



DATE: Wednesday, March 5, 2014

FROM: Kevin T. Larson – CEO/General Manager
Consolidated Telephone Company (CTC)

TO: Federal Communications Commission (FCC) Staff

SUBJECT: Expression of Interest – Rural Trials
Docket No. 10-90

Background

Consolidated Telephone Company was formed in 1950 when seven men came together for the first official meeting of the Crow Wing Cooperative Rural Telephone Company, which was later to become Consolidated Telephone Company. Today CTC serves the rural Minnesota areas of Sullivan Lake, Randall, Pillager, Outing, Nokay Lake, Nisswa, Motley, Mission, Lincoln, Leader, Freedhem, Little Falls, Crosby, Deerwood, Ironton, Brainerd and Baxter. As a Cooperative, CTC is owned by its members. CTC is an ETC.

CTC offers a full range of communications products including voice, Internet, IPTV, HiCap Transport Services, and ETS, all supported by state of the art technology. CTC provides services to business and residential subscribers including educational institutions, health care facilities, farms, government centers and law enforcement centers. To complement CTC's service offerings, CTC also offers I.T. support to local businesses in need of professional and timely service with their computers, complex network design, installation and administration set ups, and troubleshooting. CTC serves nearly 11,000 members with 8,200 subscribers taking broadband Internet services.

CTC is also a leading service provider working with Region Five Development Commission (R5DC) for the past four years to determine how to address the gaps in broadband infrastructure within our region. The "Resilient Region Plan" has identified broadband availability as a priority and key goal in developing resilient and sustainable region; yet, our rural area outside of the CTC serving area lacks adequate connectivity. Our region has the so-called "digital divide" where some locations have virtually unlimited access to Internet (up to 1 gig service capabilities in CTC FTTH areas) and others have little or no access available. This limited, inconsistent connectivity negatively impacts Health Care Delivery (tele-health), Business (tele-work), Educational (online learning), and Economic Development (rural sourcing) opportunities.

Geographic Territory

CTC's existing footprint and 700 MHz spectrum is either adjacent to or covers the census tracts listed in the eligible areas within the Rural Broadband Experiment. CTC proposes to serve areas of Aitkin, Cass, Carlton, Crow Wing, Morrison, and Todd Counties.

Having been a partner in an in-depth assessment with our Resilient Region partners over the past 3 years has helped us identify a number of high-priority areas across the five county region. For this EOI we will focus on the Experiment Eligible locations; **however, we cannot overstate that these few census tracts mask the true demand that exists for broadband services.**

List of Anchor Institutions

Within the proposed area, there are anchor tenants including schools, libraries, law enforcement centers and/or hubs, township centers, hospitals/clinics, tribal government and reservation communities, city and county government centers, military base, Department of Natural Resources, and several major regional employers that either reside within the census tract or are adjacent to these remote rural areas.

The partnerships we have already established with these area anchor tenants have led to a five-county wide needs assessment, as referenced above. The anchor tenants within the Experiment Eligible Locations have raised significant concerns about the lack of broadband and how it affects their ability to prepare youth to participate in a global economy, to attract businesses seeking to rural source, and to allow citizens to telework for businesses anywhere in the world.

Proposed Technology

CTC currently offers a variety of products and services including robust VoIP solutions and various high speed Internet and ETS products. Each of these platforms has different capabilities for speeds that can be offered. The fiber Internet product delivers speeds up to 1 gig. The copper product provides a VDSL service which delivers speeds up to 50 Mbps. Our current wireless platforms offer variable speeds up to 20 Mbps.

For this project, CTC would incorporate proven platforms, along with next generation fixed wireless, as a hybrid project. CTC currently owns the 700 MHz spectrum over several of the proposed census tracts which allows for expedient deployment in conjunction with fiber construction both to the home and business, dependent upon geography.

State and/or Local or Tribal Government Participation in and/or Support for Project

CTC currently does not receive any funding from the State of Minnesota for broadband deployment. CTC is a borrower of Rural Utility Services (USDA) and has funded all existing FTTH projects through the finances of the Cooperative.

CTC has relevant and recent testimonials and support for this project from counties, local government, and chambers of commerce. Specifically, the call to increase the number of households in the region to be served by high-speed Internet services from the current level of 40% to 95% served comes from: 107 who work for local businesses (including CEOs of 4 critical access hospitals), 72 who work for local units of government, 61 who work in the nonprofit sector (such as the Brainerd Lakes Chamber of Commerce and Builders Association), 66 elected officials (local, state and federal), 12 representatives from philanthropy, 12 who work for public utilities, 42 educators, and 234 lay persons.

Existing Providers

In all of the proposed service areas there may be Internet services available but at very limited bandwidth capabilities. In the proposed counties, cellular services exist with some data capabilities, but typically offering limited bandwidth within the home. Additionally, there are pockets of DSL services available, but again, the speeds offered are not viable for the needs of today.

Project Timeline

CTC has existing ownership in wire line and wireless engineering firms that can execute the design expeditiously upon approval of funding availability. CTC has proven experience in deploying both fixed wireless and FTTH networks with great success. CTC would consider these projects shovel ready upon approval of environmental studies, regulatory, any and all permitting, and the ability to access funding mechanisms. Specific timelines will be provided in the application process per geographic area.

Scalability

With CTC's existing assets, we currently have middle mile connection to a high capacity Ethernet transport network with diverse routes to multiple networks. CTC has a fully functional network, including a multi-million dollar digital switching system with high bandwidth capable access gear. CTC owns or has access to wireless facilities, including towers. CTC's operational systems, trained staff and proven success in broadband deployment make these projects scalable and sustainable. The phased approach of this project would be dependent upon approved funding and connectivity to existing infrastructure.

Total Utility Investment

CTC would invest up to 3 million, dependent upon project approvals.

One Time Capital Infrastructure Investment Needed

The projects included in this plan would range in total capital infrastructure from \$250,000 to \$20 million in total costs.

Total Project Cost

\$3.25 to \$20 million