



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

TRICIA L. FOSTER
DIRECTOR

Connecting Michigan Communities Grant Application

Please read through the entire Connecting Michigan Communities Grant Information and Application – 2019 package before you begin to respond to the application questions. This will help ensure you understand the full scope of the application as well as the details you will need to provide to complete the application.

Application Deadline: All grant applications are due by 4:00PM EST, Friday, August 30, 2019.

Submission Guidelines: Completed application and supporting documentation must be received by the Department of Technology, Management, and Budget (DTMB), Center for Shared Solutions by 4:00 p.m. on Friday, August 30, 2019, to be considered for funding. Applicants should email their applications and all attachments in PDF format to DTMB-CMICGrant@michigan.gov. Applicants will receive an email confirmation of their submission within 48 business hours. Please fill out the entire application and clearly label any attachments with the question/statement number from the application form. Award decisions are estimated to be made in the fourth quarter of 2019.

Questions and Contact: If you have questions after reviewing the application and supporting documentation, please see the Frequently Asked Questions (FAQ) document available on the grant website at: www.michigan.gov/CMICGrant. The FAQ will be updated throughout the application process. Questions and comments can also be submitted via email to: DTMB-CMICGrant@michigan.gov.

Application Checklist

This checklist is part of your application and should be returned along with your completed application and attachments.

Application Submission Checklist:

- ☒ Read the entire application package.
- ☒ Public application is complete and file name meets the standards.
- ☒ Non-Public application is complete and file name meets the standards.
- ☒ Confidential Treatment Form is complete.
- ☒ Attachments have been gathered and file names meet the standards.
 - ☒ Attachment 1: Map of proposed service area in PDF format (including both last mile coverage and middle mile routes)
 - ☒ Attachment 2: GIS-compatible file of the proposed service area (including both last mile coverage and middle mile routes)
 - ☒ Attachment 3: Spreadsheet of census blocks that are part of the proposed service area
 - ☒ Attachment 4: Match commitment letters or evidence
 - ☒ Attachment 5: Applicant organizational chart
 - ☒ Attachment 6: Resumes of key officers, management personnel, and proposed project management team
 - ☒ Attachment 7: Audited financial statements.
 - ☒ Attachment 8: Evidence of network scalability
 - ☒ Attachment 9: Five year, stand-alone project financial plan/forecast
 - ☒ Attachment 10: Affidavit of commitment to offer the proposed service and cost in the proposed service area for a minimum of five years after project completion
 - ☒ Attachment 11: Budgetary engineering designs, diagrams, and maps that show the proposed project
 - ☒ Attachment 12: Letters of support
 - ☒ Attachment 13: Demonstration of customer interest in the proposed project
 - ☒ Attachment 14: Statements of impact/support from CAls (if applicable)
 - ☒ Attachment 15: Evidence of application for a SPIN (if applicable)
 - ☒ Attachment 16: Statements of impact/support from businesses (if applicable)

NOTE: Attachments must be submitted following the designated naming structure. Applicants are to use the name of their organization followed by the attachment number and file type (e.g. ABCTelecom_Attachment_1.xlsx).

Application

Applicant and Project Information, Contact Information, and Summary

1. Project Name:
Southern Keweenaw Project
2. Applicant Name:
Baraga Telephone Company
DBA (if applicable):

Mailing Address:
PO Box 9
Baraga, Michigan
49908
3. Primary Grant Contact:
M. Koray Inal
Primary Contact Organization (if not part of the applicant's organization):
Baraga Telephone Company
Primary Contact Phone Number:
(906) 353-6644
Primary Contact Email Address:
kinal@up.net
4. Application Author Name:
M. Koray Inal
Application Author Email:
kinal@up.net
5. Eligibility Status: Please select the means by which the applicant is eligible to apply for the grant:
☒ Licensed under the Michigan Telecommunications Act (1991 PA 179, MCL 484.2101 to 484.2603)
☐ Franchise holder under the Uniform Video Services Local Franchise Act (2006 PA 480, MCL 484.3301 to 484.3315)
☒ Broadband service provider currently providing service in Michigan
6. Are you registered with the Michigan Public Service Commission's Intrastate Telecommunications Service Providers Registry (ITSP)?
☒ Yes ☐ No ☐ Unsure
7. Have you provided broadband coverage data to Connect Michigan in the last five years?
☒ Yes ☐ No ☐ Unsure
8. Applicant Identification Numbers: Please provide the following identification numbers for the applicant (if available):

Federal Employer Identification Number (EIN):
[REDACTED]
Michigan Tax Identification Number:
[REDACTED]
Michigan Vendor Identification Number:
N/A
Federal Communications Commission Registration Number (FRN):
[REDACTED]

Service Provider Identification Number (SPIN):

9. Project Summary (250 words max.):

Baraga Telephone Company's (BTC) South Keweenaw County Broadband project will deploy broadband to unserved communities in Keweenaw County, Michigan. The project will build Fiber-to-the-Premise (FTTP) to reach all 478 locations. BTC will offer speeds up to 1 Gbps symmetrical that can be easily upgraded to higher speeds where there is demand. BTC will leverage its current ISP and voice infrastructure to support the operations in Keweenaw County. In addition, BTC has partnered with Peninsula Fiber Network (PFN) in this deployment to allow PFN to serve some cell sites in the area. The total cost of the grant project is \$4,778,983 with \$4,253,295 requested in CMIC grant and [REDACTED] in-kind match of [REDACTED]. Without the grant, revenue generated from the customers in the area would not support the capital expenditure. BTC will leverage its current operations so it will have few incremental operational costs. However, BTC could not afford to serve this area without the grant contribution. The proposed area covers communities of Lake Medora, Lac La Belle, Bete Gris, and Gay. About 500 year-round and seasonal residents live within these communities with a density of under 1 person per square mile. The community has historically lacked broadband and other utility deployment opportunities. As a result, economic and community development opportunities have lacked as well. BTC has been in serving the neighboring communities for 100 years and is willing to make a long-term commitment to provide broadband service to this area with the grant support.

Locations Passed and Proposed Service:

Attachment 1: Map of proposed service area in PDF format (including both last mile coverage and middle mile routes)

Name of Attachment 1:

BaragaTelephoneCompany_Attachment_1_pdf

Attachment 2: GIS-compatible file of the proposed service area (including both last mile coverage and middle mile routes)

Name of Attachment 2:

BaragaTelephoneCompany_Attachment_2_kmz

Attachment 3: Spreadsheet of census blocks that are part of the proposed service area.

Name of Attachment 3:

BaragaTelephoneCompany_Attachment_3_pdf

10. Please provide a brief description of the proposed service area (250 words max.):

There are two proposed areas in the Keweenaw County Broadband project: Service Area #1 and Service Area #2. The areas cover communities that are mostly within south eastern shoreline part of the county. Service Area #1 includes communities of Delaware, Lac La Belle, Wyoming, Bete Gris and Gay, and Service Area #2 includes the community surrounding Lake Medora. The project area is home to about 150 year-round households, increasing to 500 during summer months. BTC recently applied for a USDA ReConnect grant to serve the Northern shoreline communities of the county mostly along Hwy 26. Baraga intends to utilize both grants to complement each other and deploy broadband to almost all the unserved communities in Keweenaw County. A redundant fiber route is also planned from Gay to Lake Linden to i r reliability. Tourism forms a big part of the county's economy. Future availability of broadband is shown to be an important indicator to further growth of the area's touristic potential. The proposed area has two fire stations as critical community facilities, and several businesses that need reliable broadband connectivity. The only health care providers are within the neighboring Houghton county, requiring residents to travel close to one hour to access such services. Having reliable broadband service would facilitate telehealth services and cut down on the need for residents to travel so far.

11. Does the project include a middle mile component:

☒ Yes ☐ No

12. Locations Passed: Please indicate the total number of locations by type that will be able to receive improved broadband services as a result of the proposed project:

Households:

478

Businesses:

4

Community Anchor Institutions:

2

13. Are any vacant lots included in the total number of locations passed listed above?

☐ Yes ☒ No

If yes, these vacant lots should be anticipated for growth in the next five years according to a local, county, or regional master plan or economic development plan. Please list the name of the relevant plan and the jurisdiction implementing the plan.

Plan Name:

Jurisdiction:

14. Please list the jurisdictions impacted by the proposed service area:

City(ies)/Village(s):

Gay, Lac La Belle, Lake Medora

Township(s):

Sherman, Grant, Eagle Harbor

County(ies):

Keweenaw County

State House District(s):

1

State Senate District(s):

1

15. Please provide a brief description of the broadband service to be provided including, but not limited to, the technology to be used, will bandwidth be dedicated or shared, etc. (250 words max.):

BTC designed the proposed FTTP network with sufficient fiber optic capacity to connect any subscriber via either GPON or Active Ethernet (AE). GPON uses 2.4 Gbps down and 1.2 Gbps upstream shared between up to 32 subscribers via passive optical splitters. AE provides up to 1 Gbps via the same basic architecture with dedicated fibers. The PON architecture is designed for straightforward upgrade to a 10 Gbps PON, or multiple 10 Gbps PONs, without changing the physical infrastructure. The electronics and Optical Line Terminal will connect upstream via an existing backbone providing 10 Gbps. The system has the capacity and capability to expand upstream and provide up to 10 Gbps dedicated speeds to end users with only upgrades to the equipment. BTC is proposing approximately 71 miles of backbone and distribution optical fiber and 11 miles of drop optical fiber cables. The only shared facilities are BTC's upstream connections to the Internet PoPs. Once completed, BTC will offer voice, data, video, and other broadband-enabled services. BTC proposes basic service packages similar to existing FTTP offers, which can accommodate special services to businesses or CCF subscribers with dedicated needs. Initial offerings will start at 100 Mbps symmetric (downstream and upstream). Other offerings will range from 1 Gbps symmetric, as a standard offering, up to 10 Gbps for specialty applications.

Project Costs and Budget

16. Total eligible project cost:

\$4,778,983.00

17. Total grant request:

\$4,253,295.00

Attachment 4: Match commitment letters or evidence

Name of Attachment 4:

BaragaTelephoneCompany_Attachment_4_pdf

18. Total matching funds: Please complete the table below summarizing the source, amount, and type of matching funds contributed to the project. Applicants should also indicate if the match is secured or not. Attach additional sheets if necessary.

Source	Amount	Type	Secured?
		<input checked="" type="checkbox"/> Cash <input type="checkbox"/> In-Kind	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Cash <input type="checkbox"/> In-Kind	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Cash <input type="checkbox"/> In-Kind	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Cash <input type="checkbox"/> In-Kind	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Cash <input type="checkbox"/> In-Kind	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Cash <input type="checkbox"/> In-Kind	<input type="checkbox"/> Yes <input type="checkbox"/> No

19. If matching funds or in-kind contributions listed above are not yet secured, please describe the process remaining to secure the funds and the anticipated timeline to do so, (250 words max.):

BTC's matching funds are in cash and meet CMIC's definition of secured, so no further process remains. The matching funds for this application are 100 percent funded by BTC. A letter confirming BTC's funding for this project is listed in Attachment 4.

As mentioned, BTC has also applied for a USDA ReConnect Grant. PFN is also a partner in that application. The matching contribution for the ReConnect Grant will be a combination from both PFN and BTC and not dependent solely on BTC's cash reserves.

20. Project Budget: Please use the following table to provide a budget for the proposed project. Please use the recommended categories in the table where possible, creating other categories where anticipated expenses do not fall within one of the recommended categories.

Use of Funds	Match Amount	Grant Amount	Total
Buildings and Labor			
Last Mile Construction Labor			
Middle Mile Construction Labor			
Construction Material			
Customer Premise Equipment			
Customer Premise Installation			
Electronics			
Permits			
Professional Services and Engineering			
Other:			
Other:			
Other:			
Other:			
Other:			
Total			

21. Please briefly describe why this project needs funding from the CMIC Grant program and why the project could not proceed without this funding, (250 words max.):

Telecommunication and other utility providers have long been trying to deploy better services within Keweenaw county. The county's rurality, rocky terrain, and harsh winters make it very difficult to deploy services in the area. BTC and its affiliate, Peninsula Fiber Network (PFN), have already expanded their fiber optic cable network to the southern border of Keweenaw county via their regular operations and have long been searching for the right opportunity to expand further north into the county. Due to the rocky terrain, harsh weather, and sparse population, the cost to serve the area is very expensive. BTC has been expanding its service when it is economical. Without the grant, it is not feasible to serve the area. The Net Present Value of the project is [REDACTED] and negative cash flow in all but one year. Even with the grant, the project does have a positive Net Present Value, but it is only around [REDACTED]. The Keweenaw County Board of Commissioners stated in a support letter that the current lack of reliable broadband limits the growth of industry and business in the county and deters residents who might otherwise be drawn to the beauty of the Upper Peninsula. BTC needs grant funding to deploy reliable broadband to one of the most remote places in Michigan.

Experience and Financial Wherewithal

Attachment 5: Applicant organizational chart

Name of Attachment 5:

BaragaTelephoneCompany_Attachment_5_pdf

Attachment 6: Resumes of key officers, management personnel, and proposed project management team

Name of Attachment 6:

BaragaTelephoneCompany_Attachment_6_pdf

22. Please provide a brief history of your organization including experience relevant to the proposed project, (250 words max.):

BTC was founded in 1907 as a telephone provider for a few dozen customers. It has been owned and operated by the same family for over 100 years, who have since grown the company substantially over the years. Internet service began in 1995, through dial-up connectivity. It has since evolved to DSL service and now FTTP service. Almost 5,000 residential and business customers are served with voice and broadband within Michigan's Baraga, Houghton and Iron counties. BTC expects a significant acceleration to the FTTP conversion process with the accepted Universal Service Fund A-CAM II offer. Over ten years ago, BTC partnered with Hiawatha Communication Inc. (HCI) to form Peninsula Fiber Network LLC (PFN), based in Marquette, MI. PFN is a middle-mile provider providing enterprise level services to private and public entities. Its fiber-optic cable network extends throughout Michigan and parts of Wisconsin. PFN provides redundant Internet backbone access for its owners BTC and HCI. BTC proposes using existing facilities and capabilities with the proposed network to provide voice and broadband services. BTC knows the area well and has the expertise and resources to complete this proposed project and seamlessly integrate it into the existing network. BTC has been building FTTP plant and fiber to support PFN's network for over 10 years. BTC has built 60 miles of fiber in one year for the PFN ARRA project. The South Keweenaw County Broadband project is well below BTC's annual construction expenses and can be easily achieved.

Attachment 7: Audited financial statements

Name of Attachment 7:

BaragaTelephoneCompany_Attachment_7_pdf

23. Please provide a brief statement to accompany your attached audited financial statements and documentation, (250 words max.):

Attached are the audited financial statements of BTC. BTC owns [REDACTED] of PFN. As is evidenced by the attached financials, BTC is in strong financial condition with minimal long-term debt outstanding. The company has historically generated substantial positive net cash flows from operations and expects to continue to do so into the future. Since its origin in 1908, BTC has long been dedicated to the communication needs of the communities which it serves as indicated by the investment balances in network assets on the attached.

Long-Term Viability and Scalability

Attachment 8: Evidence of network scalability

Name of Attachment 8:

BaragaTelephoneCompany_Attachment_8_pdf

24. Please provide a description and evidence that the proposed infrastructure is scalable to meet the anticipated future connectivity demands of the proposed service area. Please indicate the end-user connection speed to which the proposed network is designed to scale. This information must be certified by the equipment manufacturer or a professional engineer, (250 words max.):

BTC proposes to provide service packages similar to our existing network offerings. With statistical multiplexing, where not every user is requesting maximum bandwidth at all times, BTC's standard deployed network is capable of providing up to 1 Gbps. The equipment BTC intends to deploy will be upgradeable to 10 Gbps PON or even multi-wavelength PON without modifying any of the optical fiber and outside plant facilities, indicating that our network is nearly 'future proof' with relatively minimal upgrades. BTC also plans to deploy enough spare optical fibers to accommodate upgrades without even temporary out-of-service modifications. BTC's fiber architecture and optical equipment can provide dedicated bandwidth to individual users as necessary without modification to our existing network facilities. BTC has the existing facilities, trained staff, and equipment to fully engineer (with internal engineering staff and 3rd party engineering consultants), deploy (via competitive bid to certified contractors and vendors), manage, maintain, and continuously upgrade the proposed network as a fully integrated portion of our existing network and ongoing expertise. As evidence to demonstrate that this project is scalable to meet future demands, BTC has included manufacturer specs and a certification by a Professional Engineer.

Attachment 9: Five-year, stand-alone project financial plan/forecast

Name of Attachment 9:

BaragaTelephoneCompany_Attachment_9_pdf

Attachment 10: Affidavit of commitment to offer the proposed service and cost in the proposed service area for a minimum of five years after project completion.

Name of Attachment 10:

BaragaTelephoneCompany_Attachment_10_pdf

25. Please provide a brief narrative to accompany your attached five-year stand-alone project financial plan/forecast, (400 words max.):

Total cost of the proposed project is \$4,778,983 to build a FTTP network capable of providing broadband and voice service in the proposed service area. Based on an internal rate of return of [REDACTED], the Net Present Value (NPV) of the project is expected to be [REDACTED]. The projections assume that by the end of 2023, [REDACTED] of year-round homes and [REDACTED] of seasonal homes passed by the proposed network will adopt the broadband service. It is expected that [REDACTED] of premises that adopt broadband service will also adopt Baraga's voice service, or stated differently, [REDACTED] of year-round homes passed will adopt voice services while [REDACTED] of seasonal homes passed will adopt broadband service. Of the 478 homes to be passed by the network, 148 are full-time residences. The remaining 330 are seasonal residences. Residential pricing for broadband and voice (year-round and seasonal) was based on BTC's 2018 average revenue per user (ARPU) for both services [REDACTED] for broadband and [REDACTED] for voice. For seasonal residences, BTC expects to receive revenues for 3 months of the year. For modeling purposes, we decreased the penetration rate by [REDACTED] for seasonal customers to prorate the revenues to a 3-month amount. Seasonal customers will also be charged an annual [REDACTED] disconnect/reconnect fee. Using the historical ARPU, BTC assumes that the take rates for the different broadband speed packages and voice offerings, plus the bundled packages, will remain consistent with the take rates in BTC's current operations. BTC's partner, PFN, serves business customers. As such, we have incorporated a lease rate to PFN of [REDACTED] per month for two separate service areas, for the portions of the proposed network that will be utilized to serve those customers. BTC will not require extra personnel, systems, or other capacity to service the network or customers. Consequently, BTC has included only incremental costs associated with the proposed project. For broadband and voice services, additional costs to provide service were based on the average cost per unit, or customer, that BTC incurred in its current operations for similar services.

Readiness

Attachment 11: Budgetary engineering designs, diagrams, and maps that show the proposed project. Design documents must clearly demonstrate the applicant's complete understanding of the project and ability to provide the proposed solution. This information must be certified by a Professional Engineer registered in Michigan.

Name of Attachment 11:

BaragaTelephoneCompany_Attachment_11_pdf

26. Please provide a brief statement to accompany your attached engineering designs, diagrams, and maps indicating your readiness to build, manage, and operate the proposed network, (250 words max.):

With decades of experience, BTC is more than prepared to begin this project. The attached, certified engineering designs illustrate BTC's readiness to build, manage, and operate the proposed project. BTC's existing fiber optic backbone has proven reliable since 1985 and culminated in dependable broadband service to rural customers through deployment of a FTTP network in 2004. BTC's ability to provide unmatched broadband service in rural areas can be attributed to its in-house Information Technology, networking systems, engineering, customer premise equipment, splicing and construction / construction management capabilities. BTC's employees have experience in completing a large-scale broadband construction project and have been preparing for an expansion contingent on funding from CMIC and/or ReConnect. BTC is also [REDACTED] owner of PFN, a middle-mile network provider with an extensive 6000 mile fiber network throughout Michigan, Wisconsin and Minnesota. BTC provides PFN with engineering support in installing and operating its network, including substantial amounts of fiber optic cable deployed under stimulus funds. As [REDACTED] owner, BTC has existing fiber optic cable located at the southern end of Keweenaw County should finances be made available. The residents and businesses' desire to expand their service territory, with the CMIC Grant, have resulted in a strong, sustainable business model for fiber.

27. Please use the table below to complete a project schedule outlining individual tasks and their timing by quarter and year. All projects must be complete by September 30, 2023.

Task	2020			2021				2022				2023		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
grant approval & finals	x													
final design		x												
permitting		x	x											
final engineering		x	x											
Contractor selection			x	x										
Construction logistics					x									
Const. Linden to Gay					x	x								
Main Last Mile const.					x	x	x	x	x					
Lake Medora area						x	x	x	x	x				
sub. turn-ups continue							x	x	x	x	x	x	x	
final turn-up & verif.													x	x

28. Please indicate the anticipated date upon which service to the last location in the proposed project area will be turned on:

August 31, 2023

29. Please list any factors that would change or delay the proposed schedule:

Severe weather, staff issues, construction companies used, environmental delays, equipment

30. Have all the required local/city/county/state approvals necessary for this project to proceed been obtained?

☐ Yes ☒ No

If not, what remains to be done and what is required for completing the process of obtaining approvals? Include this information in the project schedule.

Contacts and permit forms have been obtained for Michigan Department of Transportation, Keweenaw and Houghton County Roads, and Local Conservation Districts. If funds are granted, all approvals will be obtained. A contact list and copies of the permit applications are available upon request.

31. Have state environmental review requirements been met, if applicable?

☐ Yes ☒ No

If not, what remains to be done and what is required for completing the process of obtaining approvals? Include this information in the project schedule.

The U.S. Fish and Wildlife Service Information for Planning and Consultation tool provided a list of species of concern for the project. Findings of Affect have been determined for each of the species and an informal consultation with the USFWS has been requested. BTC will need to complete the consultation process and complete any environmental studies required by the service or any other permitting agencies. BTC will be required to time construction activities to mitigate impacts to eagles, other migratory birds, and bats. Contacts and documentation are available upon request.

32. Does this project affect/is the project located in or near local, state, or federal historic or potentially historic, architectural, or archeological resources?

☒ Yes ☐ No

If not, what remains to be done and what is required for completing the process of obtaining approvals? Include this information in the project schedule.

Fifteen Indian Tribes with interest in the project area and the State Historic Preservation Office will need to be contacted. Cultural studies and avoidance/ mitigation measures that are requested will need to be addressed. Contacts and preliminary historical research are available upon request.

33. Please briefly describe how the proposed project will leverage existing broadband networks, where practical, or be built in conjunction with other broadband infrastructure project(s), (250 words max.):

The South Keweenaw Broadband project leverages BTC's existing core network, PFN's fiber transport, and will work in conjunctions with BTC's pending ReConnect Application. BTC's core network, including ISP routers, connections to the Internet, voice switching, operational support systems and network monitoring, will all be utilized to support the customers in this project. BTC does not anticipate any additions to this existing network to support the customers in this grant application. In addition, existing PFN facilities will be utilized to connect this project with BTC's core network in Lake Linden. Finally, the South Keweenaw Broadband Project can be integrated into the ReConnect Project in North Keweenaw County to create a redundant ring between Mohawk, MI and Cooper Harbor, MI for serving both the North and South Keweenaw County projects. This CMIC Grant application will also enhance broadband capacity and network expansion to BTC's/PFN's existing customer base, which consists of national cellular providers and fixed Wireless Internet Service Providers (WISPs) including Pasty.NET, Shorewaves.NET and Northern Michigan University Educational Access Network (NMU-EAN). Additionally, existing networks belonging to local critical care facilities, such as Aspirus - Keweenaw medical patient monitoring and the Michigan State Police Communication System (MSPCS), would significantly enhance their existing services with BTC's services. BTC will explore all avenues for further local, state, or federal partnerships.

