



Valley Telephone Cooperative, Inc.

CALLER

Owned by those we serve



Message from the General Manager

Continuing our series on the business challenges faced by rural independent telecommunications companies like VTCI, we'll begin with a brief recap of Part I:

Entering 2010, telecommunications companies are experiencing converging technologies, regulatory instability, loss of telephone lines to cell phones, mergers-acquisitions, and a reverse migration from urban to rural locations. While each of these events poses challenges for rural telcos, they also provide opportunities if the right planning and preparation can be done. The path that will address these challenges and reap the most benefit is one that would: a) give landline customers the widest possible array of services, b) develop diversified revenue streams that are not dependent on regulatory cost recovery programs, and, c) growing the business to obtain economies of scale not presently achievable.

Part II
So how do you "give landline customers the widest possible array of services?" You begin by understanding that the technical migration in telecommunications is toward a high-speed broadband connection – not a telephone line connection. If a telco can package a telephone number onto a high-speed broadband "bundle", then the customer might take it - otherwise not. I will offer an example from the wireless world. I have an AT&T iPhone which has little buttons or "applications" on it that do things - check the weather, stocks, time, email, text messages, and airline flights in addition to a host of other Internet tasks. I have about 100 of these "apps", as they're called, on my iPhone, and only one, repeat only one, of them is for making phone calls. It's a broadband world out there, and a telephone number just isn't as important as it used to be - certainly to the generations which follow.

So Step 1 in any rural telco's strategy should be to not just embrace this technical migration to broadband but learn to utilize it for the benefit of the business. VTCI began its internal network conversion to broadband technology several years ago and is now

continued, p.4

NEWSLETTER

Congratulations TV Winners!



Thank you to everyone that responded to the Fall Newsletter Services Questionnaire. The winner of the 22" LCD HDTV is Antonio Vasquez from San Perlita! Congratulations to Tony and his family!



The winner of the 32" LCD HDTV is Carolyn Whitley from Port Mansfield! All new customers and existing customers that upgraded television or internet service entered a chance to win. Thank you for choosing VTCI for your TV and Internet service needs. Stay tuned for more great promotions in the future.

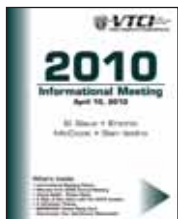
Save Time & Money Pay Your Bill Online!

It is fast, easy to use and free!

You can set up automatic payments, view usage, view billing history and print bills. Visit www.vtci.net and click on Pay Your Bill Online to take advantage of this convenient service. If you have any questions, please contact our Customer Service Department by dialing *300 from your home phone.

MARK YOUR CALENDAR FOR THE 2010 MEMBERSHIP MEETINGS

Be on the look out for your meeting packet, which will include meal tickets, RSVP card and ballot!



Who: El Sauz, Encino, McCook and San Isidro
When: Saturday, April 10 at noon
Where: San Isidro High School Gym



Who: Annarose, Artesia Wells, Fowlerton, Millet, San Miguel and Tilden
When: Saturday, April 24 at noon
Where: McMullen High School Cafeteria



Who: Concepcion and Mirando City
When: Saturday, April 17 at noon
Where: Bruni High School Gym



Who: Hargill, Lasara, Port Mansfield, San Perlita and Stillman
When: Tuesday, April 27 at 5:30 p.m.
Where: Raymondville High School Gym

SAN ISIDRO ELCS

San Isidro members eliminated long distance fees to and from Rio Grande City, McAllen, Edinburg and Mission exchanges by voting yes to expanded local calling service (ELCS). The Public Utility Commission of Texas has granted

approval to implement ELCS on March 31st at a monthly fee of \$1.17 for residential subscribers and \$2.33 for business subscribers.

WILLACY COUNTY YOUNG FARMERS FISHING TOURNAMENT May 28-29, 2010



The tournament runs from 6 p.m. Friday, May 28th to 6 p.m. Saturday, May 29th at the Port Mansfield Chamber Pavilion. Registration is Friday, May 28th from 12 noon until 10 p.m. Food and drinks are during weigh in on Saturday, May 29th. The Willacy County Young Farmers Fishing Tournament will benefit Teach the Children, Child Protective services, Ronald McDonald House, Port Mansfield Chamber of Commerce, Willacy County Fair & Auction, MDA, Scholarships, League Baseball, Cancer Walks and many others.

