Statement by

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Before the

United States House of Representatives

Committee on Small Business

Full Committee

Hearing on

*Wired for Growth: How Expanding Broadband Can Revitalize Rural Small Business*

September 3, 2025

**Introduction**

Chairman Williams, Ranking Member Velázquez, and members of the Committee, thank you for the opportunity to participate in today's hearing, which focuses on the importance of how rural broadband connectivity can revitalize small businesses.

I am Kristi Westbrock, CEO and General Manager of CTC – Consolidated Telephone Company, headquartered in Brainerd, Minnesota. I am a native of Browns Valley, Minnesota, with a population of 700. I grew up in a small town with my Mom, Dad and sisters. My graduating class was 26 students, and everyone knew everyone by first name. That grounded me in my passion for rural America. Today, I live in Merrifield, Minnesota with my husband Mike and daughter Emily. We are active in our communities, working with organizations like the Brainerd Lakes Economic Development Corporation to drive economic vitality, the Initiative Foundation that empowers people in Central Minnesota to build vibrant communities, and Smiles for Jake, a mental health and suicide prevention nonprofit. I have been with CTC for over 17 years, bringing 25+ years of experience in telecommunications. CTC is a full-service technology advisor serving central and northern Minnesota for the past 75 years. With our fiber optic network, we can offer our members fast and reliable internet, phone, and television services, as well as business phone systems and IT services. CTC is a cooperative, and we live by our mission: "*To empower our members, employees, and communities through exceptional service and life-changing technology solutions for a sustainable future.*"

Serving our communities is not merely part of our mission—it defines who we are. Meaningful connections extend beyond technology; they are founded on trust, support, and consistent engagement. We believe that investing in the communities we serve fosters growth, resilience, and long-term success. Through initiatives such as sponsoring local athletic programs, collaborating with schools, and establishing our own nonprofit organization, CTC Cares, we demonstrate our commitment to making a positive impact that extends well beyond providing internet services.

CTC is proud to be part of the Smart Rural Community℠ program, administered by NTCA–The Rural Broadband Association. As a locally rooted small business with 97 full-time employees, we serve approximately 21,400 members across 1,449 square miles. Our commitment to improving connectivity also extends beyond our own network—we actively build partnerships with electric cooperatives, tribal entities, and other organizations across Minnesota. By leveraging statewide transport networks, we're able to collaborate with businesses of all sizes to meet their broader communications needs and address connectivity challenges head-on.

I should also note that CTC is one of many small businesses based in rural America that long ago sought to address their communities' needs for better connectivity and continue to deliver on that mission today. For example, we are a member of NTCA. This association represents approximately 850 rural, community-based broadband providers that deploy cutting-edge networks and offer advanced communications services in deeply rural communities. These operators collectively serve less than 5 percent of the United States' population but nearly 30 percent of its landmass. Rural providers, such as CTC, operate in communities that have been left behind because they were too sparsely populated to make a regular business case.

**Importance of Broadband Connectivity for Small Businesses and Rural Communities**

While the economics of operating in these very rural areas tend to make them likely candidates for being unserved or underserved, the benefits of a reliable broadband connection can mean the world to these communities. Investing in rural broadband can have far-reaching effects for both urban and rural America, creating efficiencies in healthcare, education, agriculture, energy, and commerce, and enhancing the quality of life for citizens across the country. For example, with a shortage of teachers in many areas of rural America, schools must rely on high-speed connectivity to deliver interactive video instruction for foreign language, science, and music classes. Similarly, telemedicine applications can help bridge the divide in rural America, enabling real-time patient consultations and remote monitoring, as well as specialized services such as tele-psychiatry. And, most importantly for the specific subject of today's hearing, robust and reliable broadband access can promote substantial opportunities for small businesses founded in or looking to relocate to rural areas where they can make a difference.

Indeed, fast, high-capacity broadband in rural areas promotes business growth and creates jobs. For example, Leedrick Studios, a cutting-edge video production and marketing company in Hibbing, Minnesota, saw an immediate boost in its processes and production efficiency after having a robust broadband connection. Leedrick had been previously served with a spotty, less reliable connection, but we were able to help the company achieve more for its clients. Jim Lee from Leedrick Studios has stated, "In our fast-paced industry, where every second counts and digital connectivity is paramount, CTC's unwavering reliability has been a game-changer. It's the bedrock upon which we've built our enhanced operational efficiency. CTC hasn't just met our expectations; they've redefined them. Their service is more than great-it's essential for businesses looking to thrive in the digital age. Our transition has been transformative."