Community and Economic Development

Attachment 12: Community letters of support

Name of Attachment 12:

BaragaTelephoneCompany_Attachment_12_pdf

Attachment 13: Demonstration of customer interest in the proposed project

Name of Attachment 13:

BaragaTelephoneCompany_Attachment_13_pdf

34. Please provide a brief statement to accompany the demonstration of customer interest you have attached to this application. This description should include the method used for gauging customer interest and the results, (250 words max.):

BTC canvassed residents and businesses in the proposed grant area, asking them to complete pre-subscription surveys. In the surveys, BTC asked survey respondents if they (i) currently had Internet at greater than 10/1 Mbps; (ii) are satisfied with their current service and its costs; and (iii) would be interested in subscribing to BTC's phone, internet, and video services. All respondents reported that they would subscribe to the Internet service. BTC also reached out to local, county, and state entities such as schools, professional organizations, government offices, health care facilities, and public safety entities. BTC sought the opinions of a wide range of respondents to illustrate the dire need for broadband in the area. These residents and businesses confirmed that the network will benefit many people who live, work, and engage with other people in Keweenaw County. One respondent even wrote a letter stating that they see improving broadband "as imperative to the way of life for our present and future as residents and business owners." BTC has included many of the letters of support and completed surveys that it received in this application.

Attachment 14: Statements of impact/support from CAIs (if applicable)

Name of Attachment 14:

BaragaTelephoneCompany_Attachment_14_pdf

35. In the table below, please list the specific community anchor institutions (CAIs) to be served by the proposed project, (attach additional sheets if necessary). Please also attach statements or evidence from these CAIs regarding the benefits of the proposed connectivity solution and how it will impact the organizations.

CAI Name	Address	Type (e.g. healthcare, library, school, etc.)
Lac La Belle Fire Hall	11891 Superior St., Lac La Bell	Public Safety
Sherman Twp Fire Department	8884 2nd St, Gay, MI 29924	Public Safety

Attachment 15: Evidence of application for a SPIN (if applicable)

Name of Attachment 15:

N/A

36. If the proposed project includes connections to schools or libraries, please provide your SPIN or evidence of application for a SPIN from the FCC/Universal Service Administrative Company (USAC) and demonstration of your knowledge of E-rate and working with the FCC/USAC, (250 words max.):

BTC already has a SPIN, [REDACTED] There are no schools or libraries located within the proposed grant area, but BTC does serve schools and libraries elsewhere in its ILEC and CLEC areas. BTC does receive E-Rate funding and is already familiar with the rules and procedures. BTC also receives FCC A-CAM II high-cost support and has considerable experience dealing with USAC and the FCC for funding purposes. BTC complies with all Federal and State regulations.

37. Please briefly summarize how the proposed service will impact the following sectors in the community:

Public safety:

Better broadband will enable the community to receive news and urgent public safety communications quickly online from the area's two fire stations. BTC can leverage its partnership with PFN's middle-mile infrastructure that covers almost all of Michigan's counties' 911 services.

Healthcare:

Broadband deployment will allow Keweenaw Hospital to better serve patients in the remote proposed service area, where residents have long had limited access to healthcare. Additionally, neighboring health centers, such as UGLFHC, can expand its telehealth services into the county.

Education:

There is no school located within the proposed grant area, but children attending Lake Linden-Hubbell Public Schools, or others, and living in the area need access to Internet to complete homework and access resources such as flipped learning, Online courses, and digital services.

Government entities:

Local, county, and state governments are requiring citizens to submit forms, pay fines, gather information and ask questions through Keweenaw County's website. Better broadband will allow citizens to access and use these government websites, ensuring that they remain compliant.

Libraries:

BTC currently serves the libraries in other territories. The proposed grant area does not have any libraries located within the territory, but the residents use the libraries in neighboring communities, and they also use other online library resources. Having broadband at home would enable residents to participate in any online activities organized by the local libraries.

Attachment 16: Statements of impact/support from businesses (if applicable)

Name of Attachment 16:

BaragaTelephoneCompany_Attachment_16_pdf

38. Please provide a brief description of businesses needing improved broadband service in the proposed project area and the level of improvement needed. Please also attach statements or evidence from any impacted businesses regarding the benefits of the proposed connectivity solution and how it will impact the business, (250 words max.):

BTC received support letters and surveys from local businesses, individuals who work from home, MTEC SmartZone, and Michigan Economic Development Corporation's 21 high-tech businesses accelerators throughout the state. MTEC SmartZone submitted a support letter on behalf of itself and startup companies, stating that Keweenaw County is "the playground for our regional community and a significant tourism economy exists despite a lack of widespread access to reliable broadband Internet." They hope to see BTC's grant project help grow the value of the community and improve work/life balance. The CEO of Mightybytes, Inc., a company that is located in Chicago, lives in Keweenaw County and works remotely—despite the difficulties with slow Internet. He explained that his current Internet service is not sufficient and "leads to diminished productivity, wasted time, and lost revenue, frustrating for all involved." Another local professional stated that she has been unsuccessful in hosting international, business meetings while located in Keweenaw County. BTC also believes that the tourism businesses in the area will attract more visitors who need to stay connected, and it will help the tourism businesses with their marketing efforts, such as having live-feed videos on their websites, managing bookings Online, and reaching a larger audience.

39. If the proposed service area has a significant agricultural presence, please briefly describe how the proposed service will impact farmers and the agriculture community, (250 words max.):

Forest products and activities such as logging are the main form of agriculture that can be found across large lands within Keweenaw County, where there is poor or no cellular service coverage. The project will provide fiber connectivity for which the cellular providers have long been asking both BTC and PFN. The resulting wireless coverage will provide better communication access and improved safety for these entities that work within the forests.

40. Is broadband included in a local, county, or regional economic development plan, master plan, or similar up-to-date planning document, or does the community in which the proposed service is to be deployed have a specific broadband/technology plan in place?

☒ Yes ☐ No

If yes, please list the name of the relevant plan and the jurisdiction implementing the plan.

Plan Name:

Blue Print for Tomorrow

Jurisdiction:

Keweenaw County

Affordability and Service Limitations

41. Using the table below, please indicate the download and upload speeds of the services to be offered in the proposed service area offered over the initial five years of the project (attach additional sheets if necessary). The non-discounted/rack rate monthly pricing of unbundled internet-only service should be included for each service offered, as well as the monthly data allowance for customers (if applicable):

Download Speed (Mbps)	Upload Speed (Mbps)	Monthly Cost	Monthly Data Allowance (GB)
20	20	\$44.95	no cap
150	50	\$49.95	no cap
1000	1000	\$149.95	no cap

42. Do you participate in the federal Lifeline program?
☒ Yes ☐ No

43. Do you plan to offer a lower-cost monthly subscription plan for low-income households in the proposed service area?

☐ Yes ☒ No

If yes, please briefly describe the program including the type of service to be offered, the monthly cost for qualifying household, and how you plan to determine household eligibility for such a program, (400 words max.):

N/A

44. Does any of the proposed service area include (wholly or partially) an eligible distressed area (a list of eligible distressed areas can be found here: https://www.michigan.gov/mshda/0,4641,7-141-48987_75951-181277--,00.html)?

☐ Yes ☒ No

If yes, please list the distressed community(ies) impacted by the proposed service area:

N/A

Adoption Strategy

45. Please briefly describe any proposed digital literacy training events, materials, and/or resources that will be provided to residents or businesses impacted by the proposed connectivity. This description should include commitments from any partners included in the digital literacy training and the anticipated outcomes from related activities, (400 words max.):

BTC is committed to assisting anyone in the proposed grant area with getting up to speed on digital literacy, especially those who have not previously had any Internet service and, therefore, lack experience. BTC plans to provide free Internet access at various community centers, public gathering locations and community anchor institutions (CAIs), along with informational posters, to allow residents to experience the capabilities of the new broadband connectivity available to them.

BTC has already made commitments to work with two local digital media agencies, one of which is located in Keweenaw County and is a Certified B Corp, to produce and distribute educational and promotional programs and materials to the community regarding their new broadband service. Two local universities, Michigan Technological University and Northern Michigan University, offer Online and remote educational programs that have not been adopted in this community due to lack of reliable, high-speed broadband availability. In fact, there are faculty members of Michigan Technological University who reside in Keweenaw County, one of whom has provided supporting documentation regarding the negative impact of lack of broadband on educational opportunity for this application. We plan on working together with both universities to organize events within the community to raise awareness of the Online educational resources and opportunities that will become available to them.

46. Please briefly describe the materials and method(s) to be used for providing residents and businesses with information promoting the use of an internet connection for improving quality of life, access to resources, economic opportunity, etc., in the proposed service area. Partnerships with local CAIs that build awareness for enriching online opportunities for residents and businesses are highly encouraged. Examples of these opportunities include, but are not limited to, telehealth applications, access to government services, e-learning, job and career readiness programs, public safety information, cybersecurity training, etc., (400 words max.):

BTC will prepare and distribute informational brochures to all residents ahead of planned construction to notify them of the upcoming broadband deployment within their neighborhood. These brochures will discuss the enhanced capabilities of the residents' upcoming high-speed, reliable broadband connectivity including access to Online educational resources, connected healthcare services, video streaming and entertainment. BTC will also provide free Internet access at various community centers, public gathering locations, and CAIs. In preparation for this grant, BTC has partnered with the Keweenaw County Board of Commissioners, Keweenaw County Economic Development Committee and Keweenaw Economic Development Alliance. These organizations have their own broadband plans and goals to support business growth in the area. BTC is committed to ensuring that BTC's proposed deployment aligns with the broadband plans of these organizations so that more educational materials and resources, regarding the use of broadband, may be provided to local businesses and the community overall to inspire growth. BTC also plans to continue partnering with two local healthcare providers, Aspirus and Upper Great Lakes Healthcare, who have long desired to see better broadband so that they may open healthcare facilities and access remote patients within the area through tools such as telehealth services. Upon deploying broadband to Keweenaw County, BTC will continue to partner with these healthcare providers so that they may achieve these goals and host informational events and distribute materials to market their services in this Keweenaw County. Finally, BTC and PFN have done two local TV interviews regarding its grant application and intentions to bring broadband to Keweenaw County. These press releases have attracted positive feedback from the community. BTC has made preliminary plans to extend further press coverage upon being awarded the grant, during deployment, and after deployment to raise awareness and keep residents notified of future developments.

CONFIDENTIAL TREATMENT FORM (CT FORM)

INSTRUCTIONS: Complete either Section 1 or Section 2 of this CT Form and sign where indicated. This CT Form must be signed by the individual who signed the grant application. A completed CT Form must be submitted with your proposal, regardless of whether your proposal contains confidential information. Failure to submit a completed CT Form with your application is grounds for rejecting the proposal as non-responsive. See Section 4.1.5 of the CMIC Grant Overview for additional information.

Section 1. Confidential Treatment Is Not Requested

This section must be completed, signed, and submitted with the proposal if the Applicant does not request confidential treatment of any material contained in the proposal.

By signing below, the Applicant affirms that confidential treatment of material contained in the proposal is not requested.

Project Name

Signature

Date

[Printed Name]

[Title]

[Company]

Section 2. Confidential Treatment Is Requested

The section must be completed, signed, and submitted with the proposal if bidder requests confidential treatment of any material contained in the proposal. Submission of a completed CT Form is required to request confidential treatment.

Provide the information in the table below. Applicant may add rows or additional pages using the same format shown in the table. Applicant must specifically identify the information to be protected as confidential and state the reasons why protection is necessary. The CT Form will not be considered fully complete unless, for each confidentiality request, the Applicant: (1) identifies whether the material is a trade secret (TS), financial information (FI), or proprietary information (PI); (2) explains the specific legal grounds that support treatment of the material as TS, FI, or PI; and (3) provides the contact information for the person at bidder's organization authorized to respond to inquiries by the State concerning the material. Applicants must not simply cite to an applicable act or case name; rather, bidders must provide a complete justification as to how the material falls within the scope of an applicable act or relevant case law.

Application page #, paragraph #, and section #	State whether the material is a trade secret (TS), financial information (FI), or proprietary information (PI)	Explain the specific grounds in State or other applicable law which supports treatment of the material as TS, FI, or PI. Do not simply cite to the applicable act. Provide a complete justification as to how the material falls within the scope of the applicable act or relevant case law.	Provide the Applicant contact information
		Please see attachment	
		Please see attachment	
		Please see attachment	

By signing below, the Applicant affirms that confidential treatment of material contained in its proposal is requested and has attached to this form a redacted "Public Copy" of the Applicant's proposal.

Southern Keweenaw Project

Project Name



Signature

8/30/2019

Date

M. Koray Inal

[Printed Name]

Vice President

[Title]

Baraga Telephone Company

[Company]

Application page #, paragraph #, and section #	State whether the material is a trade secret (TS), financial information (FI), or proprietary information (PI)	Explain the specific grounds in State or other applicable law which supports treatment of the material as TS, FI, or PI. Do not simply cite the applicable act. Provide a complete justification as to how the material falls within the scope of the applicable act or relevant case law.	Provide the Applicant contact information
Page 6, Attachment 4: Match Commitment Letters or Evidence	FI	The submitted information includes specific proprietary financial information such as balances and statements of income. Per Michigan's Freedom of Information Act (FOIA), MCL § 15.243(f)(iii) Lennon believes that if this information is made available to the public it will cause substantial injury to the competitive position of the subject enterprise.	M. Koray Inal- (906) 353- 6644, kinal@up.net

Page 8, Attachment 7: Audited Financial Statements	FI	The submitted information includes specific proprietary financial information such as balances, statements of income, stockholders' equity and statements of cash flows. Per Michigan's Freedom of Information Act (FOIA), MCL § 15.243(f)(iii) Lennon believes that if this information is made available to the public it will cause substantial injury to the competitive position of the subject enterprise.	M. Koray Inal- (906) 353-6644, kinal@up.net
Page 9, Attachment 8: Evidence of Network Scalability	PI	Lennon believes the data provided will provide the company's competitors with a competitive advantage over the company in that this disaggregated data is potentially valuable information on the nature and volume of the network components, and equipment. This information meets Michigan's Freedom of Information Act (FOIA), MCL § 15.243(f)(iii) "Trade secrets or commercial or financial information voluntarily provided to an agency for use in developing governmental policy."	M. Koray Inal- (906) 353-6644, kinal@up.net

Page 9, Attachment 9: Five, year stand-alone project financial plan/forecast	FI	The submitted information includes specific proprietary financial information such as balances, statements of income, stockholders' equity and statements of cash flows. Per Michigan's Freedom of Information Act (FOIA), MCL § 15.243(f)(iii) Lennon believes that if this information is made available to the public it will cause substantial injury to the competitive position of the subject enterprise.	M. Koray Inal- (906) 353-6644, kinal@up.net
Page 10, Attachment 11: Budgetary Engineering Designs, Diagrams, and Maps that Show the Proposed Project	PI	Lennon believes the data provided will provide the company's competitors with a competitive advantage over the company in that this disaggregated data is potentially valuable information on the nature and volume of the network designs, maps and diagrams. This information meets Michigan's Freedom of Information Act (FOIA), MCL § 15.243(f)(iii) "Trade secrets or commercial or financial information voluntarily provided to an agency for use in developing governmental policy."	M. Koray Inal- (906) 353-6644, kinal@up.net



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

TRICIA L. FOSTER
DIRECTOR

Connecting Michigan Communities Grant Application Request for Clarification

September 19, 2019

Company Name: Baraga Telephone Company
Application Proposal: Southern Keweenaw Project
Application Contact: M. Koray Inal

Dear Mr. Inal,

Thank you for submitting your Connecting Michigan Communities grant application. During the initial review of your application the following issues, incomplete, and/or missing documentation have been identified that must be remedied in order for your application to move forward. Additional information may be requested at a later time throughout the grant review process.

Please make your corrections to the appropriate documents and identify the amendments you have made in the space provided below. Return those documents along with this completed Request for Clarification (RFC) via email to DTMB-CMICGrant@michigan.gov. Do not return this RFC explaining the amendments without also updating and returning the relevant documents. Any questions should be submitted via email to DTMB-CMICGrant@michigan.gov.

Your completed RFC and amended documents must be submitted by Thursday, September 26, 2019, at 4:00 p.m. EST. No extensions shall be granted. Failure to respond to this request may affect the scoring of your application, including up to elimination of further consideration.

Attachment 10: Affidavit of commitment to offer the proposed service and cost in the proposed service area for a minimum of five years after project completion

- We request that you have the document notarized.

Response:

I have obtained a notarized version of this document and included as attached. Best regards.



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

TRICIA L. FOSTER
DIRECTOR

Connecting Michigan Communities Grant Application Request for Clarification

December 3, 2019

Company Name: Baraga Telephone Company
Application Proposal: Southern Keweenaw Project
Application Contact: M. Koray Inal

Dear Mr. Inal,

Thank you for submitting your Connecting Michigan Communities (CMIC) grant application. During the review of your application, it was found that some locations to be served in your proposed service area overlap census blocks that are designated for funding from the FCC's Connect America Fund. Public Act 618 of 2018, Sec. 806¹, the legislation that created the CMIC grant, states the CMIC Grant program cannot provide funding for locations in census blocks that have been selected to receive Connect America Funds:

(8) The department shall not award a grant to an applicant if verifiable information is made available that shows any of the following: (d) The project includes an area that has been selected to receive, provisionally or otherwise, Connect America Funds from the Federal Communications Commission.

The following is an analysis of your proposed census block service areas and those included in the Connect America Fund². The attached map shows the census blocks identified in your application that are proposed for service and the census blocks selected to receive Connect America Funds.

Total housing units in the census blocks in your proposed service area based on the 2010 Census:	497
Total locations to be served per your application (homes, businesses, and institutions):	484
Total housing units in CAF Funded Census Blocks in your proposed service area:	480
Estimated housing units in your proposed service area outside of Connect America Fund Census Blocks based on the 2010 Census:	17

Considering the CMIC grant cannot fund areas selected to receive Connect America Funds, the CMIC Steering Committee is offering the following options for applicants:

- 1) Submit revised application documents to reflect a proposed service area that does not include census blocks selected for Connect America Funds;
- 2) Validate there are no changes to your original application; or
- 3) Withdraw your application from consideration.

¹ <http://www.legislature.mi.gov/documents/2017-2018/billenrolled/Senate/pdf/2017-SNB-0601.pdf>

² A list of all Connect America Fund census blocks can be found here:
https://www.michigan.gov/documents/dtmb/Michigan_Census_Blocks_CAF_650783_7.xlsx.

CMIC Grant RFC - Baraga Telephone Company**December 3, 2019****Page 2**

If you choose to submit revised application documents that reflect a proposed service area which does not include census blocks selected for Connect America Funds, this completed Request for Clarification (RFC) document along with the identified attachments must be received via email to DTMB-CMICGrant@michigan.gov by Friday, December 13, 2019.

Revised Application Summary		
	Original Application	Revised Application
Households to be served		
Businesses to be served		
Community Anchor Institutions to be served		
Total Project Cost		
Total Grant Request		
Total Matching Funds		

Revised Attachment 1
Applicant must provide a map of proposed service area that excludes CAF funded census blocks in PDF format (including both last mile coverage and middle mile routes). Revised applications cannot include locations to be served that were not part of your original application.
Response:

Revised Attachment 3																
Applicant must provide a spreadsheet of census blocks in XLS or XLSX format identifying the locations served that are part of the non-CAF proposed service area using the following heading format. Revised applications cannot include locations to be served that were not part of your original application. If you feel there is a discrepancy between the figures as reported in the 2010 Census and actual number of housing units, please explain in the response field of this section in addition to completing the required spreadsheet.																
<table border="1"><thead><tr><th>Census Block ID</th><th>Total Number of Households to be Served</th><th>Is Service Provided to Whole or Part of Census Block? Y/N</th><th>Is Census Block Wholly Contained Within Service Area? Y/N</th></tr></thead><tbody><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr></tbody></table>	Census Block ID	Total Number of Households to be Served	Is Service Provided to Whole or Part of Census Block? Y/N	Is Census Block Wholly Contained Within Service Area? Y/N												
Census Block ID	Total Number of Households to be Served	Is Service Provided to Whole or Part of Census Block? Y/N	Is Census Block Wholly Contained Within Service Area? Y/N													
Response:																

Revised Attachment 9

Applicant must provide a revised five-year, stand-alone project financial plan/forecast that includes only locations within the proposed service area and does not include census blocks selected for CAF.

Response:

Revised Project Budget

Applicant must complete this table to provide a revised project budget that includes only locations within the proposed service area and does not include census blocks selected for CAF.

Use of Funds	Match Amount	Grant Amount	Total
Buildings and Labor			
Last Mile Construction Labor			
Middle Mile Construction Labor			
Construction Material			
Customer Premise Equipment			
Customer Premise Installation			
Electronics			
Permits			
Professional Services and Engineering			
Other:			
Other:			
Other:			
Other:			
Other:			
Total			

CMIC Grant RFC - Baraga Telephone Company

December 3, 2019

Page 4

This completed RFC and revised attachments must be received via email to DTMB-CMICGrant@michigan.gov. Do not return this document with your responses without also updating and returning the relevant attachments listed above. Any questions should be submitted via email to DTMB-CMICGrant@michigan.gov.

To validate there are no changes to your original application, you must send an email to DTMB-CMICGrant@michigan.gov with the phrase, "Validate No Changes to Application" followed by your company name and name of the project in the subject line.

To withdraw your application from consideration, you must send an email to DTMB-CMICGrant@michigan.gov with the phrase, "Withdraw Application" followed by your company name and name of the project in the subject line.

Your response, including Validation, Withdrawal, or completed RFC and amended Attachments must be received via email to DTMB-CMICGrant@michigan.gov by Friday, December 13, 2019, at 3:00 p.m. EST. No extensions shall be granted. You will receive an email confirmation of your submission. If you have not received a confirmation receipt by December 20, 2019, you must contact the CMIC Grant Program Office at (517) 335-3727. Failure to respond to this request may affect the scoring of your application, including up to elimination of further consideration

Connecting Michigan
Communities (CMIC)

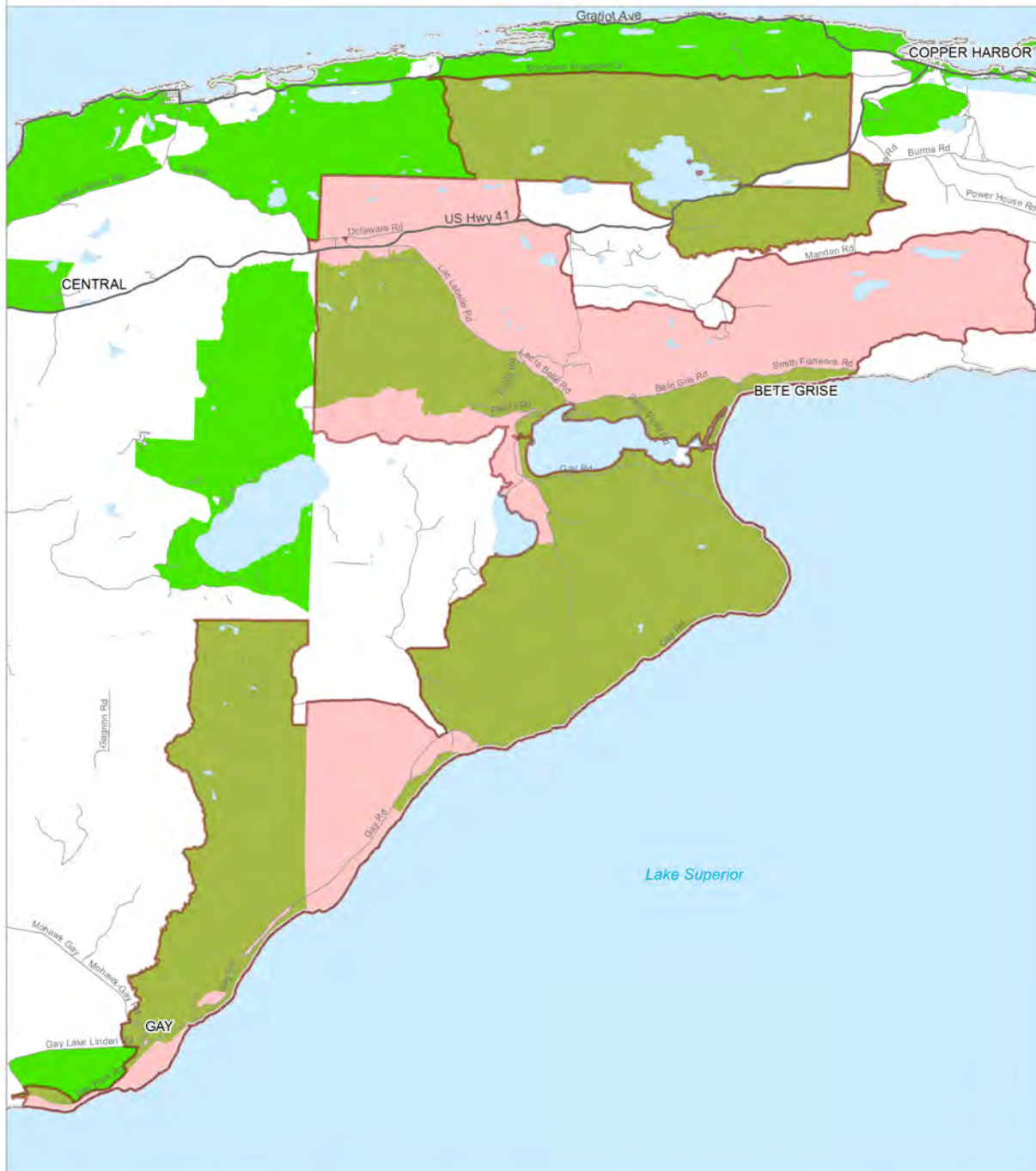
Provider: Baraga Telephone
Project: Keweenaw


Grant Application by Census Block

vs.