Visit www.wcyf.org for more information or call 956-689-2943.



Valley Telephone Cooperative, Inc.

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Business Office Hours
 Monday-Friday: 8 a.m. - 5 p.m.
 Closed Saturday & Sunday

Internet Support Hours
 Monday-Friday: 8 a.m. - 9 p.m.
 Saturday: 10 a.m. - 7 p.m.
 Sunday: 1 p.m. - 7 p.m.
 (800) 687-4202

Repairs: Monday-Sunday: (800) 292-7596

Ballots Due Tuesday, April 27 for 2010 VTCL Board Election

The ballot you receive inside your 2010 Meeting Packet, entitles you to vote for two new director positions. Please choose one new director for District 3 - Lasara, and choose another director for District 5 - San Isidro. Your voting ballot must be returned to VTCL by 7 p.m. April 27, 2010.

SAN ISIDRO 2010 DIRECTOR NOMINEES



HILARIO ALVARADO, JR. was born in Mission, Texas on April 8, 1948, and has been married to Alma Garza Alvarado for thirty-nine years. They are the proud parents of three children: Sara Alicia, Hilario III, and Anabella and proud grandparents of Hilary and Hilario IV. After graduation from San Isidro High School, Hilario chose to pursue both his undergraduate and post-graduate from Texas A&I University in Kingsville, Texas and went on to earn a Bachelors Degree in Education, a Masters Degree in Administration, Guidance and Counseling Certification, a Mid-Management Certification and a Superintendent Certification. Hilario worked thirty years in education as a teacher, counselor, coach, principal and superintendent. After retiring from education, he has dedicated his time to expand a family business that he co-owns with his brother, Frank Alvarado. In the expansion of their awards and photography business, they have implemented the latest technology to better serve their customers. As a life long member of the San Isidro Catholic Church, Hilario currently serves as a finance counsel member and as chairman for the San Isidro Festival.



JORGE LUIS ALVAREZ, JR. was born on May 19, 1980, in McAllen, Texas and grew up as the fourth generation on the Diamond O Ranch. After graduating from San Isidro High School in 1998, Jorge earned a Bachelor's Degree in Agriculture Science with minors in Range and Wildlife Management, Plant and Soil Science, and Animal Science from Texas A&M University-Kingsville in 2003. He was then employed in 2001 by Wingstone Toy Company at Rancho San Rafael at Santa Elena, Texas, where he now holds the position as Assistant Ranch Manager. On September 3, 2005, Jorge married Claudia Villarreal from El Sauz, Texas and has one daughter, Natalee Renae. Jorge is also a fifth generation rancher on his personal ranch Rancho Santa Teresa in Santa Elena, Texas, where he raises registered Gray and Red Brahman and Certified F1 Cattle. Jorge is also co-owner of Rancho 3H, which conducts cattle marketing and genetic sales in five countries in Northern, Central, and South America. Jorge is currently serving as Starr County Precinct 4 Democratic Chairman, and is also a Board Member on the Review Board for the Starr County Appraisal District. He is a member of the Knights of Columbus Council # 2597- De Saludes of Rio Grande City, Texas, and attends the Saint Isidore Catholic Church in San Isidro. He also obtains certifications of completion for Firefighting Phases I & II, and is currently rated as an Emergency Medical Technician Intermediate (EMT- I). He is also associated with Project Healing Waters Fly Fishing, (www.projecthealingwaters.org) an organization dedicated to the physical and emotional rehabilitation of disabled active military service personnel and veterans. He is a fourth generation VTCL member, who is a strong advocate for technology and will strive to be innovative and adaptive in order to ensure continued success for VTCL and its members.