Of course, in addition to the direct benefits for individual small businesses, broadband helps empower economic development for communities as a whole. For example, CTC partnered with Calix to deliver a major connectivity upgrade for the Brainerd Lakes Regional Airport. The project had an immediate impact on travelers and employees by providing an improved airport experience. The upgraded system not only delivers advanced connectivity, but it also strengthens the Brainerd Lakes Regional Airport's role as a modern, connected regional hub. Tyler Glynn, Executive Director of the Brainerd Lakes Economic Development Corporation, shared, "The ability to work and communicate at the airport is critical to this area's continued economic growth. CTC's investment in the managed WiFi system at the Brainerd Lakes Regional Airport provides all those who use the airport for business, travel, dining, and employment with a reliable service, which will continue to drive economic impact in the Brainerd Lakes Area."

These are just a few sample success stories showing how we have been able to contribute to our community and how a reliable connection can impact rural businesses and economic growth and vitality. However, we also have much more work to do. This is where public policy plays such an important role in helping to build and sustain broadband in rural markets that would not otherwise justify such investments and ongoing operations.

**Barriers to Rural Broadband Deployment**

Building broadband networks is capital-intensive and time-consuming. Indeed, even as construction hurdles like lengthy permitting processes and navigating red tape can be significant barriers, the primary challenge of rural network deployment is simply making a business case at all for constructing networks and delivering services across hundreds or thousands of miles where the population is sparse and the terrain is diverse. Even when and where networks are built, they must be maintained over those hundreds or thousands of miles. This maintenance requires skilled technicians who regularly travel long distances to make service calls and customer service representatives trained to deal with questions about router and device configurations in ways that were unimaginable for "telephone companies" years ago.

Moreover, even the best local or "last mile" networks in rural markets are dependent upon "middle mile" or long-haul connections to internet gateways dozens or hundreds of miles away in large cities. Reaching such distant locations is expensive, and as customer bandwidth demands increase – moving from Megabytes to Gigabytes to Terabytes of demand per month per customer – so too does the cost of ensuring sufficient capacity to handle customer demand on those "long-haul" fiber routes that connect rural America to the rest of the world.

All these factors make the delivery of broadband in rural America an ongoing effort that requires sustained commitment. We will miss the mark as a nation if we treat the broadband challenge as a one-time declaration of "success" just for the very preliminary act of connecting a location. After initial construction of rural broadband networks, much work remains to ensure consumers and businesses can adopt and make effective uses of networks, and to upgrade and sustain those networks over time to keep pace with consumer demand and small businesses' needs – this undertaking is where public policy plays an important role in helping both to build *and* sustain broadband in rural markets. This is where, as I will discuss below, federal policy with respect to broadband funding – and especially universal service – becomes critical.

But before turning to the important discussion of how we fund and then sustain networks and services in deeply rural areas, I do want to discuss permitting and the various approvals needed simply to get network construction work underway. Infrastructure investment depends on prompt acquisition or receipt of permissions to build networks. Roadblocks, delays, and increased costs associated with permitting and approval processes are particularly problematic for providers of service in rural areas. The review procedures can take substantial amounts of time, undermining the ability to plan for and deploy broadband infrastructure. Obtaining reasonable terms and conditions for attaching network facilities to poles, crossing railroads, historic property review, and environmental reviews can result in long delays and costly fees for providers seeking to build out networks in unserved rural communities.

There has been strong bipartisan recognition for years that lengthy review processes are slowing down broadband deployment—particularly in regions with short construction seasons. In Minnesota, even a brief delay can push projects back by an entire year. These setbacks also increase costs, as unpredictable timelines make it more challenging to secure contractors and maintain work on schedule.

One recent project illustrates the problem clearly: it took more than six months to secure the soil testing permit required to submit its Environmental Review (ER). By the time both federal and state reviews are completed, this single project will have been delayed nearly two years—leaving rural communities without service in the meantime.

Railroad permitting creates another major obstacle. While a Minnesota state statute has improved the process locally, railroads operate under inconsistent rules and often charge excessive fees for access or services. Establishing a standardized process with clear timelines and predictable costs would dramatically improve planning and deployment efficiency.