CAF Funded Block Area

DTMB Grant Program



 Application by Block

 CAF Funded Block

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Baraga Telephone Company Response to CMIC

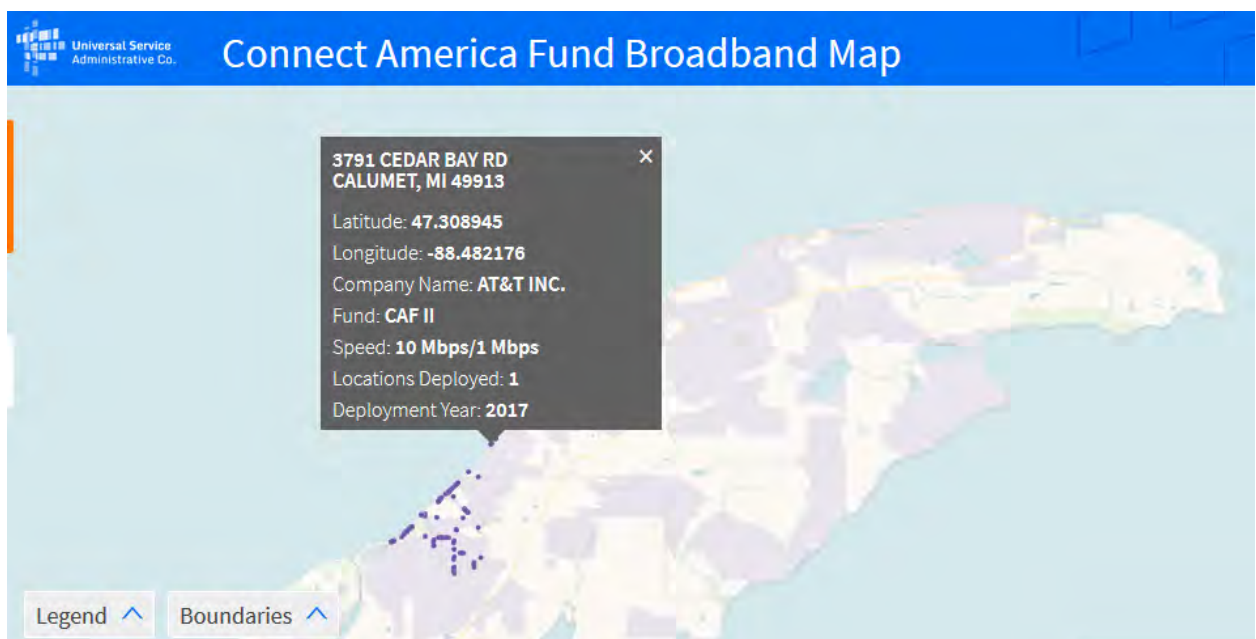
December 13, 2019

1. Based on guidance by, and conversations with, CMIC officials, Baraga Telephone Company (“BTC” or the “Company”) believed its proposed funded area was all in eligible unserved areas of the state. The term “CAF funded” was not explicitly communicated in a way that BTC and other applicants would understand to mean that all price cap areas that received CAF model-based support were ineligible. BTC determined the area that it is seeking funding for by prioritizing unserved areas over CAF funded areas, consistent with the USDA ReConnect program where applicants can apply in almost any FCC-funded areas that are unserved by 10/1 Mbps, with only a few exceptions. BTC conducted research to determine that its proposed fiber route specifically will reach unserved areas and deliver high-speed broadband service to residents and businesses that have never had truly fast and reliable internet service.

One such conversation was when BTC met with Tom Stephenson from Connect Michigan in Baraga’s office on April 10, 2019 to talk about the then upcoming CMIC program. Proposed areas of potential application within Keweenaw County, details of BTC’s work on determining the unserved nature of these areas, as well as other topics related to CMIC were discussed in detail. It was well known to all present in the conversation that other than one or two WISPs, which never provided reliable and high-speed broadband, and satellite providers, this area has never seen and *will likely never see* proper deployment of broadband. Baraga was, accordingly, encouraged by Tom to consider applying for the grant.

2. The fact that an area is unserved by even low speeds such as 10/1 Mbps, in approaching year 2020, should be taken as more important than if a geographic area is “funded” by the FCC. Even if an area is funded, the company receiving funds may lack an incentive to complete a costly build-out to remote areas with difficult terrain. Also, by the metrics used to report deployment coverage to the FCC, incumbent providers might only serve one or a few locations closest to their facilities in a census block that may include additional locations that will then remain unserved. Other government entities that provide targeted funding for broadband including USDA and other states have recognized that broadband coverage reporting is considerably overstated and inaccurate; and that many unserved areas remain despite companies receiving billions in high-cost USF support to deploy broadband. There is logic and fiscal responsibility in not using state funding to deploy broadband in areas of the state that are funded *and* served, but when so many parts of the state are funded and unserved with 10/1 Mbps it makes sense to focus the state’s money on where broadband is most urgently needed which could include areas that receive funding from an FCC mechanism but the recipient of the funding has demonstrated no efforts to serve certain areas.

Baraga's proposed grant area is one such area where this appears to be the case. The Connect America Fund Broadband Map, shown below, shows exact locations where recipients of the different FCC CAF mechanisms have deployed broadband. In the area where Baraga applied for a CMIC grant, AT&T is the recipient of model-based CAF support. However, AT&T has not reported any locations where 10/1 Mbps, the lowest possible speed, has been deployed. In fact, AT&T's reported deployment is considerably far from Baraga's grant area, such that it does not seem likely that locations in the grant area would have broadband from AT&T for quite some time. They may *never* have fiber-to-the-home speeds. AT&T has just one more year to complete its CAF-supported buildout, and BTC knows that the construction season and geographical challenges of this area make it unlikely that AT&T will construct fiber facilities here before the end of CAF Phase II support. Furthermore, just because AT&T receives funding for locations in those blocks, does not mean that they intend to use funds specifically for those census blocks. Broadband location reporting milestones are permissive to "shifting" locations from one funded block to another particularly if one block has more locations than the model originally determined based on 2010 census data. If AT&T "found" the same number of locations as in the census blocks where BTC is seeking a grant in other parts of the state, it would be able to meet its buildout obligation without specifically deploying broadband in these hard-to-reach and rugged census blocks. All this is to say, the residents and businesses in the census blocks where BTC seeks funding have already waited years for basic internet service. These people want to expand their businesses, draw people to the area, work from home, take college classes online, and participate in telemedicine. To them, being told that they must wait until AT&T extends service because of a complicated system of federal subsidies that prevent Michigan from taking care of its own, will be hard to hear.



Source: <https://data.usac.org/publicreports/caf-map/>

3. By removing all blocks that receive any CAF support, the remaining unserved and unfunded census blocks in Michigan are sparsely populated, some of which with zero population, mostly noncontiguous, lacking in anchor institutions, and remote. BTC does not dispute that these blocks need service and should be included in eligible areas; but for the most part, the surrounding, funded census blocks are critical to be included in infrastructure just to reach the remote eligible blocks. For example, in the map above, the light purple census blocks are AT&T funded blocks, and the white blocks are categorized as “extremely high cost” blocks which are completely unserved and eligible for CMIC funding. In order for BTC to build a network to the white blocks, it would have to either build a complicated and unreasonable path around the purple blocks, or transverse them which would not be funded. Furthermore, most of the unserved and unfunded blocks in Michigan are sparsely populated and therefore there is a low business case to invest in these areas without sufficient funding. The FCC included the unfunded and unserved census blocks in Michigan in the CAF Phase II Auction in 2018, and there was very little demand for funding in these blocks—and even fewer winners. Most of the unserved and unfunded blocks in Michigan were “left on the table.”

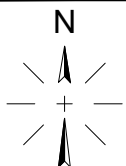
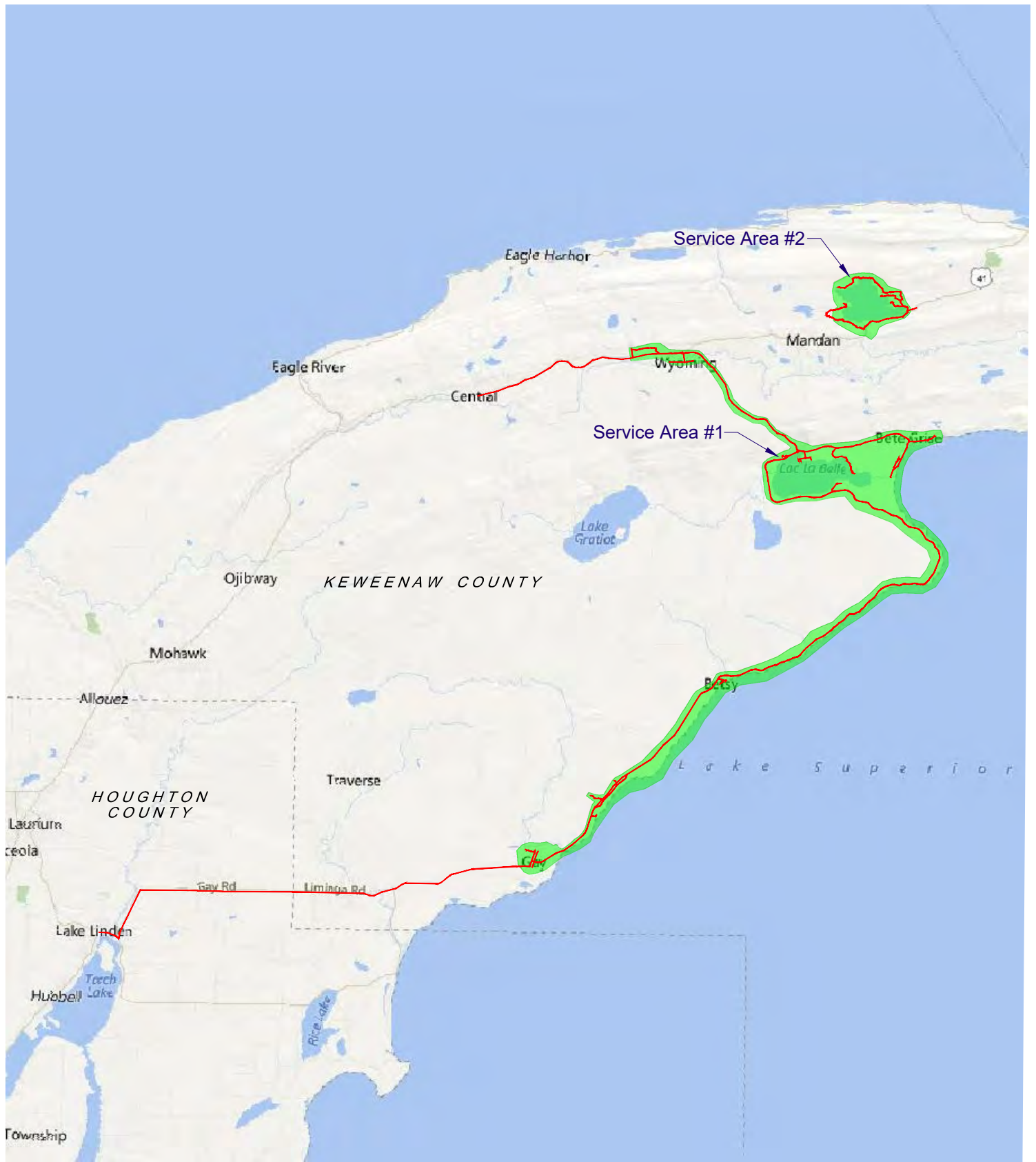
Keweenaw County, which encompasses the Company’s proposed service area, is considered rural with a population of less than six people per square mile. More than 90% of this rural population resides along the shorelines of Lake Superior or inner lakes, hence spread over large linear distances. BTC’s proposed fiber route provides the most efficient construction schedule to serve all the unserved residents, whether they be within CAF eligible or “extreme high cost” blocks. Removing CAF eligible blocks will simply make for an unfeasible case to serve the community. Again, these residents, regardless of which census block they reside, are all unserved.

BTC believes that excluding unserved census blocks in CAF funded areas, particularly the price cap carrier areas, is a mistake that is inconsistent with other grant programs including USDA’s ReConnect, and is a direct contradiction of the stated goals of the CMIC grant by Governor Gretchen Whitmer. She has stated that high-speed internet “is a must to compete in today’s society,” and “[c]onnecting all Michigan communities with broadband service is about leveling the playing field for every child and small business in the state.” The unserved area where BTC is applying for CMIC funding would enhance the lives of individuals and the stability of small businesses; it would most certainly allow those who live, work, and vacation in the area “to fully explore their passions, no matter where they live, and not be held back by a lack of infrastructure.” BTC’s application specifically seeks to deploy FTTH in areas that currently lack any infrastructure, and most likely will not for years absent grant funding for this area.

*Attachment 1: Map of proposed service area
(including both last mile coverage and middle
mile routes)*

Name of Attachment 1:

BaragaTelephoneCompany_Attachment_1_pdf



Legend



Service Area



Fiber Optic Routes

Baraga Telephone Company
Connecting Michigan Communities Grant

Attachment 1 - Map of Proposed Service Area

Attachment 3: *Spreadsheet of census blocks that are part of the proposed service area*

Name of Attachment 3:

BaragaTelephoneCompany_Attachment_3_pdf

Baraga Telephone Company

Census Blocks in Grant Areas

Census Block	Housing	Population	Service to whole or part?	Whole or part in PSA?
260830001001407	0	0	whole	whole
260830001001421	2	3	whole	whole
260830001001408	9	6	whole	whole
260830001001422	1	0	whole	whole
260830001001197	0	0	part	part
260830001001405	0	0	part	part
260830001001404	0	0	whole	whole
260830001001215	0	0	whole	whole
260830001001210	11	0	part	part
260830001001402	4	1	whole	whole
260830001001211	2	0	part	part
260830001001213	0	0	part	part
260830001001214	0	0	whole	whole
260830001001159	1	0	whole	whole
260830001001208	7	0	whole	whole
260830001001012	20	2	part	part
260830001001406	39	21	whole	whole
260830001001418	3	2	whole	whole
260830001001409	12	9	whole	whole
260830001001209	12	3	part	part
260830001001241	1	1	whole	whole
260830001001242	24	6	whole	whole
260830001001018	76	40	whole	whole
260830001001250	16	1	whole	whole
260830001001019	26	9	whole	whole
260830001001356	3	2	whole	whole
260830001001357	4	0	whole	whole
260830001001262	1	0	part	part
260830001001015	11	1	whole	whole
260830001001358	0	0	whole	whole
260830001001369	0	0	whole	whole
260830001001370	0	0	part	part
260830001001371	1	0	part	part
260830001001368	41	9	whole	whole
260830001001362	13	13	whole	whole
260830001001351	2	0	whole	whole
260830001001361	4	1	whole	whole
260830001001364	5	6	whole	whole
260830001001365	4	3	whole	whole
260830001001363	8	7	whole	whole
260830001001390	0	0	whole	whole
260830001001389	13	7	whole	whole
260830001001360	14	4	whole	whole
260830001001366	7	7	part	part

Baraga Telephone Company

Census Blocks in Grant Areas

260830001001168	7	2 part	part
260830001001165	0	0 whole	whole
260830001001110	0	0 whole	whole
260830001001164	4	0 whole	whole
260830001001166	24	0 whole	whole
260830001001106	46	13 part	part
260830001001348	11	0 part	part
260830001001352	2	0 part	part
260830001001359	1	0 part	part
260830001001353	2	0 part	part
260830001001355	0	0 part	part
260830001001248	2	0 part	part
260830001001254	0	0 part	part
260830001001251	0	0 whole	whole
260830001001252	0	0 whole	whole
260830001001253	0	0 whole	whole
260830001001243	0	0 part	part
260830001001240	1	0 part	part
260830001001403	0	0 part	part
260830001001160	0	0 part	part
260830001001216	0	0 part	part
260830001001158	0	0 whole	whole



**SUPERIOR
NATIONAL**
Bank and Trust

AVAILABLE BALANCE CONFIRMATION

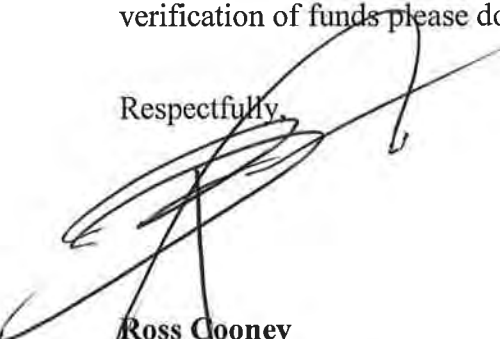
To: Connecting Michigan Communities Grant
Department of Technology, Management & Budget
State of Michigan

Re: Baraga Telephone Company
204 State Street
P.O. Box 9
Baraga, MI 49908

Date:	August 26, 2019
Account Types:	
Present Balance:	USD [REDACTED]
YTD Average Balance:	USD [REDACTED]
Previous YTD Average:	USD [REDACTED]
Customer Since:	
Description:	Verification of Funds

We, Superior National Bank & Trust Company, confirm that our client, Baraga Telephone Company, currently has available on deposit USD \$ [REDACTED]. The funds are available for immediate use. This letter puts no financial obligation on said funds. These funds are clear of any holds, liens or encumbrances. Should you require additional verification of funds please do not hesitate to contact me.

Respectfully,


Ross Cooney
V.P. Business Lending Director
Direct Ph: (906) 696-2313

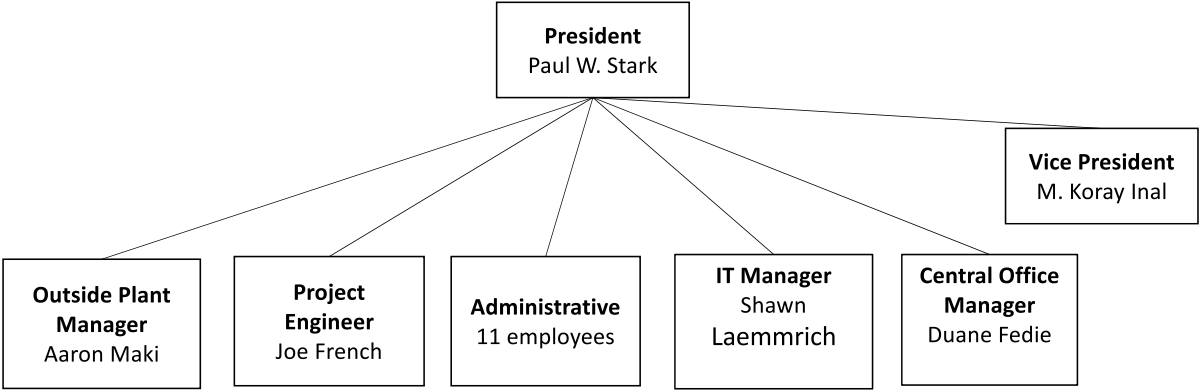
People You Know. The Bank You Trust.

Attachment 5: *Applicant organizational chart*

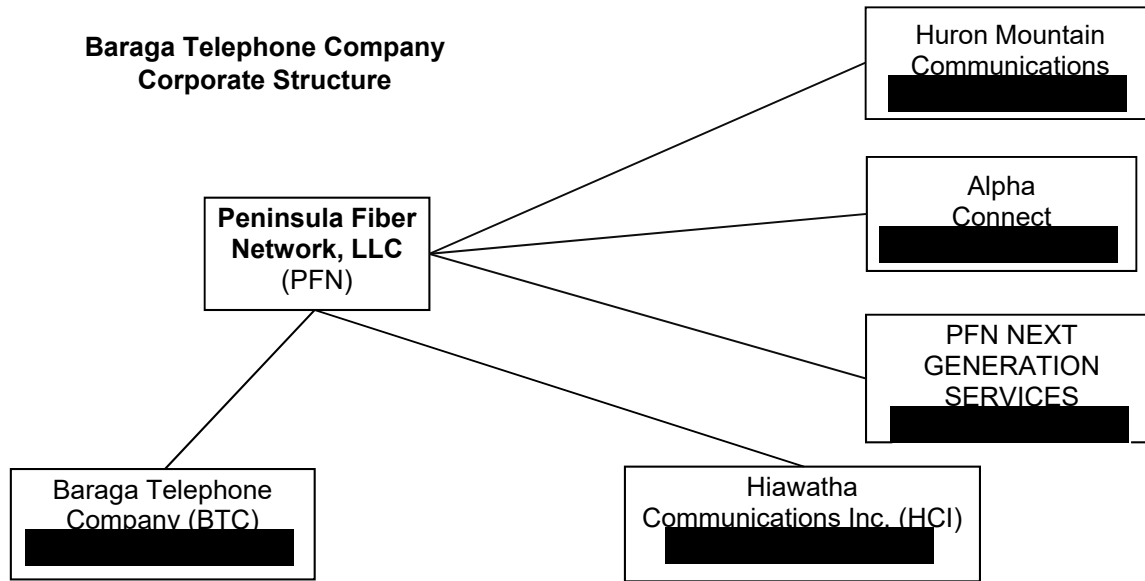
Name of Attachment 5:

BaragaTelephoneCompany_Attachment_5_pdf

Baraga Telephone Company Organizational Chart



**Baraga Telephone Company
Corporate Structure**



*Attachment 6: Resumes of key officers,
management personnel, and proposed project
management team*

Name of Attachment 6:

BaragaTelephoneCompany_Attachment_6_pdf

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204 State St. P. O. Box 9
Baraga, Mi. 49908

(906) 353 – 6644 Fax (906) 353 - 7550

Baraga Telephone Co.

May 15, 2019

Resume: Paul W. Stark pwstark@up.net
President, Baraga Telephone Company

Education & Military Service:

1966	Graduate from Baraga High School
1970	Graduate from Michigan Technological University BS EE
1970 – 1972	Military service, stationed in Germany. I served in the Army Signal Corps. and received an Honorable Discharge.
1973 – 1974	Graduate school Mich. Tech University. Masters Degree in Geophysics

Professional Experience:

1972 – 1973	I worked for Stromberg Carlson in Rochester, N.Y.
1974 – 1984	I worked for Schlumberger Offshore Services. I started as a Field Engineer in the North Sea. We then moved to Louisiana where I Served as a Field Service Manager with about seven engineers and crews working under my supervision. Later I managed a computing center and became a Senior Log Analyst. Well Logs are down hole measurements of oil wells.
1984 – 2004	Engineer, Baraga Telephone Company, (BTC). In 1986 we purchased the adjoining L’Anse Telephone Exchange from GTE. In 1995 BTC started Dial Up internet service in our associated Telephone Exchanges. In 2001 BTC started High Speed Internet (DSL) service.
2004 – Present	President and General Manager of the Baraga Telephone Company.
1990 – 1998	I was the President of the Village of Baraga. I served four two year terms. Later I served one four year term on our Village Counsel.