LASARA 2010 DIRECTOR NOMINEES



MATTHEW L. KIEFER was born on November 5, 1971 in Atchison, Kansas, the second of three children of Paul and Connie Kiefer. The family moved to Raymondville when Matthew was four-years-old. He is a graduate of Raymondville ISD and attended the University of Texas - Pan American in pursuit of an accounting degree while working as a stock boy at Watson's City Drug in Raymondville from 1990 through 1995. In June 1995, Matthew purchased Watson's City Drug and he continues to operate it today. In 1999, Matthew founded a joint real-estate venture with his brother, Dana Kiefer. They currently own and operate several commercial and residential rental properties. Through the continued growth and success of his businesses, Matthew has been able to enthusiastically give back to his community through his numerous sponsorships and donations. Matthew has been a resident of Lasara, Texas since 1995. He is married to Mary Ann, and they have three children: Jacklynn, Lauren, and Matthew Dalton. Matthew has served on the VTCL Board of Directors since September 9, 2009, after being appointed by the VTCL Board to complete the Director term of the late David Hoelscher.



BLAYNE C. ROWLAND was born on October 9, 1967 in Lasara, Texas. After graduating from Raymondville High School in 1986, he received his degree in Entomology from Texas A&M University in 1991. Following in the footsteps of his father and grandfather, Blayne began flying in 1990 for Rowland Dusters, located three miles west of Lasara on Highway 186. For the past 20 years, Blayne has been flying throughout the Valley and surrounding areas. He enjoys interacting with his customers and providing them with a needed service, but the flying part is what he enjoys the most about his job. "I am very fortunate to be able to earn a living doing something that I truly love and still feel the same about it after 20 yrs," said Rowland. "I would like to serve on the board because I like what VTCL has done for the smaller communities it serves. Those of us who do not live in cities now have all of the communication and information capabilities that are usually only found in more populated areas, and this is all due to VTCL and its willingness to provide these services." Blayne married Gina in 1998, and both stay very busy with their three active boys - A.J., 15, Tyler, 10, and Tony, 7. The proud parents attend all their sons' sport events, and the family has been at ball fields from Rio Grande City to Port Isabel. In their spare time, the boys and Blayne like to hunt. They also love spending time in the water - whether it's Delta Lake or the beach. Blayne has been involved as a coach and sponsor in the Willacy County youth sports for the past 7 years and has coached his sons' little league teams for the past five years. He is a member of the Hargill Baptist Church, and he and his family reside in Lasara.

Message from the General Manager (continued)

ready to complete the “final mile” as it’s called. This is why VTCL is moving as quickly as possible to a fiber-to-the-home (FTTH) network structure. This will give members a huge “pipe” of high-speed broadband technology directly to the side of their home or office. Now all we have to do is give members something to do with it. This is where VTCL has an unbeatable advantage over wireless services. There is no wireless technology in place today or projected in the foreseeable future which can deliver the broadband speeds that terrestrial fiber-optic connections can deliver.

About now, a lot of you reading are thinking “I don’t have a computer, I don’t need a computer, I don’t want to watch TV on my PC, I only check my email, etc. - so why will I need all this broadband technology? The first thing I would say is it is not only about computers - the real broadband usage will be video and other video-intensive services such as security cameras. I can

take you to Best Buy today and show you television sets and Blu-ray DVD players with Internet connections in them. Those connections are there to download movies, TV shows and other video content - all of which take a high-speed broadband connection to the Internet. My security company sends me a flyer several times a year asking me to try their “home security server” which would enable me to:

- Remotely access video cameras for the surveillance of my home,
- Remotely access a special thermostat which would let me check my home temperature and adjust my environmental conditions remotely,
- Remotely adjust my home lighting levels, and
- Remotely detect water leaks.

All of these services are available today and require a high-speed broadband connection to my home. So besides computers - the broadband usage of the future will come from



devices that are already in every home and are, one by one, becoming accessible through the Internet. The acceptance and use of these services will only grow over time. The task for rural telcos is to build and deliver these high-speed broadband networks and offer enough services to keep their customers interested.

Next issue in Part III, we’ll discuss the second strategic goal - “to develop diversified revenue streams that are not dependent on regulatory cost recovery programs” and the third strategic goal - “growing the business to obtain economies of scale not presently achievable.”