The Energy and Commerce Committee made significant progress last Congress by examining these issues closely and considering legislation to address them. Representative Buddy Carter's "American Broadband Deployment Act," for example, proposed streamlining review requirements—particularly for projects along existing, previously disturbed rights-of-way. CTC and other broadband providers across the country would strongly support renewed efforts in this Congress to modernize these processes and speed delivery of high-speed internet to the communities that need it most.

**Broadband Funding Programs**

*Grants*

Grant programs also play an important role in rural broadband deployment. To be clear, however, grants by themselves are not enough by themselves to do the job. It takes a mix of community commitment and private capital to build networks as well, and in many of the rural areas where terrific broadband already is in place, those networks were built not by leveraging grants, but rather through a mix of private capital and loans.

Nonetheless, CTC has also actively sought in recent years to leverage funding from the Minnesota Broadband Program, The ReConnect Program, the Community Connect Grant Program, The Tribal Broadband Connectivity Fund, and U.S. Economic Development Administration grants and other federal, state, and local programs. These programs have been successful in providing capital to help our company make the business case for expanded investment into unserved and underserved areas. Over the past eleven years, CTC has been awarded over $50 million in grant funds and has provided matching funds of nearly $22 million for those projects. Of the total $72 million in projects, CTC has funded approximately 31% of the cost through its own capital.

However, even with grant approvals, we often face delays in receiving funds. Outdated application procedures for specific grant programs create additional roadblocks for broadband deployment. Even for providers like CTC, with a proven track record of serving members and delivering exceptional service, the current process can be cumbersome and inefficient. Grant applications are often time-consuming, requiring extensive documentation and repeated responses to the same questions, with little consistency from one program to another. Moreover, processes can vary widely across agencies, leading to confusion and delays that slow project planning and execution. These inefficiencies make it more difficult to move projects forward quickly and add unnecessary administrative burdens that divert resources from actual deployment efforts. Streamlining and

standardizing these procedures would allow providers to focus on what matters most: connecting communities that are still waiting for reliable broadband.

While not directly related to grants, another administrative challenge worth noting arises out of audits conducted by the Universal Service Administrative Company (USAC), which helps the FCC in overseeing the use of federal universal service funding – a separate set of programs aimed at supporting sustainability and affordability of rural broadband that I will describe further below. As a small business, the time commitment for CTC associated with working through these audits was significant—over 100 hours spent gathering data, attending meetings, and managing related expenses. Compounding the issue, USAC hired an outside firm to perform the audit that had limited knowledge of the broadband industry. Much of our initial effort was spent educating the auditors about our industry, the equipment we use, and our operational processes. In this instance, the audit focused on supply chain compliance, specifically to confirm that no banned equipment was present in our network. While a simple one-day visit to inspect our infrastructure could have satisfied this requirement, we instead spent months reviewing financial records to prove the absence of equipment that was never part of our network. Streamlining audit procedures and leveraging industry expertise would make these processes far more efficient and less burdensome.

Experiences like these highlight why it is so critical for large-scale federal programs, such as the Broadband Equity Access and Deployment (BEAD) program to implement clear, efficient processes. BEAD is the grant program that obviously has captured the most attention in recent years. If executed effectively, BEAD should provide substantial capital to help narrow, if not eliminate, persistent availability gaps across the country. During the "Benefit of the Bargain" round, NTIA took several much-welcomed steps to eliminate regulatory barriers and speed up implementation, and we are now starting to see several states submitting their final proposals to NTIA following that announcement. We have seen a variety of proposals that take different strategies to benefit the needs of their communities.

Given the challenges we face, it makes sense to use every tool in the toolkit to achieve the BEAD program's mission. We will not get the same kind of networks everywhere given challenges in terrain, density, and other factors that affect the economics. But this does not mean we should settle for the lowest-common denominator either. A way to think about this is that certain tools are better suited for certain jobs than others. Our strategy for broadband for rural communities needs to be similar. If we want our rural communities to remain competitive in economic activity and quality of life with urban and suburban counterparts and in an increasingly interconnected world, we need to build for the long-term wherever feasible, while still leaving room to pick the right technological solution for the specific challenge presented. Put another way, for small businesses in rural America to be "wired for growth" as this hearing title suggests, we should always be thinking through how to give rural communities access to broadband that is built to last wherever we can.