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M. KORAY INAL

Baraga Telephone Company
PO Box 9 Baraga, MI 49908
Ph: 906 353 6644
E-mail: kinal@up.net

Education: PhD, Mechanical Engineering, 2005
Michigan Technological University
Houghton, MI, 49908

B.S., Chemical Engineering, 2001
Hacettepe University
Ankara, TURKEY

Tarsus American High School, 1995
Tarsus, Turkey

Professional Experience:

February 2009 - Present Baraga Telephone Company, Baraga, MI
Vice President

2005 – 2009 Caterpillar Inc., Peoria, IL. 3 years as a senior engineer in Peoria, IL and
Peterborough, UK facilities. 1 year as black-belt project leader for
engineering projects.

2001 - 2005 Michigan Technological University, Houghton, MI
Worked as a teaching assistant for various engineering courses.

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204 State St. P. O. Box 9
Baraga, Mi. 49908
(906) 353 – 6644
Fax (906) 353 - 7550

Baraga Telephone Co.

Management Experience

Paul W. Stark, President, BS Electrical Engineering, MS Geophysics

Responsible for the overall management, direction and focus of Baraga Telephone Company. All key personnel report to Paul. He has been working at the Company since 1984, first as an engineer and then becoming President and General Manager in 2004.

M. Koray Inal, Vice President, PhD Mechanical Engineering, BS Chemical Engineering

Responsible for day to day operations of the Company and build-out project supervision. He has been at the Company for 10 years.

Jon French, Project Engineer, MS Civil Engineering

Responsible for the planning and execution of build-out projects. He has been with the Company for 15 years.

Aaron Maki, Outside Plant Manager

Responsible for Splicing and outside plant facility utilization, planning and maintenance. He has been with the Company for 20 years, in outside plant throughout his career. He provides functional supervision to other outside plant personnel.

Shawn Laemmrich, IT Manager, BS Computer Science

Responsible for the day to day maintenance of our Broadband Network that serves more than 3,000 broadband customers. He has been with the Company for 15 years.

Duane Fedie, Central Office Manager

Responsible for the maintenance of central office equipment and the interconnection of our offices with the outside world. He has been with the Company for over 25 years.

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BARAGA TELEPHONE COMPANY
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Baraga Telephone Company

Report on the Financial Statements

We have audited the accompanying financial statements of Baraga Telephone Company (a Michigan corporation) which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baraga Telephone Company as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Manes Costeiran PC

May 9, 2019

**BARAGA TELEPHONE COMPANY
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents		
Due from subscribers		
Accounts receivable - primarily connecting companies		
Inventory		
Prepaid expenses		
Total current assets		
INVESTMENTS		
PROPERTY, PLANT AND EQUIPMENT:		
Plant in service		
Plant under construction		
Less accumulated depreciation		
Net plant, property and equipment		
TOTAL ASSETS		

	2018	2017
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade		
Note payable - related party		
Accrued compensated absences		
Deferred revenue		
Other current liabilities		
Total current liabilities		
LONG-TERM LIABILITIES:		
Deferred revenue		
Total liabilities		
STOCKHOLDERS' EQUITY:		
Capital stock		
Retained earnings		
Total stockholders' equity		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		

BARAGA TELEPHONE COMPANY
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES:		
Local service		
Access service		
Internet		
Miscellaneous		
Bad debt, net of recoveries		
Total operating revenues		
OPERATING EXPENSES:		
Plant specific		
Plant non-specific:		
Network and other		
Depreciation and amortization		
Customer operations		
Corporate operations		
Internet		
Total operating expenses		
Net operating revenue		
OTHER OPERATING TAXES		
Net operating income		
OTHER INCOME:		
Interest and dividend income		
Gain on equity basis investments		
Miscellaneous income		
Total other income		
Income available for fixed charges		
INTEREST EXPENSE		
NET INCOME		

BARAGA TELEPHONE COMPANY
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017

	Capital Stock Class A	Capital Stock Class B	Retained earnings	Total
Balance at December 31, 2016	\$			
Net income				
Distributions to shareholders				
Balance at December 31, 2017				
Net income				
Distributions to shareholders				
Balance at December 31, 2018	\$			

See notes to financial statements.

BARAGA TELEPHONE COMPANY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
INCREASE IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization		
Gain on investments		
Patronage dividends		
Allowance for doubtful accounts		
Changes in operating assets/liabilities:		
Accounts receivable		
Inventories		
Prepaid expenses		
Accounts payable		
Deferred revenue		
Other current liabilities		
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property, plant, and equipment		
Proceeds from sale of equipment, net of cost of removal		
Proceeds from investments		
Net cash flows provided by investing activities		
Cash flows from financing activities:		
Principal payments on note payable - related party		
Distributions paid		
Net cash flows used by financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS:		
Beginning of year		
End of year		

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting method - The Company maintains the accounting records on the accrual basis for both financial statement and income tax purposes. Revenue is recorded when earned and expenses are charged to operations when incurred. The accounting records of the Company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Michigan Public Service Commission, which conform to accounting principles generally accepted in the United States of America (US GAAP).

Cash and cash equivalents - The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents. Those investments with original maturities of over three months to twelve months, and any mutual funds expected to be liquidated within the next twelve months, are classified as temporary investments.

Accounts receivable - Accounts receivable are stated at the amount management expects to collect on balances outstanding at year end. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of receivable accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Due from subscribers is presented net of the allowance for doubtful accounts of [REDACTED] for both December 31, 2018 and 2017. Accounts receivable - primarily connecting companies is presented net of the allowance for doubtful accounts of \$ [REDACTED] and \$ [REDACTED] at December 31, 2018 and 2017, respectively. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable.

Inventory - Inventory consists primarily of equipment held for resale and materials and supplies for additions and maintenance of the telephone plant. Inventory is valued at the lower of cost or market on a first-in first-out basis.

Investments - Investment in Peninsula Fiber Network, LLC (PFN) is accounted for under the equity method of accounting as the Company has a [REDACTED] equity interest in PFN and exercises significant influence, but not control, over the operating and financial affairs of PFN. The Company's investments in stock from patronage positions in CoBank, Federated Rural Electric and other investments are recorded at cost.

Variable Interest Entities (VIE) - The Company leases equipment from Peninsula Properties, Inc. (PPI), which is wholly owned by the owners of the Company. Management has concluded that PPI meets the definition of a VIE, but the Company is not the primary beneficiary of PPI. The Company has elected to apply the alternative accounting and disclosures for their variable interest entities provided to private companies pursuant to generally accepted accounting principles. Accordingly, the Company's financial statements do not include the accounts of PPI.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Property, plant and equipment - Purchases of property, plant and equipment are recorded at cost and depreciated utilizing the straight-line method for financial reporting purposes by the application of class or overall composite rates, based on the estimated service lives of the various classes of depreciable property. The composite depreciation rate was [REDACTED] for both of the years ended December 31, 2018 and 2017. When telephone plant is retired, its cost is removed from the asset account and charged against the depreciation reserve together with any related salvage and removal of costs. No gains or losses are recognized in connection with routine retirements of telephone depreciable property. The cost of repairs and maintenance are charged to expense when incurred. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value.

Taxes collected - Sales, use and excise taxes collected from subscribers are presented on a net basis.

Advertising - It is the policy of the Company to expense advertising costs as incurred.

Income taxes - The Company is treated as a [REDACTED] for federal and state income tax purposes. Accordingly, the Company generally does not recognize federal and state income tax expense.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Baraga Telephone Company serves telephone subscribers in Baraga, Houghton, and Ontonagon Counties in the State of Michigan. The Company's major business activity is providing local telephone exchange service and access to the public switched telephone network. The Company also provides internet access services to customers in the upper peninsula of Michigan.

The Company's cash and temporary cash investment accounts are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$ [REDACTED]. At December 31, 2018, cash account balances exceeded this limit by approximately \$ [REDACTED]. Although at various times during the year the Company's cash account balances may exceed this amount in the normal course of business, they are, in the opinion of management, subject to minimal risk. Other investments are not covered by FDIC insurance.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Continued)

The Company grants credit to customers, substantially all of whom are local residents. Additionally, the Company grants credit to interexchange carriers for access to the public switched telephone network. These trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are past due. Additionally, the Company generally does not hold financial instruments with off-balance-sheet credit risk. Approximately [REDACTED] and [REDACTED] of the Company's operating revenue was received from access service from interexchange carriers in 2018 and 2017, respectively. In addition, approximately [REDACTED] and [REDACTED] of the Company's operating revenue was received from local services and internet services for the year ended December 31, 2018 and [REDACTED] and [REDACTED] for the year ended December 31, 2017.

The Company rarely requires collateral from either its customers or telecommunications providers. Accordingly, failure to collect on these accounts would result in a direct loss of the amounts uncollected.

Compensation for interstate access services was received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the Company to the interstate interexchange carriers, and pooled with like revenues from all NECA member companies. The portion of the pooled access charge revenue received by the Company is based upon formulas derived from the national average of costs to provide access services. The Company recorded true-ups of prior years' estimated access settlements that had the net effect of increasing (decreasing) 2018 and 2017 net income in the amount of \$[REDACTED] and \$[REDACTED] respectively.

Intrastate access revenue is based on charges billed under the Company's intrastate access revenue tariff. These revenues are dependent upon actions of interexchange carriers over which the Company has no control. It is possible that changes could occur that would cause a significant impact on the Company's future revenues.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates are primarily related to the collectability of receivables, access revenue settlement amounts, depreciable lives of property, plant, and equipment, and events as of the date of the financial statements. Actual results may differ from these estimates.

In preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local returns generally remain open for examination by taxing authorities for a period of three to four years.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

The Company evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through May 9, 2019, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

At December 31, 2018 and 2017, the Company's investments consisted of the following:

	2018	2017
Equity in Peninsula Fiber Network, LLC		
At December 31, the Company's cost basis investments consisted of the following:		
CoBank Class A Common Stock		
Federated Rural Electric Patronage		
Total investments		

CoBank Class A common stock represents stock from patronage positions in the bank. The stock entitles voting rights to all eligible borrowers. In addition, the Federated Rural Electric Insurance stock represents stock from patronage positions in the Company. The stock entitles voting rights to all eligible members. The investments are adjusted annually for the Company's share in CoBank and Federated's earnings based upon patronage volume, net of equity distributions made in cash. Redemption of these equity certificates is at the discretion of the board of directors of CoBank and Federated. The Company does not believe a readily accessible market exists for these investments and accordingly are held at cost.

The Company has a [REDACTED] equity interest in Peninsula Fiber Network, LLC (PFN). The Company records this investment on the equity method. The net income of PFN is allocated based on the Company's contribution to the operating results of PFN. The Company recorded \$ [REDACTED] and \$ [REDACTED] as their share of the net income of PFN for 2018 and 2017, respectively. Additionally, the Company recorded \$ [REDACTED] and \$ [REDACTED] in distributions from PFN in 2018 and 2017, respectively.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Concluded)

Summarized information for Peninsula Fiber Network, LLC is as follows:

	<u>2018</u>	<u>2017</u>
Total assets		
Total liabilities		
Net income		

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Plant in service is summarized as follows for December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land and buildings		
General support		
Internet site equipment		
Central office equipment		
Information origination/termination		
Cable and wire facilities		
Intangibles - software		
	<u>\$</u>	

Depreciation expense was \$[REDACTED] and \$[REDACTED] in 2018 and 2017, respectively. This includes \$[REDACTED] and \$[REDACTED] in depreciation of non-telephone plant equipment in 2018 and 2017, respectively, which is included in internet operating expenses.

NOTE 5 - CONSTRUCTION EXPENDITURES

Construction and other plant expenditures totaled \$[REDACTED] and \$[REDACTED] in 2018 and 2017, respectively. Management has proposed expenditures for the expansion of plant totaling approximately \$[REDACTED] during 2019.

NOTE 6 - DEFERRED REVENUE - IRU

In 2007 the Company entered into an agreement to provide fiber routes to PFN under a 20-year Indefeasible Right to Use (IRU) agreement. A total of [REDACTED] was received from PFN and was recorded as deferred revenue to be amortized to income on a straight-line basis through January 31, 2027. \$[REDACTED] was recorded as current deferred revenue at both December 31, 2018 and 2017. \$[REDACTED] and \$[REDACTED] was recorded as long-term deferred revenue at December 31, 2018 and 2017, respectively.

BARAGA TELEPHONE COMPANY **NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - DEFERRED REVENUE - IRU (Concluded)

Additionally, in 2011 the Company entered into an agreement to provide fiber routes to Keweenaw Bay Indian Community (KBIC) under a 20-year Indefeasible Right to Use (IRU) agreement. A total of [REDACTED] was received from KBIC and was recorded as deferred revenue to be amortized to income on a straight-line basis through September 30, 2032. [REDACTED] was recorded as current deferred revenue at both December 31, 2018 and 2017. [REDACTED] and [REDACTED] was recorded as long-term deferred revenue at December 31, 2018 and 2017, respectively.

NOTE 7 - NOTE PAYABLE - RELATED PARTY

The Company's majority shareholder has loaned the Company money. The outstanding balance was [REDACTED] and [REDACTED] as of December 31, 2018 and 2017, respectively. Interest is paid at an annual rate of [REDACTED]. The note is callable at the option of the Company's shareholder.

NOTE 8 - LONG-TERM DEBT

The Company has a line of credit with Range Bank in the amount of [REDACTED] maturing January 5, 2021. The interest rate is indexed and was [REDACTED] at the date the loan was created. Substantially all of the Company's assets are collateral on the line of credit. As of December 31, 2018 and 2017, there was no outstanding balance due on the line of credit.

NOTE 9 - LEASES

The Company has entered into various lease agreements with outside parties for network circuits. The lease expense was [REDACTED] and [REDACTED] for 2018 and 2017, respectively. Included in that total is [REDACTED] and [REDACTED] of lease expense with PFN for 2018 and 2017, respectively. Lease commitments expire at various times through 2023. Future lease commitments are as follows:

	PFN	Other
2019	\$	[REDACTED]
2020		
2021		
2022		
2023		

In addition, the Company has entered into various month to month lease agreements with a related party, Peninsula Properties, Inc., for equipment. Monthly payment on the leases is approximately \$15,800 and \$6,700 for 2018 and 2017, respectively. The lease expense was \$111,579 and \$41,202 for 2018 and 2017, respectively.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - CAPITAL STOCK

The Company has Class A and Class B common stock. The Class A stock has voting rights, a [REDACTED] stated value, authorized [REDACTED] shares, and [REDACTED] shares issued and outstanding. The Class B stock is non-voting, has a \$ [REDACTED] stated value, authorized [REDACTED] shares, and [REDACTED] shares issued and outstanding.

As of December 31, 2018 and 2017, capital stock is detailed as follows:

	2018	2017
Capital Stock - A - voting	\$	[REDACTED]
Capital Stock - B - non-voting		
Total	\$	[REDACTED]

NOTE 11 - PENSION PLAN

The Company has a cash or deferred arrangement 401(K) plan administered by Mutual of America. The Company contributes [REDACTED] of wages for all eligible employees plus a [REDACTED] match of up to [REDACTED] of the employee wages. Total employer retirement contributions made to the plans for 2018 and 2017 were \$ [REDACTED] and \$ [REDACTED] respectively.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Company has recorded transactions with PFN of which the Company holds a [REDACTED] ownership interest. The table below summarizes the approximate amounts booked by the Company during 2018 and 2017.

	2018	2017
Revenue from PFN	\$	[REDACTED]
Expenses to PFN		
Aid to Construction received from PFN		
Accounts receivable at year-end from PFN		
Accounts payable at year end to PFN		

NOTE 13 - SUPPLEMENTAL CASH FLOW ITEMS

The Company paid interest in cash in the amount of \$ [REDACTED] and \$ [REDACTED] in 2018 and 2017, respectively.

BARAGA TELEPHONE COMPANY NOTES TO FINANCIAL STATEMENTS

NOTE 14 - CONTINGENCIES

The Company was named as a defendant in legal actions brought by Sprint Communications Company, L.P. (Sprint) and other plaintiffs, which allege that the Company had been erroneously billing them with respect to a certain type of toll traffic. In an order dated November 17, 2015, the Northern District of Texas Court granted the defendants joint motion to dismiss but permitted Sprint and other plaintiffs in the case to re-plead their state-law claims. There have been motions and appeals by both parties but to date the matter remains unresolved. The Company intends to vigorously oppose this lawsuit. Management is not able to predict the outcome of this litigation or estimate the amount or range of potential loss.

The Company has agreed to indemnify Capitol Indemnity Corporation/Platte River Insurance Company in regard to a performance bond for PFN. The performance bond is issued to Oakland County Michigan and is related to a PFN contract to provide next generation 911 services. Hiawatha Communications, Inc. has also agreed to the indemnity agreement. The maximum exposure to the Company and Hiawatha Communications, Inc. is \$ [REDACTED] in the event of a failure by PFN.

In the normal course of business, the Company is involved in various legal actions. Although the ultimate resolution of these matters may not be determinable, in the opinion of management, and in consultation with legal counsel, the outcome of these actions is not expected to have a material adverse impact on the Company's financial position.

NOTE 15 - SUBSEQUENT EVENTS

On January 10, 2019, the Company loaned Peninsula Fiber Network, LLC \$ [REDACTED] on a line of credit. The line of credit is unsecured, carries an annual interest rate of [REDACTED] and expires on January 7, 2029, at which time all outstanding amounts will be due.

On May 2, 2019, the Company received an offer to accept funding from the FCC as part of the Alternative Connect America Model (A-CAM) program. Management intends to accept the offer. The Company will receive annual support of \$ [REDACTED] for a ten year period from 2019 to 2028, which will be recorded as operating revenue. The funding will replace interstate carrier common line and high cost loop funding which was approximately \$ [REDACTED] in 2018. The A-CAM support is contingent upon the Company building a fiber optic cable network capable of connecting [REDACTED] census blocks to the broadband network and enabling the subscribers to obtain various prescribed connection speeds. Additionally, the funding has various completion deadlines. Failure to meet the program requirements will result in some or all of the funding being forfeited. The Company has not quantified the cost of the plant construction related to this project but management believes that the funding is sufficient to support the construction cost. In addition, management is confident the construction will be completed in the specified timeline and to the technical specification required.

SUPPLEMENTARY INFORMATION

BARAGA TELEPHONE COMPANY
SCHEDULES OF INCOME FROM INTERNET OPERATIONS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES:		
Recurring monthly revenue		
Installation		
Equipment sales		
Miscellaneous revenue		
Total operating revenues		
OPERATING EXPENSES:		
Equipment sales		
Depreciation		
Facility access charge		
Sales and billing		
Advertising		
Administration		
Miscellaneous expenses		
Total operating expenses		
NET INCOME		

BARAGA TELEPHONE COMPANY
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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To the Board of Directors of
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Report on the Financial Statements

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Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baraga Telephone Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Manes Costeiran PC

April 26, 2018

BARAGA TELEPHONE COMPANY
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents		
Due from subscribers		
Accounts receivable - primarily connecting companies		
Inventory		
Prepaid expenses		
Total current assets		
INVESTMENTS		
PLANT, PROPERTY AND EQUIPMENT:		
Plant in service		
Plant under construction		
Less accumulated depreciation		
Net plant, property and equipment		
 TOTAL ASSETS		

	2017	2016
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade		
Note payable - related party		
Accrued compensated absences		
Deferred revenue		
Other current liabilities		
Total current liabilities		
LONG-TERM LIABILITIES:		
Deferred revenue		
Total liabilities		
STOCKHOLDERS' EQUITY:		
Capital stock		
Retained earnings		
Total stockholders' equity		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		

BARAGA TELEPHONE COMPANY
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES:		
Local service		
Access service		
Internet		
Miscellaneous		
Bad debt, net of recoveries		
Total operating revenues		
OPERATING EXPENSES:		
Plant specific		
Plant non-specific:		
Network and other		
Depreciation and amortization		
Customer operations		
Corporate operations		
Internet		
Total operating expenses		
Net operating revenue		
OTHER OPERATING TAXES		
Net operating income		
OTHER INCOME:		
Interest and dividend income		
Gain on equity basis investments		
Miscellaneous income		
Total other income		
Income available for fixed charges		
INTEREST EXPENSE		
NET INCOME		

BARAGA TELEPHONE COMPANY
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016

	Capital Stock Class A	Capital Stock Class B	Retained earnings	Total
Balance at December 31, 2015				
Net income				
Distributions to shareholders				
Balance at December 31, 2016				
Net income				
Distributions to shareholders				
Balance at December 31, 2017				

See notes to financial statements.

BARAGA TELEPHONE COMPANY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
INCREASE IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		
Gain on investments		
Patronage dividends		
Allowance for doubtful accounts		
Changes in operating assets/liabilities:		
Accounts receivable		
Inventories		
Prepaid expenses		
Accounts payable		
Deferred revenue		
Other current liabilities		
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property, plant, and equipment		
Proceeds from sale of equipment, net of cost of removal		
Proceeds from investments		
Net cash flows provided (used) by investing activities		
Cash flows from financing activities:		
Principal payments on note payable - related party		
Distributions paid		
Net cash flows used by financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS:		
Beginning of year		
End of year		

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting method - The Company maintains the accounting records on the accrual basis for both financial statement and income tax purposes. Revenue is recorded when earned and expenses are charged to operations when incurred. The accounting records of the Company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Michigan Public Service Commission, which conform to accounting principles generally accepted in the United States of America (US GAAP).

Cash and cash equivalents - The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash. Those investments with original maturities of over three months to twelve months, and any mutual funds expected to be liquidated within the next twelve months, are classified as temporary investments.

Accounts receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Due from subscribers is presented net of the allowance for doubtful accounts of \$ [REDACTED] for both December 31, 2017 and 2016. Accounts receivable - primarily connecting companies is presented net of the allowance for doubtful accounts of \$ [REDACTED] and \$ [REDACTED] at December 31, 2017 and 2016, respectively. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable.

Inventory - Inventory consists primarily of equipment held for resale and materials and supplies for additions and maintenance of the telephone plant. Inventory is valued at the lower of cost or market on a first-in first-out basis.

Investments - Investment in Peninsula Fiber Network, LLC (PFN) is accounted for under the equity method of accounting as the Company has a [REDACTED] equity interest in PFN and exercises significant influence, but not control, over the operating and financial affairs of PFN. The Company's investments in stock from patronage positions in CoBank and other investments are recorded at cost.

Variable Interest Entities (VIE) - During 2017, the Company began leasing equipment from Peninsula Properties, Inc. (PPI), which is wholly owned by the owners of the Company. Management has concluded that PPI meets the definition of a VIE, but the Company is not the primary beneficiary of PPI. The Company has elected to apply the alternative accounting and disclosures for their variable interest entities provided to private companies pursuant to generally accepted accounting principles. Accordingly, the Company's financial statements do not include the accounts of PPI.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Property, plant and equipment - Purchases of property, plant and equipment are recorded at cost and depreciated utilizing the straight-line method for financial reporting purposes by the application of class or overall composite rates, based on the estimated service lives of the various classes of depreciable property. The composite depreciation rate was [REDACTED] for both of the years ended December 31, 2017 and 2016. When telephone plant is retired, its cost is removed from the asset account and charged against the depreciation reserve together with any related salvage and removal of costs. No gains or losses are recognized in connection with routine retirements of telephone depreciable property. The cost of repairs and maintenance are charged to expense when incurred. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value.

Taxes collected - Sales, use and excise taxes collected from subscribers are presented on a net basis.

Advertising - It is the policy of the Company to expense advertising costs as incurred.

Income taxes - The Company is treated as a subchapter S corporation for federal and state income tax purposes. Accordingly, the Company generally does not recognize federal and state income tax expense.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Baraga Telephone Company serves telephone subscribers in Baraga, Houghton, and Ontonagon Counties in the State of Michigan. The Company's major business activity is providing local telephone exchange service and access to the public switched telephone network. The Company also provides internet access services to customers in the upper peninsula of Michigan.

