broadband. I share that concern ... but we're not going to have final answers until the Farm Bill conference is completed.

So today, I can say only that the deployment of rural broadband remains a very high priority. It is a priority at both ends of Pennsylvania Avenue, both in the White House and Congress.

Clearly we have been climbing a steep learning curve in this area since 2002, and we will be tweaking the program accordingly.

For example, we've learned that the business model required for broadband is very different from our earlier experience with electric and telephone service.

We understand that broadband poses difficult issues of lending into competition. We have heard the concerns expressed on that question. Both our new regulations and the Farm Bill will speak to this issue.

Meanwhile, technology and markets continue to evolve. We're seeing a shift in applications ... more fiber to the home and wireless, less DSL.

We remain technology neutral, and we are eager to work with all comers ... incumbent providers and new entrants alike ... to extend service to un-served and under-served areas.

This is a work in progress. To date, since the inception of the Broadband Program, we have received 211 applications totaling over \$4.4 billion. Of these we have approved 80 loans for \$1.5 billion, with 18 more under review. The projects we have approved propose to serve more than 1.1 million subscribers in nearly 2,000 communities.

This is a start ... but only a start. It's been challenging. I don't take this lightly. There is much more to do. This is important. Why? Broadband is transformative. It has moved from curiosity to luxury to necessity faster than any technology I can think of, at least in peacetime.

There are countless examples. You can stand in the University of Tennessee Medical Center in Memphis ... and watch medical center consultations and state of the art diagnostics being shared in real time with remote locations scattered from the mountains of Virginia to northern Minnesota.

That wouldn't be possible with broadband ... without YOU.

You can visit companies like JTV Manufacturing in Sutherland, Iowa, not far from my hometown of Marcus. JTV is a custom manufacturing shop that can take specifications online, feed everything into the computer, precision cut by laser, and ship out for overnight delivery.

This is in a town of 700 people in a very rural part of the State. Not long ago, this kind of business didn't exist anywhere. Now you can do it in the middle of an Iowa cornfield. With the right connection, you can do it anywhere.

That wouldn't be possible with broadband ... without YOU.

Or visit Viking Range in Greenwood, Mississippi. Greenwood is in the heart of the Mississippi Delta. Ask yourself how long a world leader like Viking could afford to stay in Greenwood without broadband. Finally, our commitment to the development of renewable energy is perhaps the largest wealth creation opportunity in our lifetime.

Bottom line, this wouldn't be possible with broadband ... without YOU.

I could multiply these examples many times over. So could you.

Infrastructure may be largely out of sight, but it is the foundation on which all else is built.

Thanks to YOU, technology today is leveling the playing field. It allows quick and agile distributed networks to compete with traditional, more centralized arrangements.

It allows rural areas to unlock distributed resources like wind, solar, and biofuels, and it enables the diversification of the rural economy.

It allows rural communities to provide quality health care, better schools, and other amenities that shatter the traditional isolation of rural life.

Add all these things up and you have what we have begun to call the Rural Renaissance. All of it ... ALL of it ... rests on the foundation you are helping to build.

You know the history books may not make much note of the passing of the RTB ... but they will surely dwell at length on the transformation of rural America in the early decades of the 21st century. That, in large part, is your legacy.

It is privilege for us to be your partner, and we look forward to working together to carry on our mission in the years ahead. Thank you.