Finally, as we take stock of how grants can help, it cannot be forgotten that federal grants are considered taxable as income under current law. With so much federal investment in broadband deployment, taxing broadband grants will dramatically reduce the impact of programs like BEAD, and likely leave the hardest-to-reach communities without connectivity. Due to the "market failure" nature of many rural areas, it is critical that every grant dollar for broadband go toward network deployment. Instead, currently, a significant portion of those funds will go back to the government

in the form of subsequent tax payments on the grants. The "Broadband Grant Tax Treatment Act" has been introduced in both the House and the Senate to reverse this course, and I would strongly encourage its passage to ensure that the benefit of the bargain arising out of these grants goes fully to the customers and communities being served rather than simply being returned in some part to the government itself.

*Universal Service*

As I mentioned earlier in my testimony, the continued operations, maintenance, and sustainability of a network and the affordability of services in rural areas can present a significant challenge. This is where the FCC's Universal Service Fund (USF) has the greatest impact. Even if federal funding is available to help with construction capital, we still need to recover our matching investment, keep rates affordable for consumers and small businesses, and maintain our operations. In some rural areas, customer revenues may be sufficient by themselves to make this possible, but in many other rural areas, substantial distances, low densities, and challenging terrain undermine the business case for investment and ongoing operation of a broadband network. To address such concerns, universal service policies have been a cornerstone of communications in the United States for over a century, and the USF remains essential today in promoting the deployment of increasingly advanced networks in rural areas and making voice and broadband services more affordable for rural and low-income consumers and schools, libraries, and rural healthcare facilities.

Over the past several years, the USF programs have been under attack, with a group asserting in court after court and before the FCC that the way in which Congress chose to fund the programs was unconstitutional. Fortunately, the U.S. Supreme Court recently confirmed the constitutionality of the program, but now we need to turn back to a more focused and productive debate over how to update the USF contribution mechanism. Currently, contributions to USF are collected largely through assessments on legacy telecom services. As users migrate, however, from legacy services to advanced offerings like broadband, this decline in the "contribution base" had led to a steady increase in the contribution factor over the past twenty years – even as the overall USF budget has been relatively steady over this period. To achieve and sustain core statutory and related public policy objectives related to universal service, it is essential that policymakers act to ensure: (a) that contribution responsibility is shared reasonably and equitably among all users of the underlying networks that universal service seeks to promote; and (b) that all those that benefit from broadband networks help to recover the costs of deploying and operating them. Thankfully, there is a bipartisan group of lawmakers from the U.S. Seante and House of Representatives that are looking to address this very issue, and I hope ultimately that all members of Congress will support these leaders' efforts to put our nation's critical universal service mission on more sound footing.

**Mapping**

One other issue I would like to flag for monitoring as Congress considers how to improve broadband access is the data used to make important funding and policy decisions. The National Broadband Map ("NBM") is critical in such decision-making, but it still falls short far too often in capturing facts on the ground accurately. Since the passage of the Broadband DATA Act, the FCC has made substantial strides to create and try to improve the NBM, but structural problems persist. We hope that the FCC will take lessons learned from what we have seen in the map to date and consider

improvements in reporting and challenge processes to make the map more reliable and realistic given its prominence in funding and policy decisions.

Some recommendations we think would help address the current flaws in the NBM reporting and challenge processes are:

1. Revise reporting standards to reflect proven technological capabilities on an objective basis.

2. Create public "heat maps" highlighting where numerous challenges and crowdsourcing concerns arise in an area or where coverage claims look questionable.

3. Enable greater use of performance data to inform challenges.

4. Apply meaningful consequences for chronic overreporting of coverage.

5. Do not reduce or eliminate broadband funding for an area based upon coverage claims unless, under objective technical standards, the reporting provider can in fact serve *every* customer in that area, rather than merely claiming to be serve *any* of them.

**Conclusion**

Community-based small businesses like CTC are committed to our customers and the communities we serve, and our services are important inputs to the success of local small businesses and our regional economies. Given our experience and track record of success, small community-based providers should be seen as critical components of any strategy seeking to achieve and sustain universal service in the United States. I thank the Committee for its leadership and interest in all these issues and look forward to working with you all to ensure all Americans experience the benefits of broadband over the best possible networks both today and for the decades to come.