The Company's cash and temporary cash investment accounts are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$[REDACTED]. At various times during the year the Company's cash account balances exceeded this amount in the normal course of business. At December 31, 2017, cash account balances exceeded this limit by approximately \$[REDACTED]. Other investments are not covered by FDIC insurance.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Continued)

The Company grants credit to customers, substantially all of whom are local residents. Additionally, the Company grants credit to interexchange carriers for access to the public switched telephone network. These trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are past due. Additionally, the Company generally does not hold financial instruments with off-balance-sheet credit risk. Approximately [REDACTED] and [REDACTED] of the Company's operating revenue was received from access service from interexchange carriers in 2017 and 2016, respectively. Approximately [REDACTED] and [REDACTED] of the Company's operating revenue was received from local services and internet services for the year ended December 31, 2017 and [REDACTED] and [REDACTED] for the year ended December 31, 2016.

The Company rarely requires collateral from either its customers or telecommunications providers. Accordingly, failure to collect on these accounts would result in a direct loss of the amounts uncollected.

Compensation for interstate access services was received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the Company to the interstate interexchange carriers, and pooled with like revenues from all NECA member companies. The portion of the pooled access charge revenue received by the Company is based upon formulas derived from the national average of costs to provide access services. The Company recorded true-ups of prior years' estimated access settlements that had the net effect of decreasing income by \$ [REDACTED] and \$ [REDACTED] for 2017 and 2016, respectively.

Intrastate and local access revenue is based on charges billed under the Company's intrastate access revenue tariff or interconnection agreements. These revenues are dependent upon actions of interexchange carriers over which the Company has no control. It is possible that changes could occur that would cause a significant impact on the Company's future revenues.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to collectability of receivables, access revenue settlement amounts, depreciable lives of property, plant, and equipment, and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

In preparation of tax returns, tax positions are taken based on interpretation of federal and state income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal and state returns generally remain open for examination by taxing authorities for a period of three to four years.

BARAGA TELEPHONE COMPANY **NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

The Company evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through April 26, 2018, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

At December 31, 2017 and 2016, the Company's investments consisted of the following:

	<u>2017</u>	<u>2016</u>
Equity in Peninsula Fiber Network, LLC		
At December 31, the Company's cost basis investments consisted of the following:		
CoBank Class A Common Stock		
Federated Rural Electric Patronage		
Total investments		

CoBank Class A common stock represents stock from patronage positions in the bank. The stock entitles voting rights to all eligible borrowers. In addition the Federated Rural Electric Insurance stock represents stock from patronage positions in the Company. The stock entitles voting rights to all eligible members. The investments are adjusted annually for the Corporation's share in CoBank and Federated's earnings based upon patronage volume, net of equity distributions made in cash. Redemption of these equity certificates is at the discretion of the board of directors of the CoBank and Federated. The Corporation does not believe a readily accessible market exists for these investments and accordingly are held at cost.

The fair value of the cost method investments has not been estimated since no identified events or changes in circumstances that may have a significant adverse effect on those investments has occurred and the Company is exempt from estimating annual fair values.

The Company has a [REDACTED] equity interest in Peninsula Fiber Network, LLC (PFN). The Company records this investment on the equity method. The net income of PFN is allocated based on the Company's contribution to the operating results of PFN. The Company recorded \$[REDACTED] and \$[REDACTED] as their share of the net income of PFN for 2017 and 2016, respectively. Additionally, the Company recorded \$[REDACTED] and \$[REDACTED] in distributions from PFN in 2017 and 2016, respectively.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Concluded)

Summarized information for Peninsula Fiber Network, LLC is as follows:

	<u>2017</u>	<u>2016</u>
Total assets		
Total liabilities		
Net income		

NOTE 4 - PLANT, PROPERTY AND EQUIPMENT

Plant in service is summarized as follows for December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land and buildings		
General support		
Internet site equipment		
Central office equipment		
Information origination/termination		
Cable and wire facilities		
Intangibles - software		

Depreciation expense aggregated \$[REDACTED] in 2017 and \$[REDACTED] in 2016. This includes \$[REDACTED] and \$[REDACTED] in depreciation of non-telephone plant equipment in 2017 and 2016, respectively, which is included in internet operating expenses.

NOTE 5 - CONSTRUCTION EXPENDITURES

Telecommunications construction expenditures totaled \$[REDACTED] and \$[REDACTED] in 2017 and 2016, respectively. Expenditures for expansion of telecommunications plant are expected to total approximately \$[REDACTED] during 2018.

NOTE 6 - DEFERRED REVENUE - IRU

In 2007 the Company entered into an agreement to provide fiber routes to PFN under a 20-year Indefeasible Right to Use (IRU) agreement. A total of \$101,658 was received from PFN and was recorded as deferred revenue to be amortized to income on a straight-line basis through January 31, 2027. \$[REDACTED] was recorded as current deferred revenue at both December 31, 2017 and 2016. \$[REDACTED] and \$[REDACTED] was recorded as long-term deferred revenue at December 31, 2017 and 2016, respectively.

BARAGA TELEPHONE COMPANY **NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - DEFERRED REVENUE - IRU (Concluded)

Additionally, in 2011 the Company entered into an agreement to provide fiber routes to Keweenaw Bay Indian Community (KBIC) under a 20-year Indefeasible Right to Use (IRU) agreement. A total of \$[REDACTED] was received from KBIC and was recorded as deferred revenue to be amortized to income on a straight-line basis through September 30, 2032. \$[REDACTED] was recorded as current deferred revenue at both December 31, 2017 and 2016. \$[REDACTED] and \$[REDACTED] was recorded as long-term deferred revenue at December 31, 2017 and 2016, respectively.

NOTE 7 - NOTE PAYABLE - RELATED PARTY

The Company's majority shareholder has loaned the Company money. The outstanding balance was \$[REDACTED] and \$[REDACTED] as of December 31, 2017 and 2016, respectively. Interest is paid at an annual rate of [REDACTED]. The note is callable at the option of the Company's shareholder.

NOTE 8 - LONG-TERM DEBT

The Company has a line of credit with Range Bank in the amount of \$[REDACTED] maturing January 5, 2019. The interest rate is indexed and was [REDACTED] at the date the loan was created. Substantially all of the Company's assets are collateral on the line of credit. As of December 31, 2017 and 2016, there was no outstanding balance due on the line of credit.

NOTE 9 - LEASES

The Company has entered into various lease agreements with outside parties for network circuits. The lease expense was \$[REDACTED] and \$[REDACTED] for 2017 and 2016, respectively. Included in that total is \$[REDACTED] and \$[REDACTED] of lease expense with PFN for 2017 and 2016, respectively. Lease commitments expire at various times through 2023. Future lease commitments are as follows:

	PFN	Other
2018		
2019		
2020		
2021		
2022		

In addition, in 2017 the Company entered into various month to month lease agreements with a related party, Peninsula Properties, Inc., for equipment. Monthly payment on the leases is approximately \$[REDACTED]. The lease expense was \$[REDACTED] for 2017.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - CAPITAL STOCK

The Company has Class A and Class B common stock. The Class A stock has voting rights and Class B stock is non-voting. Class A stock has a \$10 stated value, authorized [REDACTED] shares, [REDACTED] shares issued and outstanding. Class B stock has a \$[REDACTED] stated value, authorized 960 shares; [REDACTED] shares issued and outstanding.

As of December 31, 2017 and 2016, capital stock is detailed as follows:

	2017	2016
Capital Stock - A - voting		
Capital Stock - B - non-voting		
Total		

NOTE 11 - PENSION PLAN

The Company has a cash or deferred arrangement 401(K) plan administered by Mutual of America. The Company contributes [REDACTED] of wages for all eligible employees plus a [REDACTED] match of up to [REDACTED] of the employee wages. Total employer retirement contributions made to the plans for 2017 and 2016 were \$[REDACTED] and \$[REDACTED] respectively.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Company has recorded transactions with PFN of which the Company holds a [REDACTED] ownership interest. The table below summarizes the approximate amounts booked by the Company during 2017 and 2016.

	2017	2016
Revenue from PFN		
Expenses to PFN		
Aid to Construction received from PFN		
Accounts receivable at year-end from PFN		
Accounts payable at year end to PFN		

NOTE 13 - SUPPLEMENTAL CASH FLOW ITEMS

The Company paid interest in cash in the amount of \$[REDACTED] and \$[REDACTED] in 2017 and 2016, respectively.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - CONTINGENCIES

The Company was named as a defendant in legal actions brought by Verizon Select Services Inc. (Verizon) which allege that the Company had been erroneously billing them with respect to a certain type of toll traffic. The case was consolidated with numerous similar suits throughout the country in the Northern District in Texas. In an order dated November 17, 2015, the Northern District of Texas Court granted the defendants joint motion to dismiss but permitted Sprint and Verizon to re-plead their state-law claims. On December 22, 2015, Sprint and Verizon filed a motion asking the Court to designate the November 17, 2015 ruling dismissing their federal claims as a “final judgment” which would render those issues ripe for an immediate appeal. The Court denied that motion. Sprint refiled its state law claims on May 16, 2016. The Company joined other Local Exchange Carriers in filing a motion to strike or dismiss those claims on June 30, 2016. The Court granted that motion on May 3, 2017. The LEC’s will file a motion for summary judgment in March of 2018, the ruling on which will establish the facts for Sprint and Verizon’s appeal of the court’s decision on the motion to dismiss. The Company intends to vigorously oppose this lawsuit. Management is not able to predict the outcome of this litigation or estimate the amount or range of potential loss.

The Company has agreed to indemnify Capitol Indemnity Corporation/Platte River Insurance Company in regard to a performance bond for PFN. The performance bond is issued to Oakland County Michigan and is related to a PFN contract to provide Next Generation 911 services. Hiawatha Communications, Inc. has also agreed to the indemnity agreement. The maximum exposure to the Company and Hiawatha Communications, Inc. is \$ [REDACTED] in the event of a failure by PFN.

In the normal course of business, the Company is involved in various legal actions. Although the ultimate resolution of these matters may not be determinable, in the opinion of management, and in consultation with legal counsel, the outcome of these actions is not expected to have a material adverse impact on the Company’s financial position.

SUPPLEMENTARY INFORMATION

BARAGA TELEPHONE COMPANY
SCHEDULES OF INCOME FROM INTERNET OPERATIONS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES:		
Recurring monthly revenue		
Installation		
Equipment sales		
Miscellaneous revenue		
Total operating revenues		
OPERATING EXPENSES:		
Equipment sales		
Depreciation		
Facility access charge		
Sales and billing		
Advertising		
Administration		
Miscellaneous expenses		
Total operating expenses		
NET INCOME		

BARAGA TELEPHONE COMPANY
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

CONTENTS

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Statements of cash flows	9
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Schedules of income from internet operations	20

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Baraga Telephone Company

Report on the Financial Statements

We have audited the accompanying financial statements of Baraga Telephone Company (a Michigan corporation) which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baraga Telephone Company as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Maney Costeiran PC

April 21, 2017

BARAGA TELEPHONE COMPANY
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents		
Due from subscribers		
Accounts receivable - primarily connecting companies		
Inventory		
Prepaid expenses		
Total current assets		
INVESTMENTS		
PLANT, PROPERTY AND EQUIPMENT:		
Plant in service		
Plant under construction		
Less: accumulated depreciation		
Net plant, property and equipment		
 TOTAL ASSETS		

	2016	2015
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade		
Note payable - related party		
Accrued compensated absences		
Deferred revenue		
Other current liabilities		
Total current liabilities		
LONG-TERM LIABILITIES:		
Deferred revenue		
Total liabilities		
STOCKHOLDERS' EQUITY:		
Capital stock		
Retained earnings		
Total stockholders' equity		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		

BARAGA TELEPHONE COMPANY
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES:		
Local service		
Access service		
Internet		
Miscellaneous		
Bad debt, net of recoveries		
Total operating revenues		
OPERATING EXPENSES:		
Plant specific		
Plant non-specific:		
Network and other		
Depreciation and amortization		
Customer operations		
Corporate operations		
Internet		
Total operating expenses		
Net operating revenue		
OTHER OPERATING TAXES		
Net operating income		
OTHER INCOME:		
Interest and dividend income		
Gain on equity basis investments		
Miscellaneous income		
Total other income		
Income available for fixed charges		
INTEREST EXPENSE		
NET INCOME		

BARAGA TELEPHONE COMPANY
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015

	Capital Stock Class A	Capital Stock Class B	Retained Earnings	Total
Balance at December 31, 2014				
Net income				
Distributions to shareholders				
Balance at December 31, 2015				
Net income				
Distributions to shareholders				
Balance at December 31, 2016				

See notes to financial statements.

BARAGA TELEPHONE COMPANY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization		
Gain on investments		
Patronage dividends		
Allowance for doubtful accounts		
Changes in operating assets/liabilities:		
Accounts receivable		
Inventories		
Prepaid expenses		
Accounts payable		
Deferred revenue		
Other current liabilities		
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property, plant, and equipment		
Proceeds from sale of equipment, net of cost of removal		
Proceeds from investments		
Net cash flows provided (used) by investing activities		
Cash flows from financing activities:		
Proceeds from long-term debt		
Principal payments on note payable - related party		
Principal payments on long-term debt		
Distributions paid		
Net cash flows used by financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS:		
Beginning of year		
End of year		

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting method - The Company maintains the accounting records on the accrual basis for both financial statement and income tax purposes. Revenue is recorded when earned and expenses are charged to operations when incurred. The accounting records of the Company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Michigan Public Service Commission, which conform to accounting principles generally accepted in the United States of America (US GAAP).

Cash and cash equivalents - The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash. Those investments with original maturities of over three months to twelve months, and any mutual funds expected to be liquidated within the next twelve months, are classified as temporary investments.

Accounts receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Due from subscribers is presented net of the allowance for doubtful accounts of \$ [REDACTED] for both December 31, 2016 and 2015. Accounts receivable - primarily connecting companies is presented net of the allowance for doubtful accounts of \$ [REDACTED] and \$ [REDACTED] at December 31, 2016 and 2015, respectively. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable.

Inventory - Inventory consists primarily of equipment held for resale and materials and supplies for additions and maintenance of the telephone plant. Inventory is valued at the lower of cost or market on a first-in first-out basis.

Investments - Investment in Peninsula Fiber Network, LLC (PFN) is accounted for under the equity method of accounting as the Company has a [REDACTED] equity interest in PFN and exercises significant influence, but not control, over the operating and financial affairs of PFN. The Company's investments in stock from patronage positions in CoBank and other investments are recorded at cost.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Property, plant and equipment - Purchases of property, plant and equipment are recorded at cost and depreciated utilizing the straight-line method for financial reporting purposes by the application of class or overall composite rates, based on the estimated service lives of the various classes of depreciable property. The composite depreciation rate was [REDACTED] for both of the years ended December 31, 2016 and 2015. When telephone plant is retired, its cost is removed from the asset account and charged against the depreciation reserve together with any related salvage and removal of costs. No gains or losses are recognized in connection with routine retirements of telephone depreciable property. The cost of repairs and maintenance are charged to expense when incurred. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value.

Taxes collected - Sales, use and excise taxes collected from subscribers are presented on a net basis.

Advertising - It is the policy of the Company to expense advertising costs as incurred.

Income taxes - The Company is treated as a subchapter S corporation for federal and state income tax purposes. Accordingly, the Company generally does not recognize federal and state income tax expense.

Reclassification - Certain prior year numbers have been reclassified to be in conformity with the current year presentation.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Baraga Telephone Company serves telephone subscribers in Baraga, Houghton, and Ontonagon Counties in the State of Michigan. The Company's major business activity is providing local telephone exchange service and access to the public switched telephone network. The Company also provides internet access services to customers in the Upper Peninsula of Michigan.

The Company's cash and temporary cash investment accounts are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$[REDACTED]. At various times during the year the Company's cash account balances exceeded this amount in the normal course of business. At December 31, 2016, cash account balances exceeded this limit by approximately \$[REDACTED]. Other investments are not covered by FDIC insurance.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Continued)

The Company grants credit to customers, substantially all of whom are local residents. Additionally, the Company grants credit to interexchange carriers for access to the public switched telephone network. These trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are past due. Additionally, the Company generally does not hold financial instruments with off-balance-sheet credit risk. Approximately [REDACTED] and [REDACTED] of the Company's operating revenue was received from access service from interexchange carriers in 2016 and 2015, respectively. Approximately [REDACTED] and [REDACTED] of the Company's operating revenue was received from local services and internet services for the year ended December 31, 2016 and 25% and 21% for the year ended December 31, 2015.

The Company rarely requires collateral from either its customers or telecommunications providers. Accordingly, failure to collect on these accounts would result in a direct loss of the amounts uncollected.

Compensation for interstate access services was received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the Company to the interstate interexchange carriers, and pooled with like revenues from all NECA member companies. The portion of the pooled access charge revenue received by the Company is based upon formulas derived from the national average of costs to provide access services. The Company recorded true-ups of prior years' estimated access settlements that had the net effect of decreasing income by \$[REDACTED] and \$[REDACTED] for 2016 and 2015, respectively.

Intrastate and local access revenue is based on charges billed under the Company's intrastate access revenue tariff or interconnection agreements. These revenues are dependent upon actions of interexchange carriers over which the Company has no control. It is possible that changes could occur that would cause a significant impact on the Company's future revenues.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to collectability of receivables, access revenue settlement amounts, depreciable lives of property, plant, and equipment, and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

In preparation of tax returns, tax positions are taken based on interpretation of federal and state income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal and state returns generally remain open for examination by taxing authorities for a period of three to four years.

BARAGA TELEPHONE COMPANY **NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

The Company evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through April 21, 2017, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

At December 31, 2016 and 2015, the Company's investments consisted of the following:

	<u>2016</u>	<u>2015</u>
Equity in Peninsula Fiber Network, LLC		
At December 31, the Company's cost basis investments consisted of the following:		
CoBank Class A Common Stock		
Federated Rural Electric Patronage		
Total investments		

CoBank Class A common stock represents stock from patronage positions in the bank. The stock entitles voting rights to all eligible borrowers. In addition the Federated Rural Electric Insurance stock represents stock from patronage positions in the organization. The stock entitles voting rights to all eligible members. The investments are adjusted annually for the Corporation's share in CoBank and Federated's earnings based upon patronage volume, net of equity distributions made in cash. Redemption of these equity certificates is at the discretion of the board of directors of the CoBank and Federated. The Corporation does not believe a readily accessible market exists for these investments and accordingly are held at cost.

The fair value of the cost method investments has not been estimated since no identified events or changes in circumstances that may have a significant adverse effect on those investments has occurred and the Company is exempt from estimating annual fair values.

The Company has a [REDACTED] equity interest in Peninsula Fiber Network, LLC (PFN). The Company records this investment on the equity method. The net income of PFN is allocated based on the Company's contribution to the operating results of PFN. The company recorded \$[REDACTED] and \$[REDACTED] as their share of the net income of PFN for 2016 and 2015, respectively. Additionally, the Company recorded \$[REDACTED] and \$[REDACTED] in distributions from PFN in 2016 and 2015, respectively.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Concluded)

Summarized information for Peninsula Fiber Network, LLC is as follows:

	2016	2015
Total assets		
Total liabilities		
Net income		

NOTE 4 - PLANT, PROPERTY AND EQUIPMENT

Plant in service is summarized as follows for December 31, 2016 and 2015:

	2016	2015
Land and buildings		
General support		
Internet site equipment		
Central office equipment		
Information origination/termination		
Cable and wire facilities		
Intangibles - software		

Depreciation expense aggregated \$[REDACTED] in 2016 and \$[REDACTED] in 2015. This includes \$[REDACTED] and \$[REDACTED] in depreciation of non-telephone plant equipment in 2016 and 2015, respectively, which is included in internet operating expenses.

NOTE 5 - CONSTRUCTION EXPENDITURES

Telecommunications construction expenditures totaled \$[REDACTED] and \$[REDACTED] in 2016 and 2015, respectively. Expenditures for expansion of telecommunications plant are expected to total approximately \$[REDACTED] during 2017.

NOTE 6 - DEFERRED REVENUE - IRU

In 2007 the Company entered into an agreement to provide fiber routes to PFN under a 20-year Indefeasible Right to Use (IRU) agreement. A total of \$[REDACTED] was received from PFN and was recorded as deferred revenue to be amortized to income on a straight-line basis through January 31, 2027. \$[REDACTED] was recorded as current deferred revenue at both December 31, 2016 and 2015. \$48,030 and \$53,317 was recorded as long-term deferred revenue at December 31, 2016 and 2015, respectively.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - DEFERRED REVENUE - IRU (Concluded)

Additionally, in 2011 the Company entered into an agreement to provide fiber routes to Keweenaw Bay Indian Community (KBIC) under a 20-year Indefeasible Right to Use (IRU) agreement. A total of \$ [REDACTED] was received from KBIC and was recorded as deferred revenue to be amortized to income on a straight-line basis through September 30, 2032. \$ [REDACTED] was recorded as current deferred revenue at both December 31, 2016 and 2015. \$ [REDACTED] and \$ [REDACTED] was recorded as long-term deferred revenue at December 31, 2016 and 2015, respectively.

NOTE 7 - NOTE PAYABLE - RELATED PARTY

The Company's majority shareholder has loaned the Company money. The outstanding balance was \$ [REDACTED] and \$ [REDACTED] as of December 31, 2016 and 2015, respectively. Interest is paid at an annual rate of [REDACTED]. The note is callable at the option of the Company's shareholder.

NOTE 8 - LONG-TERM DEBT

The Company had long-term debt with CoBank in the original amount of \$ [REDACTED] maturing December 31, 2015. Interest on the CoBank long-term debt was payable on a monthly basis. The interest was based on a variable rate and at December 31, 2015 was [REDACTED]. At January 1, 2015 \$ [REDACTED] was payable to CoBank. The loan matured, and the balance was paid in full. In addition, in 2003, debt issuance costs of \$ [REDACTED] were incurred as part of the CoBank debt. This balance was to be amortized over 12 years, ending December 31, 2015. In 2015, amortization expense was \$ [REDACTED] and the debt issuance costs were fully amortized.

Additionally, the Company has a line of credit with Range Bank in the amount of \$ [REDACTED] maturing January 5, 2019. The interest rate is indexed and was [REDACTED] at the date the loan was created. Substantially all of the Company's assets are collateral on the line of credit. As of December 31, 2016 and 2015, there was no outstanding balance due on the line of credit.

NOTE 9 - NON-CURRENT ACCOUNTS PAYABLE

During 2011 the Company entered in to a contract with Elation software for the purchase of accounting software. Per the terms of the agreement a total of \$ [REDACTED] is to be paid for the software. The unpaid balance was \$ [REDACTED] and \$ [REDACTED] as of December 31, 2016 and 2015, respectively. The Company paid \$ [REDACTED] and \$ [REDACTED] in 2016 and 2015, respectively. In 2016, the entire balance was paid in full.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - LEASES

The Company has entered into various lease agreements with outside parties for network circuits. The lease expense was \$[REDACTED] and \$[REDACTED] for 2016 and 2015, respectively. Included in that total is \$[REDACTED] and \$[REDACTED] of lease expense with PFN for 2016 and 2015, respectively. Lease commitments expire at various times through 2022. Future lease commitments are as follows:

	PFN	Other
2017		
2018		
2019		
2020		
2021		

NOTE 11 - CAPITAL STOCK

The Company has Class A and Class B common stock. The Class A stock has voting rights and Class B stock is non-voting. Class A stock has a \$[REDACTED] stated value, authorized [REDACTED] shares, [REDACTED] shares issued and outstanding. Class B stock has a \$[REDACTED] stated value, authorized [REDACTED] shares; [REDACTED] shares issued and outstanding.

As of December 31, 2016 and 2015, capital stock is detailed as follows:

	2016	2015
Capital Stock - A - voting		
Capital Stock - B - non-voting		
Total		

NOTE 12 - PENSION PLAN

The Company has a cash or deferred arrangement 401(K) plan administered by Mutual of America. The Company contributes [REDACTED] of wages for all eligible employees plus a [REDACTED] match of up to [REDACTED] of the employee wages. Total employer retirement contributions made to the plans for 2016 and 2015 were \$[REDACTED] and \$[REDACTED] respectively.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - RELATED PARTY TRANSACTIONS

The Company has recorded transactions with PFN of which the Company holds a 50% ownership interest. The table below summarizes the approximate amounts booked by the Company during 2016 and 2015.