IMPORTANT INFORMATION ABOUT CAPITAL CREDITS

1. **If you move from our service area**, the capital credits in your account will remain in your name and will continue to be refunded until the account is cleared. Capital credit checks are mailed to the last known address. Please keep VTCL informed of your current mailing address, so you can continue to receive your check in the years to come.
2. **If delivery cannot be made or checks are not deposited** for a period of three years after the check has been mailed to the last known address, the unclaimed capital credits are turned over to the Cooperative to be held as other permanent capital.
3. **In case of separation or divorce**, checks are payable to the person whose name is on the account. The person remaining in the residence where service is provided should contact VTCL to change the account name and number.
4. **Checks will be mailed on Tuesday, March 23, 2010.**
5. **VTCL is currently on a seven year payout for capital credits.** We are paying from our 2002 to 2008 net margins. This means that members that did not have service during this time period will not be eligible to receive capital credits this year.

KNOW YOUR NUMBERS

If you need our help, do not hesitate to contact us using the new VTCL feature codes. Please call us using these shortcuts from your home phone. Our outstanding Customer Service and Technical Support Teams are standing by to assist you!

To order service and for billing information please contact:

CUSTOMER SERVICE

Dial *300 from your home phone

For questions about Internet, television service, equipment or to report technical difficulties, please contact:

TECHNICAL SUPPORT

Dial *321 from your home phone

To report phone trouble, please contact:

REPAIR SERVICE

Dial 611 from your home phone

VTCI OFFICIALS MEET WITH CONGRESSIONAL REPRESENTATIVES

Discuss VTCI's Efforts to Bring Advanced Communications to South Texas

Representatives from VTCI met with Senator Kay Bailey Hutchison, Congressman Ruben Hinojosa, and staff members from the offices of Senator John Cornyn and Congressmen Solomon Ortiz, Henry Cuellar and Ciro Rodriguez. Participating in the meetings were Dave Osborn, VTCI General Manager, along with Directors Arline Harris (Millett/Fowlerton), George Bennack (Stillman), Matthew Kiefer (Lasara), and Freddie Hillje (Artesia Wells/Annarose). The meetings were to discuss the ways that small communications providers like VTCI ensure consumers in VTCI communities enjoy access to affordable broadband services.

Among the issues discussed was the National Broadband Plan - policymakers' blueprint for creating universal access to broadband which the Federal Communications Commission (FCC) delivered to Congress on March 17th. They also discussed the broadband funding programs created by last year's economic stimulus bill. VTCI representatives pointed out many examples of how our broadband services have enhanced the lives of many VTCI residents.

VTCI representatives urged their congressional delegates to help ensure sustained support for broadband networks well into the future by advocating policies that recognize the costs associated with building and maintaining broadband infrastructure in rural and remote areas and by reorienting the federal Universal Service Fund (USF) for broadband deployment. USF supports VTCI's efforts to deliver consumers advanced communications technologies at affordable rates.

VTCI representatives were in Washington D.C. to participate in the National Telecommunications Cooperative Association's Legislative & Policy Conference, March 22nd-24th. During the annual event nearly 600 rural telecom representatives from throughout the country gathered in the nation's capital for educational briefings about emerging rules and regulations and other industry issues. They also took part in visits to policymakers on Capitol Hill and the FCC.

COMMUNITY EVENTS



The Rocking T Cooking Team, sponsored by VTCI, won 1st place in fajita category; 1st place ribs; and 2nd place in brisket category on Feb. 20th at the Chili Cook Off in Port Mansfield! They also competed against 133 other teams at the Smokin' on the Rio Cook Off on Feb. 27th in Mercedes and the team won 1st place for their carne guisada and 1st place for showmanship.



In an effort to showcase our local schools and students' talent, Valley Telephone issued a media kit for the San Perlita I.S.D. News Crew. The media kit included two high definition video recorders, two tripods, two 16 GB memory cards and Adobe Premier Elements, a video production and editing software. Pictured above is San Perlita's first Media Club.



VTCI is a proud sponsor of the Willacy County Livestock Show and Rodeo, the Starr County Livestock Show and Rodeo and the McMullen Livestock Show and Rodeo.

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