Signs of Growth

2015 CTC Annual Report
2015

A Year in Review

From little seeds grow mighty trees - this is a great analogy when we look back at the History of Consolidated Telephone Company (CTC) and where we are today. Starting at the roots, back in 1950 seven men joined for the first official meeting of the Crow Wing Cooperative Rural Telephone Company (later to become CTC), where one short hour-long meeting would change the lives of thousands.

Over the years, CTC has had to grow through a lot of dirt before establishing roots. This included installing underground telephone cable, upgrading that underground cable and of course adopting new technology - calling features, voice mail, TV service and THE INTERNET! For example, CTC adapted well to all of these things and eventually became the largest phone and Internet provider in the area, with great rates and exceptional service too.

In 2004, CTC began construction of fiber Internet to local businesses and in 2005 to residential areas. However, 2009 was really a pivotal year in that CTC began its large fiber Internet build-out project to ten exchanges: Outing, Mission, Nokay Lake, Sullivan Lake, Freedom, Randall, Lincoln, Motley, Pillager, and Leader. In order to achieve the task at hand, CTC secured a Rural Utilities Service (RUS) loan providing long-term funding to the Cooperative to help finance the build-out. It’s hard to believe that in 2015, after only seven years, CTC will be wrapping up that large fiber project in Leader, Freedom and Rural Randall, with all customers being hooked up by the end of 2017. CTC estimated that the project would take more than 10 years to complete, so finishing within 7 years is a huge accomplishment!

While building out fiber in all 10 of the rural exchanges, CTC has also branched out and experienced growth in a number of other areas as well in the past year.

Partnerships

In a constantly changing industry, CTC was determined to find new methods of growth. Some of these opportunities, which have proven to be very successful, are through partnerships. A couple that CTC has maintained throughout 2015 are Arrowhead Electric Coop and Crosslake Communications.
Arrowhead Electric Coop has been such a wonderful success story and a unique one as well. Based in Lutsen, MN, they reached out to CTC after receiving funding to begin construction of a fiber network to deliver much-needed broadband connectivity to their communities. The company had many years of experience working with power, but telecom was a completely new venture. As part of the partnership, CTC has assisted with marketing, engineering, switching, and technical consulting, installs, and so much more. CTC employee Dan Carlson is now the Technology Manager on site at Arrowhead Electric Coop full-time to assist with these matters. Since our partnership began in 2012, we have seen more than 65 percent growth. More and more customers are finally receiving the connectivity and speed offered by fiber optics that they so desperately need. It’s been life changing in that region and we are happy to work with them well into the future.

Crosslake Communications was another successful partnership in 2015. CTC has provided managed services, technical support, and more. A few notable accomplishments over the year included converting equipment for 256 customers from C91 to E7, refreshing the logo and tagline, and expanding their service offerings.

Changes at the National Level

Technology and partnerships aren’t the only things blooming for your Coop. Regulatory changes from the FCC have been moving at an accelerated pace. CTC works very closely with our local legislature and partners such as the Minnesota Telecommunication Association (MTA) and NTCA, The Rural Broadband Association, to ensure our voices are being heard and that rural America has the same access to high-speed Internet and phone services as the metro areas. As you know, delivering these services is more costly due to the many square miles of territory we need to cover compared to the densely populated urban areas. Rural providers such as CTC receive support funds to help assist with the high cost of delivering these services. In the upcoming months, there will be some changes from the FCC that will affect how rural providers receive support funding in the future. This is why it’s so important for CTC and other rural providers to be creative and find new sources of growth.

CTC, in many ways, has become a mighty oak branching off into multiple directions, yet continuing to provide shade for those who seek it. From all of us at CTC, have a safe and wonderful year!
The Seeds of CTC

2015 Board of Directors

“To Plant a Garden is to Believe in Tomorrow”

These beautiful words by Audrey Hepburn really mirror what CTC believes in, and that’s growth and expansion. Without the support and guidance of our Board of Directors, many of CTC’s ideas would not grow to become what they are today.

District One
- Lincoln
- Randall
- Little Falls

District Two
- Freedom
- Nokomis Lake
- Sullivan Lake

District Three
- Mission
- Ottertail
- Pierz

District Four
- Leader
- Motley
- Staples

District Five
- Brainerd
- Nisswa
- Nisswa

John Luce
President

Paul Nieman
Secretary

Kathy Kobliska
Treasurer

Morris Nelson
Vice President
In 2015, CTC began construction in Freedhem, Leader, and Rural Randall. Although not all homes in this area will have service by the end of 2016, all construction will be completed and all members will have service by early 2017.

We are very excited to complete these three areas as it will wrap up our largely successful fiber build-out project to the original ten service areas (Leader, Pillager, Motley, Lincoln, Randall, Freedhem, Sullivan Lake, Nokay Lake, Mission, and Outing).

At the end of 2015, CTC was also awarded a Border-to-Border Broadband Grant through the Department of Employment and Economic Development (DEED). This grant will allow us to provide fiber internet in Fort Ripley, just south of Brainerd on 371 towards Little Falls. Construction in this area will be completed by the end of 2016, with service installations sometime after.

CTC completed a total of 97 miles of fiber in 2015!
CTC Internet Charts

As technology improves and more and more devices become "connected," the numbers below are sure to continue growing like weeds. CTC follows these trends closely and will definitely be there to invest in equipment and network infrastructure to meet the blooming bandwidth demands of our members.

The chart on the top left outlines the Average Internet Usage Per User, Per Month. As you can see, the demand for bandwidth continues to go up year over year as our members connect additional devices in their homes. CTC's fiber network, along with equipment upgrades, will give our members the bandwidth they need moving forward.

The second chart (bottom left), "Number of Internet Devices," shows how many devices are hitting the CTC Internet network at any given time. It's projected that in 2020, there will be over 50 billion connected devices worldwide.

The final chart (right) shows how Internet usage has more than doubled over the past year. Not only does all this data show the demand for bandwidth, but it also shows just how fast our usage is growing. This growth is common across the United States, but it creates a challenge for your Cooperative as we try to keep up with this demand.

Average Internet Usage Per User, Per Month

| January 2015 | 90 GB |
| January 2016 | 108 GB |

Number of Internet Devices

| January 2015 | 20,994 |
| January 2016 | 24,125 |
March 2015: Unveiling of the CTC meeting room at the Brainerd Lakes Chamber Office. A high-tech space for ideas and innovation within the community.

June 2015: Wellness is a top priority so CTC kicked off a healthy vending program. Employees now have access to healthy food options at a very low cost.
Growth

September 2015: CTC completed a renovation project in the lower level and lobby areas of the Baxter office. The space is well equipped for customer interaction, product sales and demonstrations.

October 2015: CTC is recognized by NTCA-The Rural Broadband Association as a Certified Gig-Capable provider. This means that gigabit technology is commercially available within 95 percent of one or more exchanges within the CTC territory.