	2016	2015
Revenue from PFN		
Expenses to PFN		
Aid to Construction received from PFN		
Accounts receivable at year-end from PFN		
Accounts payable at year end to PFN		

NOTE 14 - SUPPLEMENTAL CASH FLOW ITEMS

The Company paid interest in cash in the amount of \$ [REDACTED] and \$ [REDACTED] in 2016 and 2015, respectively.

NOTE 15 - CONTINGENCIES

The Company was named as a defendant in legal actions brought by Verizon Select Services Inc. (Verizon) which allege that the Company had been erroneously billing them with respect to a certain type of toll traffic. The case was consolidated with numerous similar suits throughout the country in the Northern District in Texas. In an order dated November 17, 2015, the Northern District of Texas Court granted the defendants joint motion to dismiss, but permitted Verizon (and co-plaintiff Sprint Communications Company, LLC) to re-plead their state-law claims. On December 8, 2015, the defendants filed a motion asking the Court to file counterclaims, and on December 22, 2015, Verizon filed a motion asking the Court to designate the November 17, 2015 ruling dismissing the federal claims as a “final judgement” which would render those issues ripe for an immediate appeal. The court denied that motion. Sprint refiled its state law claims on May 16, 2016. Verizon elected not to re-file its state law claims. In the latter part of 2016, the parties engaged in limited discovery on the issue of how much Verizon is claiming in damages. As it stands, limited discovery has concluded as it pertains to the Company. The Company intends to vigorously oppose this lawsuit. On January 11, 2016, the Company joined other plaintiffs in filing a lawsuit in the United States District Court for the Western District of Michigan against Level 3 Communications, LLC, WilTel Communications, LLC, and Global Crossing Telecommunications, Inc., all subsidiaries of Level 3 Communications, Inc., for failure to pay tariffed access charges. The case was transferred to the Northern District of Texas and became part of the Sprint/Verizon intraMTA Multi-District Litigation case. Level 3 and its co-defendants filed a motion to dismiss the claims brought against it and the Court denied that motion. The Company intends to vigorously pursue its claims. Management is not able to predict the outcomes of this litigation or estimate the amount or range of potential loss.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - CONTINGENCIES (Concluded)

The Company has agreed to indemnify Capitol Indemnity Corporation/Platte River Insurance Company in regard to a performance bond for PFN. The performance bond is issued to Oakland County Michigan and is related to a PFN contract to provide Next Generation 911 services. Hiawatha Communications, Inc. has also agreed to the indemnity agreement. The maximum exposure to the Company and Hiawatha Communications, Inc. is \$ [REDACTED] in the event of a failure by PFN.

In the normal course of business, the Company is involved in various legal actions. Although the ultimate resolution of these matters may not be determinable, in the opinion of management, and in consultation with legal counsel, the outcome of these actions is not expected to have a material adverse impact on the Company's financial position.

NOTE 16 - SUBSEQUENT EVENT

In 2017, two owners of the Company set up an entity named Peninsula Property, LLC (PPL). It is the purpose of PPL to lease equipment to the Company.

SUPPLEMENTARY INFORMATION

BARAGA TELEPHONE COMPANY
SCHEDULES OF INCOME FROM INTERNET OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES:		
Recurring monthly revenue		
Installation		
Equipment sales		
Miscellaneous revenue		
Total operating revenues		
OPERATING EXPENSES:		
Equipment sales		
Depreciation		
Facility access charge		
Sales and billing		
Advertising		
Administration		
Miscellaneous expenses		
Total operating expenses		
NET INCOME		

BARAGA TELEPHONE COMPANY
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Baraga Telephone Company

Report on the Financial Statements

We have audited the accompanying financial statements of Baraga Telephone Company (a Michigan corporation) which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baraga Telephone Company as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Manes Costeiran PC

May 19, 2016

BARAGA TELEPHONE COMPANY
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents		
Due from subscribers		
Accounts receivable - primarily connecting companies		
Inventory		
Prepaid expenses		
Total current assets		
INVESTMENTS		
DEBT ISSUANCE COSTS		
PLANT, PROPERTY AND EQUIPMENT:		
Plant in service		
Plant under construction		
Less accumulated depreciation		
Net plant, property and equipment		
TOTAL ASSETS		

	2015	2014
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade		
Current maturities of long term debt		
Note payable - related party		
Accrued pension and profit sharing		
Accrued compensated absences		
Deferred revenue		
Other current liabilities		
Total current liabilities		
OTHER LIABILITIES:		
Non-current account payable		
Non-current deferred revenue		
Total other liabilities		
STOCKHOLDERS' EQUITY:		
Capital stock		
Retained earnings		
Total stockholders' equity		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		

BARAGA TELEPHONE COMPANY
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Local service		
Access service		
Internet		
Miscellaneous		
Total operating revenues		
OPERATING EXPENSES:		
Plant specific		
Plant non-specific:		
Network and other		
Depreciation and amortization		
Customer operations		
Corporate operations		
Internet		
Total operating expenses		
Net operating revenue		
OTHER OPERATING TAXES		
Net operating income		
OTHER INCOME:		
Interest and dividend income		
Gain on equity basis investments		
Miscellaneous income		
Income available for fixed charges		
INTEREST EXPENSE		
NET INCOME		

BARAGA TELEPHONE COMPANY
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014

	Capital Stock Class A	Capital Stock Class B	Retained Earnings	Total
Balance at December 31, 2013				
Net income				
Distributions to shareholders				
Balance at December 31, 2014				
Net income				
Distributions to shareholders				
Balance at December 31, 2015				

BARAGA TELEPHONE COMPANY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		
Gain on investments		
Patronage dividends		
Allowance for doubtful accounts		
Changes in operating assets/liabilities:		
Accounts receivable		
Inventories		
Prepaid expenses		
Accounts payable		
Deferred revenue		
Other current liabilities		
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of plant, property and equipment		
Proceeds from sale of equipment, net of cost of removal		
Proceeds from investments		
Net cash flows provided by investing activities		
Cash flows from financing activities:		
Proceeds from long-term debt		
Principal payments on note payable		
Principal payments on long-term debt		
Distributions paid		
Net cash flows used in financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS:		
Beginning of year		
End of year		

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting method - The Company maintains the accounting records on the accrual basis for both financial statement and income tax purposes. Revenue is recorded when earned and expenses are charged to operations when incurred. The accounting records of the Company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Michigan Public Service Commission, which conform to accounting principles generally accepted in the United States of America (US GAAP).

Cash and cash equivalents - The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash. Those investments with original maturities of over three months to twelve months, and any mutual funds expected to be liquidated within the next twelve months, are classified as temporary investments.

Accounts receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Due from subscribers is presented net of the allowance for doubtful accounts of \$ [REDACTED] for both December 31, 2015 and 2014, respectively. Accounts receivable - primarily connecting companies is presented net of the allowance for doubtful accounts of \$ [REDACTED] for both December 31, 2015 and 2014. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable.

Inventory - Inventory consists primarily of equipment held for resale and materials and supplies for additions and maintenance of the telephone plant. Inventory is valued at the lower of cost or market on a first-in first-out basis.

Plant, property and equipment - Purchases of property, plant and equipment are recorded at cost and depreciated utilizing the straight-line method for financial reporting purposes by the application of class or overall composite rates, based on the estimated service lives of the various classes of depreciable property. The composite depreciation rate was [REDACTED] and [REDACTED] for the years ended December 31, 2015 and 2014, respectively. During 2015 the Company conducted a study of the plant depreciation rates. As a result of this study, new depreciation rates were implemented effective January 1, 2015. The impact of this change in 2015 was a reduction in depreciation expense recorded in the amount of approximately \$ [REDACTED]. When telephone plant is retired, its cost is removed from the asset account and charged against the depreciation reserve together with any related salvage and removal of costs. No gains or losses are recognized in connection with routine retirements of telephone depreciable property. The cost of repairs and maintenance are charged to expense when incurred. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Taxes collected - Sales, use and excise taxes collected from subscribers are presented on a net basis.

Advertising - It is the policy of the Company to expense advertising costs as incurred.

Income Taxes - The Company is treated as a subchapter S corporation for federal and state income tax purposes. Accordingly, the Company generally does not recognize federal and state income tax expense.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Baraga Telephone Company serves telephone subscribers primarily in Baraga, Houghton, and Iron Counties in the State of Michigan. The Company's major business activity is providing local telephone exchange service and access to the public switched telephone network. The Company also provides internet access services to customers in the Upper Peninsula of Michigan.

The Company's cash and temporary cash investment accounts are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$[REDACTED]. At various times during the year the Company's cash account balances exceeded this amount in the normal course of business. At December 31, 2015, cash account balances exceeded this limit by approximately \$[REDACTED]. Other investments are not covered by FDIC insurance. The Company paid interest in cash in the amount of \$[REDACTED] and \$[REDACTED] in 2015 and 2014, respectively.

The Company grants credit to customers, substantially all of whom are local residents. Additionally, the Company grants credit to interexchange carriers for access to the public switched telephone network. These trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are past due. Additionally, the Company generally does not hold financial instruments with off-balance-sheet credit risk. Approximately [REDACTED] of the Company's operating revenue is received from access revenue from interexchange carriers.

The Company rarely requires collateral from either its customers or telecommunications providers. Accordingly, failure to collect on these accounts would result in a direct loss of the amounts uncollected.

**BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

Compensation for interstate access services was received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the Company to the interstate interexchange carriers, and pooled with like revenues from all NECA member companies. The portion of the pooled access charge revenue received by the Company is based upon formulas derived from the national averages of costs to provide access services. The Company recorded true-ups of prior years' estimated access settlements that had the effect of increasing (decreasing) income by \$ [REDACTED] and \$ [REDACTED] in 2015 and 2014, respectively.

Intrastate and local access revenue is based on charges billed under the Company's intrastate access revenue tariff. These revenues are dependent upon actions of interexchange carriers over which the Company has no control. It is possible that changes could occur that would cause a significant impact on the Company's future revenues.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

In preparation of tax returns, tax positions are taken based on interpretation of federal and state income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal and state returns generally remain open for examination by taxing authorities for a period of three to four years.

The Company evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through May 19, 2016, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

At December 31, the Company's investments consisted of the following:

	2015	2014
Equity in Peninsula Fiber Network, LLC		
At December 31, the Company's cost basis investments consisted of the following:		
Federated Rural Electric Patronage		
Class A Common Stock - CoBank		
Total investments		

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS (Concluded)

The investment in CoBank consists of Class A voting stock. The stock entitles voting rights to all directly eligible borrowers. The CoBank investments are valued at cost and are adjusted annually for the Company's share in the bank's earnings based upon patronage volume, net of equity distributions made in cash. These equity certificates are not marketable and their redemption is at the discretion of the Board of Directors of the bank.

The investment in Federated Rural Electric patronage is valued at cost and is adjusted annually for the Company's share in the Cooperative's earnings based upon patronage volume, net of equity distributions made in cash. These equity certificates are not marketable and their redemption is at the discretion of the Board of Directors of the Cooperative.

The fair value of the cost method investments has not been estimated since no identified events or changes in circumstances that may have a significant adverse effect on those investments has occurred and the Company is exempt from estimating annual fair values.

The Company has a [REDACTED] equity interest in Peninsula Fiber Network, LLC (PFN). The Company records this investment on the equity method. The net income of PFN is allocated based on the Company's contribution to the operating results of PFN. The company recorded \$ [REDACTED] and \$ [REDACTED] as their share of the net income of PFN for 2015 and 2014, respectively. Additionally, the Company recorded \$ [REDACTED] and \$ [REDACTED] in distributions from PFN in 2015 and 2014, respectively.

Summarized information for Peninsula Fiber Network, LLC is as follows:

	2015	2014
Total assets	[REDACTED]	
Total liabilities		
Net income (loss)		

NOTE 4 - PLANT, PROPERTY AND EQUIPMENT

Plant in service is summarized as follows for December 31, 2015 and 2014:

	2015	2014
Land and buildings	[REDACTED]	
General support		
Internet site equipment		
Central office equipment		
Information origination/termination		
Cable and wire facilities		
Intangibles - software	[REDACTED]	

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - PLANT, PROPERTY AND EQUIPMENT (Concluded)

Depreciation expense aggregated \$ [REDACTED] and \$ [REDACTED] in 2015 and 2014, respectively. This includes \$ [REDACTED] and \$ [REDACTED] in depreciation of non-telephone plant equipment in 2015 and 2014, respectively, which is included in internet operating expenses.

NOTE 5 - CONSTRUCTION EXPENDITURES

Telecommunications construction expenditures totaled \$ [REDACTED] and \$ [REDACTED] in 2015 and 2014, respectively. Expenditures for expansion of telecommunications plant are expected to total approximately \$ [REDACTED] during 2016.

NOTE 6 - DEFERRED REVENUE - IRU

In 2007 the Company entered into an agreement to provide fiber routes to PFN (see Note - 3) under a 20-year Indefeasible Right to Use (IRU) agreement. A total of \$ [REDACTED] was received from PFN and was recorded as deferred revenue to be amortized to income on a straight-line basis through January 31, 2027. \$ [REDACTED] was recorded as current deferred revenue at both December 31, 2015 and 2014. \$ [REDACTED] and \$ [REDACTED] was recorded as long-term deferred revenue at December 31, 2015 and 2014, respectively.

Additionally, in 2011 and 2012 the Company received \$274,405 from Keweenaw Bay Indian Community (KBIC) for the right to use fiber routes. The agreement with KBIC runs from October 1, 2012 until September 30, 2032. \$ [REDACTED] was recorded as current deferred revenue at both December 31, 2015 and 2014. \$ [REDACTED] and \$ [REDACTED] was recorded as long-term deferred revenue at December 31, 2015 and 2014, respectively.

NOTE 7 - NOTE PAYABLE - RELATED PARTY

The Company's majority shareholder has loaned the Company money. The outstanding balance was \$ [REDACTED] and \$ [REDACTED] as of December 31, 2015 and 2014, respectively. Interest is paid at an annual rate of [REDACTED]. The note is callable at the option of the Company's shareholder.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LONG-TERM DEBT

The following is a summary of the outstanding long-term debt with CoBank as of December 31, 2015 and 2014:

Original Amount	Date of Maturity	Balance at December 31, 2015	Interest Rate	Balance at December 31, 2014	Interest Rate
\$ [REDACTED]	December 31, 2015	\$ -	[REDACTED]	\$ [REDACTED]	[REDACTED]
Less: current portion		-		[REDACTED]	
Total long-term indebtedness		\$ -		\$ -	

Interest on the CoBank long-term debt is payable on a monthly basis. The interest is based on a variable rate. The interest rate was [REDACTED] and [REDACTED] at December 31, 2015 and 2014. In 2015 the loan matured and the entire balance was paid in full.

Effective January 5, 2016, the Company entered into a line of credit for a one year term with Range Bank in the amount of \$ [REDACTED]. The interest rate is indexed and was [REDACTED] at the date the loan was created.

NOTE 9 - NON-CURRENT ACCOUNTS PAYABLE

During 2011 the Company entered into a contract with Elation software for the purchase of accounting software. Per the terms of the agreement a total of \$ [REDACTED] is to be paid for the software. The unpaid balance was \$ [REDACTED] and \$ [REDACTED] as of December 31, 2015 and 2014, respectively. The Company paid \$ [REDACTED] and \$ [REDACTED] in 2015 and 2014, respectively. The remaining balance is to be paid on a monthly basis of \$ [REDACTED] per month through August, 2016.

NOTE 10 - UNAMORTIZED DEBT ISSUANCE COSTS

In 2003, debt issuance costs of \$ [REDACTED] were incurred as part of the CoBank debt. This balance is being amortized over 12 years, ending December 31, 2015. The balance in unamortized debt issuance costs is presented net of amortization of \$ [REDACTED] and \$ [REDACTED] for the years ended December 31, 2015 and 2014, respectively. Amortization expense was \$12,481 for both 2015 and 2014.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - LEASES

The Company has entered into various lease agreements with outside parties for network circuits. The lease expense was \$[REDACTED] and \$[REDACTED] for 2015 and 2014, respectively. Included in that total is \$[REDACTED] and \$[REDACTED] of lease expense with PFN for 2015 and 2014, respectively. Lease commitments expire at various times through 2020. Future lease commitments are as follows:

	PFN	Other
2016		
2017		
2018		
2019		
2020		

NOTE 12 - CAPITAL STOCK

The Company has Class A and Class B common stock. The Class A stock has voting rights and Class B stock is non-voting. Class A stock has a \$10 stated value, authorized [REDACTED] shares, [REDACTED] shares issued and outstanding. Class B stock has a \$[REDACTED] stated value, authorized [REDACTED] shares; [REDACTED] shares issued and outstanding.

As of December 31, 2015 and 2014, capital stock is detailed as follows:

	2015	2014
Capital Stock - A - voting		
Capital Stock - B - non-voting		
Total		

NOTE 13 - PENSION PLAN

The Company had a defined contribution, money purchase pension plan in effect for its employees who meet certain eligibility requirements effective through February 28, 2014. Additionally, Company employees participated in a cash or deferred arrangement 401(K) plan through February 28, 2014.

Effective March 1, 2014 the Company terminated the defined contribution, money purchase pension plan and the cash or deferred arrangement 401(K) plan and established new cash or deferred arrangement 401(K) plan administered by Morgan Stanley. All participants pension plan funds were rolled to the new 401(K) plan. The Company contributes [REDACTED] of wages for all eligible employees plus a [REDACTED] match of up to [REDACTED] of employee wages to the new plan. Management does not expect a material change in the total retirement benefit cost as a result of this change.

BARAGA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - PENSION PLAN (Concluded)

Total employer retirement contributions made through all plans for 2015 and 2014 were \$ [REDACTED] and \$ [REDACTED] respectively.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Company has recorded transactions with PFN (see Note - 3) of which the Company holds a [REDACTED] ownership interest. The table below summarizes the approximate amounts booked by the Company during 2015 and 2014.

	2015	2014
Revenue from PFN	[REDACTED]	
Expenses to PFN		
Aid to Construction received from PFN		
Accounts receivable at year-end from PFN		
Accounts payable at year end to PFN		

NOTE 15 - CONTINGENCIES

The Company was named as a defendant in legal actions brought by certain interexchange carriers which allege that the Company had been erroneously billing them with respect to a certain type of toll traffic. The case was consolidated with numerous similar suits throughout the country in the Northern District in Texas. In an order dated November 17, 2015, the Northern District of Texas Court granted the defendants' joint motion to dismiss but permitted the plaintiffs in the case to re-plead their state-law claims. On December 8, 2015, defendants filed a motion in the Northern District of Texas Court to file counterclaims, and on December 22, 2015 the plaintiffs filed a motion asking the Court to designate the November 17, 2015 ruling dismissing the federal claims as a "final judgement" which would render those issues ripe for an immediate appeal. The Company intends to continue to vigorously oppose this lawsuit and pursue its counterclaims. Management is not able to predict the outcome of this litigation or estimate the amount or range of potential loss.

The Company has agreed to indemnify Capitol Indemnity Corporation/Platte River Insurance Company in regard to a performance bond for PFN. The performance bond is issued to Oakland County Michigan and is related to a PFN contract to provide Next Generation 911 services. Hiawatha Communications, Inc. has also agreed to the indemnity agreement. The maximum exposure to the Company and Hiawatha Communications, Inc. is \$ [REDACTED] in the event of a failure by PFN.

In the normal course of business, the Company is involved in various legal actions. Although the ultimate resolution of these matters may not be determinable, in the opinion of management, in consultation with legal counsel, the outcome of these actions is not expected to have a material adverse impact on the Company's financial position.

SUPPLEMENTARY INFORMATION

BARAGA TELEPHONE COMPANY
SCHEDULES OF INCOME FROM INTERNET OPERATIONS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Recurring monthly revenue		
Installation		
Equipment sales		
Internet access charges		
Miscellaneous revenue		
Total operating revenues		
OPERATING EXPENSES:		
Equipment sales		
Depreciation		
Facility access charge		
Sales and billing		
Advertising		
Administration		
Miscellaneous expenses		
Total operating expenses		
NET INCOME		

Attachment 8 Evidence of Network Scalability contains proprietary information and has been redacted in its entirety.

Attachment 9 Five-year, stand-alone project financial plan/forecast contains proprietary information and has been redacted in its entirety.

APPLICANT AFFIDAVIT

I, M. Koray Inal certify that I am duly authorized by the governing body of the lead applicant to submit this application and included materials; that the applicant has the capacity to carry out the proposed project; that the proposed project is designed to meet the identified needs of the project area; that the applicant has the capacity to offer the proposed service and cost in the proposed service area for a minimum of five years after project completion; that all the information submitted as part of this application is true and correct to the best of my knowledge; and that I am an authorized agent of the applicant.



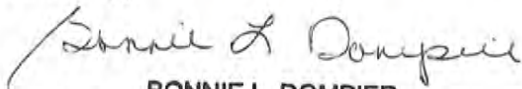
Signature

Print Name: M. Koray Inal

Title: Vice President

Email: kinal@up.net

NOTARY Public for M. Koray INAL on 9/23/19



BONNIE L. DOMPIER
NOTARY PUBLIC-BARAGA COUNTY MI
MY COMMISSION EXP. Nov. 3, 2024
Acting in the County of BARAGA

Attachment 11 Budgetary Engineering Designs, Diagrams, and Maps that Show the Proposed Project contains proprietary information and has been redacted in its entirety.

Attachment 12: *Community letters of support*

Name of Attachment 12:

BaragaTelephoneCompany_Attachment_12_pdf

Public Schools of Calumet-Laurium-Keweenaw

CHRISTOPHER M. DAVIDSON
Superintendent of Schools

57070 Mine Street, Calumet, Michigan 49913

PHONE: (906) 337-0311

FAX: (906) 337-1406

MICHIGAN'S MOST NORTHERN K-12 SCHOOL DISTRICT

www.clkschools.org

PHYLLIS M. LOCATELLI
President

MICHAEL W. LUOMA, M.D.
Vice President

MELANIE J. PARKER
Secretary

DANIEL J. ZUBIENA
Treasurer

MARIA L. CAMPIONI
Trustee

JAMES L. VERTIN
Trustee

JASON P. WICKSTROM
Trustee

August 28, 2019

Attn: CMIC grant administrators

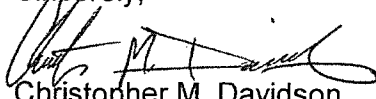
We are writing this letter in support of the efforts of Baraga Telephone Company and Peninsula Fiber Network, and their intent to install backbone fiber as well as fiber to the premise/fiber to the home in the northern reaches of Michigan's Upper Peninsula.

Serving the educational needs of northern Houghton County and Keweenaw County, The Public Schools of Calumet, Laurium & Keweenaw provides a 21st Century learning environment for all students in our communities and across the Upper Peninsula. We utilize and leverage educational technologies in support of teaching and learning while increasing efficiency and effectiveness. Increasing the capacity, reach and availability of high-speed broadband to our most northern facilities as well as remote student and parent homes is crucial for our students learning. Being able to have reliable Internet services is critical for blended and flipped learning, online courses, digital services, economic community growth and more.

We are excited about the possibilities this new fiber will bring to our communities, and have been looking forward to complete fiber connectivity into the Keweenaw for decades.

Please feel free to contact me at any time with any questions or for clarifications.

Sincerely,



Christopher M. Davidson
Superintendent

JACK BERGMAN
1ST DISTRICT, MICHIGAN

COMMITTEE ON ARMED SERVICES
COMMITTEE ON VETERANS' AFFAIRS

Congress of the United States
House of Representatives
Washington, DC 20515-2201

WASHINGTON, DC OFFICE
414 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4735
TRAVERSE CITY OFFICE
1396 DOUGLAS DRIVE, SUITE 22B
TRAVERSE CITY, MI 49696
(231) 944-7633
MARQUETTE OFFICE
1500 W. WASHINGTON STREET, SUITE 2
MARQUETTE, MI 49855
(906) 273-2227

August 28, 2019

Tricia L. Foster, CPM, ACoM
Director
Michigan Department of Technology, Management and Budget
Lewis Cass Building, 2nd Floor
320 S. Walnut Street
P.O. Box 30026
Lansing, MI 48909

Ms. Foster:

I am writing to you on behalf of the Baraga Telephone Company, which is seeking a Connecting Michigan Communities Grant within the State of Michigan's Department of Technology, Management, and Budget.

The Baraga Telephone Company's application intends to build out new broadband infrastructure in Keweenaw County. This part of Michigan is characterized by a critical lack of access to reliable broadband. New last-mile broadband infrastructure is needed to support our underserved Keweenaw communities that depend on connectivity to educate their children, benefit from telehealth services, and conduct daily business. This grant from the State of Michigan would complement Baraga Telephone's recently submitted USDA ReConnect program grant application, helping to further its goal of bringing high-speed internet options to residents throughout the area.

Serving Baraga, Houghton, and Iron counties for many years, Baraga Telephone—in its affiliation with Peninsula Fiber Network—has the institutional experience to deploy broadband in rural areas like Keweenaw County. I respectfully request that the Baraga Telephone Company's grant application receives your full and fair consideration. Thank you for your attention to this matter.

Sincerely,



Jack Bergman
Member of Congress



**Michigan
Technological
University**

Civil and Environmental Engineering

August 27, 2019

RE: Letter of support for Baraga Telephone / up.net CMIC grant application

To whom it may concern:

I am a part-time resident in Keweenaw County, soon to be full time. I am also a professor of structural engineering, internationally recognized for my excellence in teaching and research, with a passion for durable, sustainable and resilient infrastructure. That said, reliable high-speed internet service is an everyday and absolute necessity in my life.

My Keweenaw County residence is located such that cellular service is very poor, often times only one "bar". Boosters provided by cellular companies require a wi-fi connection, which I do not have. The sole point-source provider in the area is not able to reach my residence without adjustments to their line-of-sight equipment, which has not been a priority. Neighbors have complained of unreliable low-speed service, sometimes running at speeds of 2x1.

Our society expects us to keep up with technology. For the past nine months, I have worked to transition my chalk-n-talk (prestressed concrete design for buildings and bridges) course to an online format. Nearly 500 hours were put into this online course development. None of the hours were worked in Keweenaw County. All of the work-hours could have been performed in Keweenaw County had high-speed, reliable internet service been available. The course requires interactivity with students and scheduled virtual office hours. I need reliable service to perform these standard job duties.

As an educator and professional, I often host internet meetings, saving travel time and money for those of us with heavy workloads. These internet meetings can range from individual online student mentoring sessions and department meetings, to larger events. For example, I have hosted international meetings with over 35 attendees from 7 countries. But I certainly haven't been successful in hosting any of these business meetings while located in Keweenaw County.

Broadband expansion is an essential need in the county beyond just my residence. As the secretary of the Keweenaw County Economic Development Committee (EDC), I take meeting notes on my laptop, saved to a google drive, and often perform quick searches for supplemental information during committee discussions. Internet service at the county courthouse, where our meetings are held, is slow (1.5x1.7 speed checked on 8/7/19) and erratic. Conducting business in the county is a struggle without reliable service. Visitors experience frustration at the inability to communicate as they do in their daily lives outside of our community. There is no doubt that Keweenaw County needs to be connected.

The Keweenaw County EDC identified 5 priorities through a strategic planning process during the committee reorganization two years ago. These priorities, in order as defined by the committee are:

1. Broadband Development and Communications
2. Website Communications

3. 100 Good Paying Jobs
4. Land Use Issues including Zoning and Permanent Easements
5. Workforce Development

All EDC priorities identified will benefit from reliable high-speed internet. Observably, our top priority for economic growth is expanding broadband in our county (1). The county's web presence (2) is being updated for ease of use and accuracy of information, to attract new business and talent to the area. Creating 100 good paying jobs (3) will come from business expansion and our ability to attract remote workers to our county. Improving the digital infrastructure will allow for industrial and business zoning to expand through our land use initiatives (4). And workforce development (5), whether for skilled trades or advanced professional growth, will inevitably be supported through a broadband network expansion.

As with any introduction of new technology, a successful implementation plan will lead to the ultimate goal - here to connect our communities. I am a strong believer in continuing education at all levels, including the need to educate less-savvy broadband users. I can imagine there are many households in our county without reliable internet access. I am fully committed to helping Baraga Telephone / up.net integrate this technology into the lives of our county residents through Digital Literacy training sessions. Community sessions can be developed to help residents understand how to access health information or educational opportunities. Business development sessions can be coordinated for start-ups that rely on remote workers. With my broad network of professionals at the university, I am confident that we will be able to work with Baraga Telephone/ up.net to disseminate strategies for broad use of high-speed reliable internet throughout the county.

The digital revolution will continue to change our society, and our infrastructure must keep up. I strongly believe that the expanded broadband network infrastructure proposed by Baraga Telephone / up.net will enhance the working environment for professionals like me – those that can work remotely while enjoying life surrounded by the beauty of the Keweenaw, as well as those just entering into the digital era. I am inspired that high-speed reliable internet will provide economic opportunities for the county, including opportunities beyond our imagination.

As you review the submitted application to expand broadband services throughout Keweenaw County, you should have no doubt that Keweenaw County needs to be connected. Our economy depends on it and we need your help. If you have any questions, please feel free to contact me. Thank you for your support.

Sincerely,



Theresa M. (Tess) Ahlborn, Ph.D., P.E., FACI, FPCI
Professor of Structural Engineering
tel: 906.487.2625; email: tess@mtu.edu



Keweenaw County
Keweenaw County Board of Commissioners
Eagle River, Michigan

August 23, 2019

To Whom It May Concern:

This letter is in support of Baraga Telephone / up.net's application for the Connecting Michigan Communities (CMIC) Grant. Reliable high-speed broadband has become essential for all aspects of life including, but not limited to, education, healthcare, finance, travel, and the ability to conduct business.

The present lack of reliable access limits the growth of industry and businesses currently operating out of Keweenaw County and those considering operation in the future. It is also a factor that can deter residents drawn to the beauty of Keweenaw County. Through the Connecting Michigan Communities Grant, we hope to foster reliable broadband access and see residents, businesses, industry, and tourism flourish.

In conclusion, we view improving access to broadband internet across Keweenaw County as imperative to the way of life for our present and future residents, business owners and our county staff. To this end, the Keweenaw County Board of Commissioners unanimously supported Baraga Telephone / up.net's application at their regular Board meeting held on August 21, 2019.

Sincerely,

A handwritten signature in cursive script that reads "Julie A. Carlson".

Julie A. Carlson

Keweenaw County Clerk
Clerk of the Board of Commissioners



REMC 1
Mike Richardson, Director
mike@remc1.org
www.remc1.org

August 19, 2019

Attn: CMIC grant administrators

We are writing this letter in support of the efforts of Baraga Telephone Company and Peninsula Fiber Network, and their intent to install backbone fiber as well as fiber to the premise/fiber to the home in the northern reaches of Michigan's Upper Peninsula.

As the region's premiere educational technology support team, REMC1 provides technical support services to local districts and agencies across six counties, and also provide a wide array of network and Internet services to agencies across eleven counties. We work with our schools to help them utilize and leverage technology in support of teaching and learning while increasing efficiency and effectiveness. Increasing the capacity, reach and availability of high-speed broadband to our most northern facilities as well as remote student and parent homes is crucial for 21st century learning. Being able to have reliable Internet services is critical for blended and flipped learning, online courses, digital services, economic community growth and more.

We are excited about the possibilities this new fiber will bring to our communities, and have been looking forward to complete fiber connectivity into the Keweenaw for decades.

Please feel free to contact me at any time with any questions or for clarifications.

Sincerely,

Michael Richardson

Michael Richardson
Director, REMC1

Providing service to your ISD and their local constituent schools
Copper Country Intermediate School District
Gogebic-Ontonagon Intermediate School District

Phone (906) 482-4520
811 Hecla Street Hancock, MI 49930



KEWEENAW HOSPITAL

205 Osceola Street, Laurium, MI 49913
P 906.337.6500 | aspirus.org

August 22, 2019

Larry Swetich
Peninsula Fiber Network
1901 W. Ridge St. Suite 2
Marquette, MI 49855

To Whom It May Concern,

This letter is being written in support of the grant application of Peninsula Fiber Network and Baraga Telephone to extend fiber coverage to the eastern and southern areas of the Keweenaw.

Healthcare as an industry continues to see more and more innovation that relies on virtual connection. Be it patients connecting to a healthcare system's online portal, providers offering telehealth visits between locations, or patients being able to contact a provider through a virtual visit app, a strong, reliable connection is key.

Aspirus' mission is to heal people, promote health, and strengthen communities. As the patients we serve seek to take advantage of the virtual medical monitoring opportunities available to them, they would benefit greatly from enhanced broadband coverage.

Your consideration of the grant application is very much appreciated.

Sincerely,

Christine Harff
Regional President – Upper Peninsula

Tuesday, August 13, 2019

RE: Letter of Support for the Connecting Michigan Communities Grant

To whom it may concern,

On behalf of Upper Great Lakes Family Health Center (UGLFHC), I would like to lend my full support for the Connecting Michigan Communities Grant Application submitted by Baraga Telephone Company.

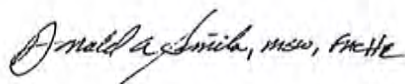
UGLFHC established in 2009 and currently operates nine (9) service delivery locations in Michigan's Upper Peninsula. We serve the residents of Houghton, Iron, Marquette, Menominee and Ontonagon Counties, and the surrounding areas. UGLFHC provides comprehensive primary health care services, in addition to oral health, mental health, substance use counseling, medication assisted treatment, enabling services, patient education and outreach. UGLFHC services a large-low income population, many with inadequate social support and major transportation barriers. We have recognized these barriers in care, and with the help of telehealth communication, we have been able to increase our ability to serve all patients in all of our service area locations and more.

As a regional provider of primary healthcare services to a rural isolated region in Michigan, broadband access to our most remote sites has proved invaluable in delivering essential services to communities that experience significant access to care.

The funding of this project would be essential for the Keweenaw County and its residents. Broadband access has been a vital piece to our organization as we continue to grow and serve more patients.

We strongly support this application to expand broadband service to rural areas in the Keweenaw County. If you have any questions, feel free to contact me at (906) 481-8571.

Sincerely,



Donald A. Simila, MSW, FACHE
Chief Executive Officer
Upper Great Lakes Family Health Center



August 28, 2019

To whom it may concern:

This letter is to express strong support of Baraga Telephone / up.net's application for the Connecting Michigan Communities (CMIC) Grant. The Keweenaw County Economic Development Committee (EDC) has ranked broadband expansion in the county as the top priority. The EDC recognizes that reliable high-speed broadband is essential for economic growth in our county. Expanded broadband would improve our residents' and visitors' ability to conduct business, access healthcare and education, as well as have real-time access to more opportunities throughout the county.

The present lack of reliable access limits the growth of industry and businesses currently operating out of Keweenaw County and discourages those considering starting new operations in the future. It is also a factor that can deter potential residents drawn to the beauty of Keweenaw County. Through the Connecting Michigan Communities Grant, we hope to foster reliable broadband access and see residents, businesses, industry, and tourism flourish.

We view improving access to broadband internet across Keweenaw County as imperative to improving the quality of life for our present and future residents as well as business owners. We have worked with Baraga Telephone / up.net in developing its grant application, and in identifying strengths and challenges. We therefore strongly support this application. We look forward to a positive outcome and the associated new growth throughout our county through implementation of a reliable high-speed broadband network.

Todd Holmstrom
Chairman
Keweenaw County EDC

LAKE LINDEN-HUBBELL PUBLIC SCHOOLS

601 CALUMET STREET
LAKE LINDEN, MICHIGAN 49945

BOARD OF EDUCATION

PATRICIA BERTON, President
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ROB JOHNSON, Trustee
STACEY SEDAR, Trustee

BRAD CODERE
Superintendent
Phone (906) 296-6211
FAX (906) 296-0943

K-12 Principal
Phone (906) 296-6681
FAX (906) 296-0219

JACK JOHNSON
Elementary Coordinator
Phone (906) 296-6221
FAX (906) 296-0305

JACK KUMPULA
Athletic Director
Phone (906) 296-6681
FAX (906) 296-0219

Attn: CMIC grant administrators

I am writing this letter in support of the efforts of Baraga Telephone Company and Peninsula Fiber Network, and their intent to install backbone fiber as well as fiber to the premise/fiber to the home in the northern reaches of Michigan's Upper Peninsula.

As a small rural school we travel great distances for to pick up our students. We make runs to Gay, Mohawk, Traprock, etc. to get our students to school. Some of these areas do not have access to internet services and in today's world that just isn't right. We work closely with our local ISD to obtain, manage, and get trained on the latest technology. REMC1 provides technical support services to our local districts. We work with them to help utilize and leverage technology in support of our teaching and learning. Increasing the capacity, reach and availability of high-speed internet to our most northern districts and their students is vital for learning today. Being able to have reliable Internet services is critical for students to have access to blended and flipped learning, online courses, and digital services.

We, as a district, are excited about the possibilities this new fiber will bring to our communities, and have been looking forward to complete fiber connectivity into the Keweenaw for many years. We hope it finally comes to fruition.

Sincerely,



Brad Codere
Superintendent/K-12 Principal
Lake Linden-Hubbell Public Schools

STUDENTS PARENTS
SCHOOL

COMMUNITY

OUR MISSION: *Working together to ensure that all students achieve their maximum potential and contribute to society.*



MTEC SmartZone
600 East Lakeshore Drive
Houghton, MI 49931

August 26, 2019

To Whom it May Concern:

The MTEC SmartZone, one of the Michigan Economic Development Corporation's 21 high-tech business accelerators throughout the State of Michigan (and certainly the farthest north!), is writing on behalf of itself and its startup companies in support of Baraga Telephone/up.net's application for the Connecting Michigan Communities (CMIC) Grant. As a business and economic development organization, reliable high-speed broadband is essential for us to create, attract and retain businesses in and around our community. The connectivity improvement provided by this project will allow us and our local businesses and individuals to function at a much higher capacity, thereby allowing us to bring our innovations and endeavours to the rest of the world. It will also demonstrate to existing businesses that we can support their technology needs locally, and will serve as further incentive for them to relocate their business to our area.

It is no secret that Keweenaw County is the playground for our regional community and a significant tourism economy exists despite a lack of widespread access to reliable broadband internet. Baraga Telephone/up.net's commitment to this project will greatly enhance our ability to provide the work/life balance we strongly endorse and strive to achieve, and grow the value of our communities by supporting economic growth opportunities throughout the region. Through the Connecting Michigan Communities Grant, we hope to see residents, businesses, industry, and tourism flourish.

In conclusion, we view improving access to broadband internet across Keweenaw County as highly valuable to the way of life for our present and future residents and business owners. To this end, we strongly support Baraga Telephone/up.net's application. If you have any questions please contact me at the email address below.

Sincerely,



Daniel I. Jamison IV
CEO, MTEC SmartZone
djamison@mtcsz.com

Attachment 13: *Demonstration of customer interest in the proposed project*

Name of Attachment 13:

BaragaTelephoneCompany_Attachment_13_pdf

Keweenaw Broadband Survey



Baraga Telephone/up.net and our partner Peninsula Fiber Network (PFN) are applying for the Connecting Michigan Communities Grant to bring fiber broadband internet to the communities of Lake Medora, Lac La Belle, Deleware, and Gay in Keweenaw County.

As part of the grant application process, we are conducting a poll about resident's current and future broadband internet service needs.

<u>Question</u>	<u>Answer</u>	
1. Do you live or work in Keweenaw County?	YES	
2. Do you currently have internet service (in Keweenaw County)?	YES	
3. If so, who is your provider and how fast is your internet service? (speedtest.net can be used to verify your speeds)	PastyNet, 6.38 mbps download, 1.68 mbps upload	
4. Is faster internet (at least 10 Mbps Download, 1 Mbps Upload) available to you?		NO
5. Are you satisfied with your internet service and its cost?		NO
6. Are you answering this survey as :	Select all that apply	
Resident or Potential Resident	YES	
Business or Potential Business	YES	

More questions on the reverse side

Note: All data entered will only be used for grant research purposes and will not be shared at any time.

Keweenaw Broadband Survey

If up.net and PFN receive a grant to provide high-speed broadband internet delivered over fiber in Keweenaw County, would you be interested in purchasing any of the following services? Please check all that apply.

This is 100% a nonbinding commitment for you to purchase service.

Telephone and internet packages start as low as \$70 per month.

<u>Package</u>	<u>Answer</u>
Local and Long-Distance Telephone Service	NO
Unlimited High-Speed Fiber Internet	YES
Local Television Service	NO

This information will be used solely for the purposes of showing local interest with respect to up.net and PFN applying for a Connecting Michigan Communities Grant for Keweenaw County.

For more information about UP.net and Peninsula Fiber Network, please visit our websites

<http://www.up.net>
<http://www.pfnllc.net>

<i>Name</i>	Todd Holmstrom
<i>Address</i>	5963 Montgomery Point Road
<i>City, State, ZIP</i>	Lac La Belle, MI 49950
<i>Phone</i>	906 370-9591

Keweenaw Broadband Survey



Baraga Telephone/up.net and our partner Peninsula Fiber Network (PFN) are applying for the Connecting Michigan Communities Grant to bring fiber broadband internet to the communities of Lake Medora, Lac La Belle, Delaware, and Gay in Keweenaw County.

As part of the grant application process, we are conducting a poll about resident's current and future broadband internet service needs.

Question	Answer	
1. Do you live or work in Keweenaw County?	YES	NO
2. Do you currently have internet service (in Keweenaw County)?	YES	NO
3. If so, who is your provider and how fast is your internet service? (speedtest.net can be used to verify your speeds)		
4. Is faster internet (at least 10 Mbps Download, 1 Mbps Upload) available to you?	YES	NO
5. Are you satisfied with your internet service and its cost?	YES	NO
6. Are you answering this survey as :	Select all that apply	
Resident or Potential Resident	YES	NO
Business or Potential Business	YES	NO

More questions on the reverse side

Note: All data entered will only be used for grant research purposes and will not be shared at any time.

Keweenaw Broadband Survey

If up.net and PFN receive a grant to provide high-speed broadband internet delivered over fiber in Keweenaw County, would you be interested in purchasing any of the following services? Please check all that apply.

This is 100% a nonbinding commitment for you to purchase service.

Telephone and internet packages start as low as \$70 per month.

<u>Package</u>	<u>Answer</u>	
Local and Long-Distance Telephone Service	YES	NO
Unlimited High-Speed Fiber Internet	YES	NO
Local Television Service	YES	NO

This information will be used solely for the purposes of showing local interest with respect to up.net and PFN applying for a Connecting Michigan Communities Grant for Keweenaw County.

For more information about UP.net and Peninsula Fiber Network, please visit our websites

<http://www.up.net>
<http://www.pfnllc.net>

Name Tim Frick

Address 10914 State Highway M-26

City, State, ZIP Eagle Harbor Township, MI 49950

Phone 906-289-4332

Keweenaw Broadband Survey



Baraga Telephone/up.net and our partner Peninsula Fiber Network (PFN) are considering applying for a USDA ReConnect grant to bring fiber broadband internet to Keweenaw County.

As part of the grant application process, we are conducting a poll about resident's current and future broadband internet service needs.

<u>Question</u>	<u>Answer</u>	
1. Do you live or work in Keweenaw County?	YES	NO
2. Do you currently have internet service (in Keweenaw County)?	YES	NO
3. If so, who is your provider and how fast is your internet service? (speedtest.net can be used to verify your speeds)		
4. Is faster internet (at least 10 Mbps Download, 1 Mbps Upload) available to you?	YES	NO
5. Are you satisfied with your internet service and its cost?	YES	NO
6. Are you answering this survey as :	Select all that apply	
Resident or Potential Resident	YES	NO
Business or Potential Business	<u>YES</u>	NO
Farm: USDA defines a farm as "Any place from which \$1000 or more of agricultural products were produced or sold, or normally would have been sold, during the year".	YES	NO

More questions on the reverse side

Note: All data entered will only be used for grant research purposes and will not be shared at any time.

This survey can also be completed on-line at up.net/keweenaw-broadband

Keweenaw Broadband Survey

If UP.net and PFN receive a grant to provide high-speed broadband internet delivered over fiber in Keweenaw County, would you be interested in purchasing any of the following services? Please check all that apply.

This is 100% a nonbinding commitment for you to purchase service.

Telephone and internet packages start as low as \$70 per month.

<u>Package</u>	<u>Answer</u>	
Local and Long-Distance Telephone Service	YES	NO
Unlimited High-Speed Fiber Internet	YES	NO
Local Television Service	YES	NO

This information will be used solely for the purposes of showing local interest with respect to up.net and PFN applying for a USDA ReConnect Grant for Keweenaw County.

For more information about UP.net and Peninsula Fiber Network, please visit our websites

<http://www.up.net>
<http://www.pfnllc.net>

Name	Alex Westrid (Gay Bar)
Address	906 MAIN ST
City, State, ZIP	Gay, MI 49945
Phone	906-365-0029

Keweenaw Broadband Survey



Baraga Telephone/up.net and our partner Peninsula Fiber Network (PFN) are considering applying for a USDA ReConnect grant to bring fiber broadband internet to Keweenaw County.

As part of the grant application process, we are conducting a poll about resident's current and future broadband internet service needs.

Question	Answer	
1. Do you live or work in Keweenaw County?	<input checked="" type="radio"/> YES	<input type="radio"/> NO
2. Do you currently have internet service (in Keweenaw County)?	<input checked="" type="radio"/> YES	<input type="radio"/> NO
3. If so, who is your provider and how fast is your internet service? (speedtest.net can be used to verify your speeds)	PASTY VERY OFTEN	
4. Is faster internet (at least 10 Mbps Download, 1 Mbps Upload) available to you?	<input checked="" type="radio"/> YES	<input type="radio"/> NO
5. Are you satisfied with your internet service and its cost?	<input type="radio"/> YES	<input checked="" type="radio"/> NO
6. Are you answering this survey as :	Select all that apply	
Resident or Potential Resident	<input type="radio"/> YES	<input checked="" type="radio"/> NO
Business or Potential Business	<input checked="" type="radio"/> YES	<input type="radio"/> NO
Farm: USDA defines a farm as "Any place from which \$1000 or more of agricultural products were produced or sold, or normally would have been sold, during the year".	<input type="radio"/> YES	<input checked="" type="radio"/> NO

More questions on the reverse side

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Keweenaw Broadband Survey

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Telephone and internet packages start as low as \$70 per month.

<u>Package</u>	<u>Answer</u>
Local and Long-Distance Telephone Service	YES NO
Unlimited High-Speed Fiber Internet	YES NO
Local Television Service	YES NO

This information will be used solely for the purposes of showing local interest with respect to up.net and PFN applying for a USDA ReConnect Grant for Keweenaw County.

For more information about UP.net and Peninsula Fiber Network, please visit our websites

<http://www.up.net>
<http://www.pfnllc.net>

Name	MOUNT BOHEMIA VERN BARBER
Address	PO BOX 578
City, State, ZIP	Houghton, MI 49931
Phone	906-289-4105

This survey can also be completed on-line at up.net/keweenaw-broadband

Keweenaw Broadband Survey



Baraga Telephone/up.net and our partner Peninsula Fiber Network (PFN) are considering applying for a USDA ReConnect grant to bring fiber broadband internet to Keweenaw County.

As part of the grant application process, we are conducting a poll about resident's current and future broadband internet service needs.

Question	Answer	
1. Do you live or work in Keweenaw County?	<u>YES</u>	NO
2. Do you currently have internet service (in Keweenaw County)?	<u>YES</u>	NO
3. If so, who is your provider and how fast is your internet service? (speedtest.net can be used to verify your speeds)	<i>Party.net</i>	
4. Is faster internet (at least 10 Mbps Download, 1 Mbps Upload) available to you?	YES ?	NO
5. Are you satisfied with your internet service and its cost?	YES	<u>NO</u>
6. Are you answering this survey as :	Select all that apply	
Resident or Potential Resident	<u>YES</u>	NO
Business or Potential Business	YES	<u>NO</u>
Farm: USDA defines a farm as "Any place from which \$1000 or more of agricultural products were produced or sold, or normally would have been sold, during the year".	YES	<u>NO</u>

More questions on the reverse side

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Keweenaw Broadband Survey

If UP.net and PFN receive a grant to provide high-speed broadband internet delivered over fiber in Keweenaw County, would you be interested in purchasing any of the following services? Please check all that apply.

This is 100% a nonbinding commitment for you to purchase service.

Telephone and internet packages start as low as \$70 per month.

<u>Package</u>	<u>Answer</u>	
Local and Long-Distance Telephone Service	<input checked="" type="radio"/> YES	<input type="radio"/> NO
Unlimited High-Speed Fiber Internet	<input checked="" type="radio"/> YES	<input type="radio"/> NO
Local Television Service	<input checked="" type="radio"/> YES	<input type="radio"/> NO

This information will be used solely for the purposes of showing local interest with respect to up.net and PFN applying for a USDA ReConnect Grant for Keweenaw County.

For more information about UP.net and Peninsula Fiber Network, please visit our websites

<http://www.up.net>
<http://www.pfnllc.net>

Name	Rodger Dukart / Linda Griffin
Address	887 Main Street
City, State, ZIP	Gay/Lakeview, MI 49945
Phone	906 296-9162

This survey can also be completed on-line at up.net/keweenaw-broadband

Keweenaw Broadband Survey



Baraga Telephone/up.net and our partner Peninsula Fiber Network (PFN) are applying for the Connecting Michigan Communities Grant to bring fiber broadband internet to the communities of Lake Medora, Lac La Belle, Deleware, and Gay in Keweenaw County.

As part of the grant application process, we are conducting a poll about resident's current and future broadband internet service needs.

<u>Question</u>	<u>Answer</u>	
1. Do you live or work in Keweenaw County?	YES	NO
2. Do you currently have internet service (in Keweenaw County)?	YES	NO
3. If so, who is your provider and how fast is your internet service? (speedtest.net can be used to verify your speeds)		
4. Is faster internet (at least 10 Mbps Download, 1 Mbps Upload) available to you?	YES	NO
5. Are you satisfied with your internet service and its cost?	YES	NO
6. Are you answering this survey as :	Select all that apply	
Resident or Potential Resident	YES	NO
Business or Potential Business	YES	NO

More questions on the reverse side

Note: All data entered will only be used for grant research purposes and will not be shared at any time.

Keweenaw Broadband Survey

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<u>Package</u>	<u>Answer</u>	
Local and Long-Distance Telephone Service	YES	NO
Unlimited High-Speed Fiber Internet	YES	NO
Local Television Service	YES	NO

This information will be used solely for the purposes of showing local interest with respect to up.net and PFN applying for a Connecting Michigan Communities Grant for Keweenaw County.

For more information about UP.net and Peninsula Fiber Network, please visit our websites

<http://www.up.net>
<http://www.pfnllc.net>

<i>Name</i>	<i>Tess Ahlborn</i>
<i>Address</i>	<i>13520 Bete Gris Rd</i>
<i>City, State, ZIP</i>	<i>Lac La Belle, MI 49950</i>
<i>Phone</i>	<i>906-369-2625; tess@mtu.edu</i>

Attachment 14: *Statements of impact/support
from CAIs*

Name of Attachment 14:

BaragaTelephoneCompany_Attachment_14_pdf

Public Schools of Calumet-Laurium-Keweenaw

CHRISTOPHER M. DAVIDSON
Superintendent of Schools

57070 Mine Street, Calumet, Michigan 49913

PHONE: (906) 337-0311

FAX: (906) 337-1406

MICHIGAN'S MOST NORTHERN K-12 SCHOOL DISTRICT

www.clkschools.org

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President

MICHAEL W. LUOMA, M.D.
Vice President

MELANIE J. PARKER
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Treasurer

MARIA L. CAMPIONI
Trustee

JAMES L. VERTIN
Trustee

JASON P. WICKSTROM
Trustee

August 28, 2019

Attn: CMIC grant administrators

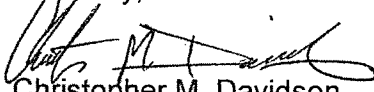
We are writing this letter in support of the efforts of Baraga Telephone Company and Peninsula Fiber Network, and their intent to install backbone fiber as well as fiber to the premise/fiber to the home in the northern reaches of Michigan's Upper Peninsula.

Serving the educational needs of northern Houghton County and Keweenaw County, The Public Schools of Calumet, Laurium & Keweenaw provides a 21st Century learning environment for all students in our communities and across the Upper Peninsula. We utilize and leverage educational technologies in support of teaching and learning while increasing efficiency and effectiveness. Increasing the capacity, reach and availability of high-speed broadband to our most northern facilities as well as remote student and parent homes is crucial for our students learning. Being able to have reliable Internet services is critical for blended and flipped learning, online courses, digital services, economic community growth and more.

We are excited about the possibilities this new fiber will bring to our communities, and have been looking forward to complete fiber connectivity into the Keweenaw for decades.

Please feel free to contact me at any time with any questions or for clarifications.

Sincerely,



Christopher M. Davidson
Superintendent



**Michigan
Technological
University**

Civil and Environmental Engineering

August 27, 2019

RE: Letter of support for Baraga Telephone / up.net CMIC grant application

To whom it may concern:

I am a part-time resident in Keweenaw County, soon to be full time. I am also a professor of structural engineering, internationally recognized for my excellence in teaching and research, with a passion for durable, sustainable and resilient infrastructure. That said, reliable high-speed internet service is an everyday and absolute necessity in my life.

My Keweenaw County residence is located such that cellular service is very poor, often times only one "bar". Boosters provided by cellular companies require a wi-fi connection, which I do not have. The sole point-source provider in the area is not able to reach my residence without adjustments to their line-of-sight equipment, which has not been a priority. Neighbors have complained of unreliable low-speed service, sometimes running at speeds of 2x1.

Our society expects us to keep up with technology. For the past nine months, I have worked to transition my chalk-n-talk (prestressed concrete design for buildings and bridges) course to an online format. Nearly 500 hours were put into this online course development. None of the hours were worked in Keweenaw County. All of the work-hours could have been performed in Keweenaw County had high-speed, reliable internet service been available. The course requires interactivity with students and scheduled virtual office hours. I need reliable service to perform these standard job duties.

As an educator and professional, I often host internet meetings, saving travel time and money for those of us with heavy workloads. These internet meetings can range from individual online student mentoring sessions and department meetings, to larger events. For example, I have hosted international meetings with over 35 attendees from 7 countries. But I certainly haven't been successful in hosting any of these business meetings while located in Keweenaw County.

Broadband expansion is an essential need in the county beyond just my residence. As the secretary of the Keweenaw County Economic Development Committee (EDC), I take meeting notes on my laptop, saved to a google drive, and often perform quick searches for supplemental information during committee discussions. Internet service at the county courthouse, where our meetings are held, is slow (1.5x1.7 speed checked on 8/7/19) and erratic. Conducting business in the county is a struggle without reliable service. Visitors experience frustration at the inability to communicate as they do in their daily lives outside of our community. There is no doubt that Keweenaw County needs to be connected.

The Keweenaw County EDC identified 5 priorities through a strategic planning process during the committee reorganization two years ago. These priorities, in order as defined by the committee are:

1. Broadband Development and Communications
2. Website Communications

3. 100 Good Paying Jobs
4. Land Use Issues including Zoning and Permanent Easements
5. Workforce Development

All EDC priorities identified will benefit from reliable high-speed internet. Observably, our top priority for economic growth is expanding broadband in our county (1). The county's web presence (2) is being updated for ease of use and accuracy of information, to attract new business and talent to the area. Creating 100 good paying jobs (3) will come from business expansion and our ability to attract remote workers to our county. Improving the digital infrastructure will allow for industrial and business zoning to expand through our land use initiatives (4). And workforce development (5), whether for skilled trades or advanced professional growth, will inevitably be supported through a broadband network expansion.

As with any introduction of new technology, a successful implementation plan will lead to the ultimate goal - here to connect our communities. I am a strong believer in continuing education at all levels, including the need to educate less-savvy broadband users. I can imagine there are many households in our county without reliable internet access. I am fully committed to helping Baraga Telephone / up.net integrate this technology into the lives of our county residents through Digital Literacy training sessions. Community sessions can be developed to help residents understand how to access health information or educational opportunities. Business development sessions can be coordinated for start-ups that rely on remote workers. With my broad network of professionals at the university, I am confident that we will be able to work with Baraga Telephone/ up.net to disseminate strategies for broad use of high-speed reliable internet throughout the county.

The digital revolution will continue to change our society, and our infrastructure must keep up. I strongly believe that the expanded broadband network infrastructure proposed by Baraga Telephone / up.net will enhance the working environment for professionals like me – those that can work remotely while enjoying life surrounded by the beauty of the Keweenaw, as well as those just entering into the digital era. I am inspired that high-speed reliable internet will provide economic opportunities for the county, including opportunities beyond our imagination.

As you review the submitted application to expand broadband services throughout Keweenaw County, you should have no doubt that Keweenaw County needs to be connected. Our economy depends on it and we need your help. If you have any questions, please feel free to contact me. Thank you for your support.

Sincerely,



Theresa M. (Tess) Ahlborn, Ph.D., P.E., FACI, FPCI
Professor of Structural Engineering
tel: 906.487.2625; email: tess@mtu.edu



KEWEENAW HOSPITAL

205 Osceola Street, Laurium, MI 49913
P 906.337.6500 | aspirus.org

August 22, 2019

Larry Swetich
Peninsula Fiber Network
1901 W. Ridge St. Suite 2
Marquette, MI 49855

To Whom It May Concern,

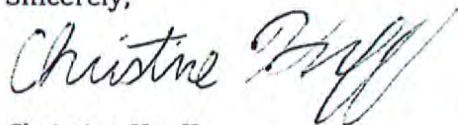
This letter is being written in support of the grant application of Peninsula Fiber Network and Baraga Telephone to extend fiber coverage to the eastern and southern areas of the Keweenaw.

Healthcare as an industry continues to see more and more innovation that relies on virtual connection. Be it patients connecting to a healthcare system's online portal, providers offering telehealth visits between locations, or patients being able to contact a provider through a virtual visit app, a strong, reliable connection is key.

Aspirus' mission is to heal people, promote health, and strengthen communities. As the patients we serve seek to take advantage of the virtual medical monitoring opportunities available to them, they would benefit greatly from enhanced broadband coverage.

Your consideration of the grant application is very much appreciated.

Sincerely,



Christine Harff
Regional President – Upper Peninsula

Tuesday, August 13, 2019

RE: Letter of Support for the Connecting Michigan Communities Grant

To whom it may concern,

On behalf of Upper Great Lakes Family Health Center (UGLFHC), I would like to lend my full support for the Connecting Michigan Communities Grant Application submitted by Baraga Telephone Company.

UGLFHC established in 2009 and currently operates nine (9) service delivery locations in Michigan's Upper Peninsula. We serve the residents of Houghton, Iron, Marquette, Menominee and Ontonagon Counties, and the surrounding areas. UGLFHC provides comprehensive primary health care services, in addition to oral health, mental health, substance use counseling, medication assisted treatment, enabling services, patient education and outreach. UGLFHC services a large-low income population, many with inadequate social support and major transportation barriers. We have recognized these barriers in care, and with the help of telehealth communication, we have been able to increase our ability to serve all patients in all of our service area locations and more.

As a regional provider of primary healthcare services to a rural isolated region in Michigan, broadband access to our most remote sites has proved invaluable in delivering essential services to communities that experience significant access to care.

The funding of this project would be essential for the Keweenaw County and its residents. Broadband access has been a vital piece to our organization as we continue to grow and serve more patients.

We strongly support this application to expand broadband service to rural areas in the Keweenaw County. If you have any questions, feel free to contact me at (906) 481-8571.

Sincerely,



Donald A. Simila, MSW, FACHE
Chief Executive Officer
Upper Great Lakes Family Health Center

*Providing exceptional health care services for all people in the
Upper Great Lakes region regardless of their ability to pay.*



REMC 1

Mike Richardson, Director

mike@remc1.org

www.remcl.org

Attachment #14

August 19, 2019

Attn: CMIC grant administrators

We are writing this letter in support of the efforts of Baraga Telephone Company and Peninsula Fiber Network, and their intent to install backbone fiber as well as fiber to the premise/fiber to the home in the northern reaches of Michigan's Upper Peninsula.

As the region's premiere educational technology support team, REMC1 provides technical support services to local districts and agencies across six counties, and also provide a wide array of network and Internet services to agencies across eleven counties. We work with our schools to help them utilize and leverage technology in support of teaching and learning while increasing efficiency and effectiveness. Increasing the capacity, reach and availability of high-speed broadband to our most northern facilities as well as remote student and parent homes is crucial for 21st century learning. Being able to have reliable Internet services is critical for blended and flipped learning, online courses, digital services, economic community growth and more.

We are excited about the possibilities this new fiber will bring to our communities, and have been looking forward to complete fiber connectivity into the Keweenaw for decades.

Please feel free to contact me at any time with any questions or for clarifications.

Sincerely,

Michael Richardson

Michael Richardson
Director, REMC1

Providing service to your ISD and their local constituent schools

*Copper Country Intermediate School District
Gogebic-Ontonagon Intermediate School District*

*Phone (906) 482-4520
811 Hecla Street Hancock, MI 49930*

601 CALUMET STREET
LAKE LINDEN, MICHIGAN 49945

BOARD OF EDUCATION

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JENNIFER BEAUDETTE, Trustee
ROB JOHNSON, Trustee
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BRAD CODERE
Superintendent
Phone (906) 296-6211
FAX (906) 296-0943

K-12 Principal
Phone (906) 296-6681
FAX (906) 296-0219

JACK JOHNSON
Elementary Coordinator
Phone (906) 296-6221
FAX (906) 296-0305

JACK KUMPUJA
Athletic Director
Phone (906) 296-6681
FAX (906) 296-0219

Attn: CMIC grant administrators

I am writing this letter in support of the efforts of Baraga Telephone Company and Peninsula Fiber Network, and their intent to install backbone fiber as well as fiber to the premise/fiber to the home in the northern reaches of Michigan's Upper Peninsula.

As a small rural school we travel great distances for to pick up our students. We make runs to Gay, Mohawk, Traprock, etc. to get our students to school. Some of these areas do not have access to internet services and in today's world that just isn't right. We work closely with our local ISD to obtain, manage, and get trained on the latest technology. REMC1 provides technical support services to our local districts. We work with them to help utilize and leverage technology in support of our teaching and learning. Increasing the capacity, reach and availability of high-speed internet to our most northern districts and their students is vital for learning today. Being able to have reliable Internet services is critical for students to have access to blended and flipped learning, online courses, and digital services.

We, as a district, are excited about the possibilities this new fiber will bring to our communities, and have been looking forward to complete fiber connectivity into the Keweenaw for many years. We hope it finally comes to fruition.

Sincerely,



Brad Codere
Superintendent/K-12 Principal
Lake Linden-Hubbell Public Schools

STUDENTS PARENTS
SCHOOL

COMMUNITY

OUR MISSION: Working together to ensure that all students achieve their maximum potential and contribute to society.

Attachment 16: *Statements of impact/support
from businesses*

Name of Attachment 16:

BaragaTelephoneCompany_Attachment_16_pdf



KEWEENAW HOSPITAL

205 Osceola Street, Laurium, MI 49913
P 906.337.6500 | aspirus.org

August 22, 2019

Larry Swetich
Peninsula Fiber Network
1901 W. Ridge St. Suite 2
Marquette, MI 49855

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Healthcare as an industry continues to see more and more innovation that relies on virtual connection. Be it patients connecting to a healthcare system's online portal, providers offering telehealth visits between locations, or patients being able to contact a provider through a virtual visit app, a strong, reliable connection is key.

Aspirus' mission is to heal people, promote health, and strengthen communities. As the patients we serve seek to take advantage of the virtual medical monitoring opportunities available to them, they would benefit greatly from enhanced broadband coverage.

Your consideration of the grant application is very much appreciated.

Sincerely,

Christine Harff
Regional President – Upper Peninsula

Tuesday, August 13, 2019

RE: Letter of Support for the Connecting Michigan Communities Grant

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As a regional provider of primary healthcare services to a rural isolated region in Michigan, broadband access to our most remote sites has proved invaluable in delivering essential services to communities that experience significant access to care.

The funding of this project would be essential for the Keweenaw County and its residents. Broadband access has been a vital piece to our organization as we continue to grow and serve more patients.

We strongly support this application to expand broadband service to rural areas in the Keweenaw County. If you have any questions, feel free to contact me at (906) 481-8571.

Sincerely,



Donald A. Simila, MSW, FACHE
Chief Executive Officer
Upper Great Lakes Family Health Center

*Providing exceptional health care services for all people in the
Upper Great Lakes region regardless of their ability to pay.*



4001 N. Ravenswood
Suite 404
Chicago, IL 60613

Keweenaw Broadband Testimonial

August 24, 2019

To Whom it May Concern:

This letter is to support Baraga Telephone / up.net's application for the Connecting Michigan Communities (CMIC) Grant. Access to information through reliable, high-speed broadband is essential for societies to thrive in the 21st century. This is especially critical in rural areas.

I am an Upper Michigan native who has been a Keweenaw County resident since 2007. I also own a business located in Chicago. Current internet access options fall short of my needs to telecommute and, often, manage basic business operations remotely. This leads to diminished productivity, wasted time, and lost revenue, frustrating for all involved, including my Chicago-based team and our clients. For instance, it is currently impossible to smoothly run video conference calls from my Eagle Harbor Township home. These calls are critical to my work. This is just one example of something most urban communities take for granted, yet is not available to us in Keweenaw County. If we want our community to thrive, we must have the same options available to us as in more populated areas.

Improving access to broadband internet across Keweenaw County is imperative to the way of life for present and future residents and business owners. To this end, we strongly support Baraga Telephone / up.net's application.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Frick'.

Tim Frick
CEO
Mightybytes, Inc.

August 26, 2019

Property owners: Lynn and Jason Makela
12185 State Highway M26
Eagle Harbor, MI 49950

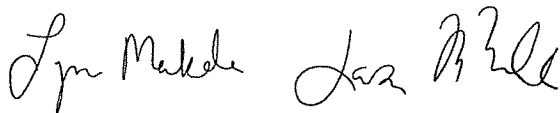
To whom it may concern:

This letter is in support of Baraga Telephone / up.net's application for the Connecting Michigan Communities (CMIC) Grant. Reliable high-speed broadband has become essential for all aspects of life. Including, but not limited to, education, healthcare, finance, travel, and the ability to conduct business.

The present lack of reliable access limits the growth of industry and businesses currently operating out of Keweenaw County and those considering operation in the future. It is also a factor that can deter residents drawn to the beauty of Keweenaw County. Through the Connecting Michigan Communities Grant, we hope to foster reliable broadband access and see residents, businesses, industry, and tourism flourish.

In conclusion, we view improving access to broadband internet across Keweenaw County as imperative to the way of life for our present and future residents and business owners. To this end, we support Baraga Telephone / up.net's application.

Best regards,

Handwritten signatures of Lynn Makela and Jason Makela in black ink.

Lynn Makela and Jason Makela

Keweenaw Broadband Survey



Baraga Telephone/up.net and our partner Peninsula Fiber Network (PFN) are considering applying for a USDA ReConnect grant to bring fiber broadband internet to Keweenaw County.

As part of the grant application process, we are conducting a poll about resident's current and future broadband internet service needs.

<u>Question</u>	<u>Answer</u>	
1. Do you live or work in Keweenaw County?	YES	NO
2. Do you currently have internet service (in Keweenaw County)?	YES	NO
3. If so, who is your provider and how fast is your internet service? (speedtest.net can be used to verify your speeds)		
4. Is faster internet (at least 10 Mbps Download, 1 Mbps Upload) available to you?	YES	NO
5. Are you satisfied with your internet service and its cost?	YES	NO
6. Are you answering this survey as :	Select all that apply	
Resident or Potential Resident	YES	NO
Business or Potential Business	<u>YES</u>	NO
Farm: USDA defines a farm as "Any place from which \$1000 or more of agricultural products were produced or sold, or normally would have been sold, during the year".	YES	NO

More questions on the reverse side

Note: All data entered will only be used for grant research purposes and will not be shared at any time.

This survey can also be completed on-line at up.net/keweenaw-broadband

Keweenaw Broadband Survey

If UP.net and PFN receive a grant to provide high-speed broadband internet delivered over fiber in Keweenaw County, would you be interested in purchasing any of the following services? Please check all that apply.

This is 100% a nonbinding commitment for you to purchase service.

Telephone and internet packages start as low as \$70 per month.

<u>Package</u>	<u>Answer</u>	
Local and Long-Distance Telephone Service	YES	NO
Unlimited High-Speed Fiber Internet	YES	NO
Local Television Service	YES	NO

This information will be used solely for the purposes of showing local interest with respect to up.net and PFN applying for a USDA ReConnect Grant for Keweenaw County.

For more information about UP.net and Peninsula Fiber Network, please visit our websites

<http://www.up.net>
<http://www.pfnllc.net>

Name	Alex Westrick (Gay Bar)
Address	906 MAIN ST
City, State, ZIP	Gay, MI 49945
Phone	906-365-0029

This survey can also be completed on-line at up.net/keweenaw-broadband

Keweenaw Broadband Survey



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As part of the grant application process, we are conducting a poll about resident's current and future broadband internet service needs.

Question	Answer	
1. Do you live or work in Keweenaw County?	<input checked="" type="radio"/> YES	<input type="radio"/> NO
2. Do you currently have internet service (in Keweenaw County)?	<input checked="" type="radio"/> YES	<input type="radio"/> NO
3. If so, who is your provider and how fast is your internet service? (speedtest.net can be used to verify your speeds)	PASTY may often	
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5. Are you satisfied with your internet service and its cost?	<input type="radio"/> YES	<input checked="" type="radio"/> NO
6. Are you answering this survey as :	Select all that apply	
Resident or Potential Resident	<input type="radio"/> YES	<input checked="" type="radio"/> NO
Business or Potential Business	<input checked="" type="radio"/> YES	<input type="radio"/> NO
Farm: USDA defines a farm as "Any place from which \$1000 or more of agricultural products were produced or sold, or normally would have been sold, during the year".	<input type="radio"/> YES	<input checked="" type="radio"/> NO

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For more information about UP.net and Peninsula Fiber Network, please visit our websites

<http://www.up.net>
<http://www.pfnllc.net>

Name	MOUNT BOHEMIA VERN DRAABEL
Address	PO BOX 578
City, State, ZIP	Houghton, MI 49931
Phone	906-289-4105

This survey can also be completed on-line at up.net/keweenaw-broadband



MTEC SmartZone
600 East Lakeshore Drive
Houghton, MI 49931

August 26, 2019

To Whom it May Concern:

The MTEC SmartZone, one of the Michigan Economic Development Corporation's 21 high-tech business accelerators throughout the State of Michigan (and certainly the farthest north!), is writing on behalf of itself and its startup companies in support of Baraga Telephone/up.net's application for the Connecting Michigan Communities (CMIC) Grant. As a business and economic development organization, reliable high-speed broadband is essential for us to create, attract and retain businesses in and around our community. The connectivity improvement provided by this project will allow us and our local businesses and individuals to function at a much higher capacity, thereby allowing us to bring our innovations and endeavours to the rest of the world. It will also demonstrate to existing businesses that we can support their technology needs locally, and will serve as further incentive for them to relocate their business to our area.

It is no secret that Keweenaw County is the playground for our regional community and a significant tourism economy exists despite a lack of widespread access to reliable broadband internet. Baraga Telephone/up.net's commitment to this project will greatly enhance our ability to provide the work/life balance we strongly endorse and strive to achieve, and grow the value of our communities by supporting economic growth opportunities throughout the region. Through the Connecting Michigan Communities Grant, we hope to see residents, businesses, industry, and tourism flourish.

In conclusion, we view improving access to broadband internet across Keweenaw County as highly valuable to the way of life for our present and future residents and business owners. To this end, we strongly support Baraga Telephone/up.net's application. If you have any questions please contact me at the email address below.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel I. Jamison IV", is written over the typed name and title.

Daniel I. Jamison IV
CEO, MTEC SmartZone
djamison@mtcsz.com