

Attachments

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Kennebec Telephone Company

Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules

Service Quality Standards

The Company:

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.
- Advertises the availability of its services and the charges using media of general distribution and on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call or toll-free telephone number during normal business hours.
- Directs after hour calls to the Company's answering service.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
 - Answer all incoming calls promptly.
 - Respond to all inquiries for information promptly and courteously.
 - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
 - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

Kennebec Telephone Company

Functionality in Emergency Situations

Back-Up Power

The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Switch, Remote, DLCs and ONTs all have minimum 8 hour battery backup. Switch and Remote have standby generators, and we have portable generators to provide power to DLC cabinets if needed. We have a plan to replace ONT batteries with charged spare batteries.

Rerouting of Traffic around Damaged Facilities

The Company is able to reroute traffic around damaged facilities. Our regulated inter-exchange and intra-exchange traffic is on a SONET ring with diverse routing to prevent being isolated by a fiber cut.

Traffic Spikes

We have a significant amount of unused switching capacity to handle sporadic traffic spikes resulting from emergency situations. We have 96 2-way trunks between Kennebec Telephone Company and SDN for inter-exchange traffic. We have 24 trunks for incoming wireless from SDN or outgoing LNP traffic to SDN. We have one T1 for incoming traffic from Century Link.

Kennebec Telephone Company, Inc.

Description of Tribal Engagement

For Form 481 Line 920 thru Line 929

The Company provides services in Lower Brule Reservation. On October 15, 2012, by letter sent via certified mail to Michael Jandreau, the Company requested a meeting with the Lower Brule Sioux Tribe to exchange information and discuss issues related to the deployment and provisioning of communications services on Tribal lands. The Company did not receive a response to this letter. The Company submitted another letter via certified mail on December 5, 2012, and a meeting with the Lower Brule Sioux Tribe was held on January 24, 2013.

In accordance with provisions in the FCC's USF and ICC Transformation Order, paragraphs 636 and 637, and 47 CFR 54.313(a)(9), at the meeting with the Lower Brule Sioux Tribe, the Company outlined the following topics to be discussed throughout the process:

- Needs Assessment and Deployment Planning
- Communications Needs
- Feasibility and Sustainability Planning
- Marketing Services in a Culturally Sensitive Manner
- Rights of Way and Other Permitting and Review Process
- Tribal Business and Licensing Requirements

The Company will schedule another meeting with the Tribal Authorities to continue further discussions, along with tribal input, on all of the above topics. In particular, the Company and the Tribal Authority discussions relating to needs and service deployment will be focused on community anchor institutions. The feasibility and sustainability of communications services on tribal lands will be discussed and the Company will, with assistance from the Tribal Authorities, attempt to identify additional steps that can be taken to make essential communications services deployed on Tribal lands both feasible and sustainable. The Company and Tribal Authorities will also discuss and explore ways in which they can coordinate or partner to ensure that services are marketed on tribal lands in a manner that will relate to the community and resonate with consumers, with the aim of increasing service adoption. At such meetings, the Company will also be prepared to discuss the relevant rights-of-way and other permitting and review processes, as well as any challenges associated with these processes. And finally, the Company will come to any such meetings prepared to discuss and engage the Tribal Authorities on any relevant and applicable Tribal business and licensing requirements.



October 15, 2012

Michael Jandreau
PO Box 187
Lower Brule, SD 57548-0187

Dear: Mr. Jandreau,

The Federal Communications Commission (FCC), as part of a recent Order reforming the federal universal service mechanisms related to telecommunications and information services, has adopted new requirements that are intended to facilitate engagement between telecommunications companies serving Tribal Lands. The FCC's new "Tribal Engagement" provisions are intended to improve communications and foster a greater understanding between service providers and Tribal entities of the factors necessary to deploy and sustain telecommunication services on Tribal lands. The ultimate aim is to benefit Tribal government leaders, carriers/service providers, and consumers living on Tribal lands by providing greater connectivity to 21st century economic opportunities, education, health care, and public safety. See FCC Public Notice, Office of Native Affairs and Policy, Wireless Telecommunications Bureau, and Wireline Competition Bureau Issue Further Guidance on Tribal Engagement Obligation Provisions of the Connect America Fund, DA 12-1165, released July 19, 2012.

Although the FCC's rules related to Tribal Engagement still await approval by the federal Office of Management and Budget (OMB) and will not legally take effect until that occurs, Kennebec Telephone Co., Inc. would, as soon as possible, like to begin discussions with the Lower Brule Sioux Tribe in a manner consistent with the pending FCC rules. Accordingly, we would request a meeting with the Tribe and it is our hope that this meeting could be held sometime prior to the end of November of this year. The purpose of this meeting will, generally, be to exchange information related to the deployment and provisioning of communications services on the Lower Brule Reservation.

In regard to this requested meeting, it is important that at least some of the individuals attending the meeting are "decision-makers." As noted in the FCC's July 19th Public Notice providing further guidance, "this engagement cannot be merely between sales and marketing individuals on one side and administrative staff or advisors on the other. The perspectives on needs, expectations, priorities, and abilities that would formulate meaningful exchange often can come only from those with the requisite authority to make decisions."

In hopes of soon proceeding with Tribal Engagement on these matters related to the provisioning of communications services on the Lower Brule Reservation, we ask at this time that the Lower Brule Sioux Tribe respond with the name and contact information for a Tribal representative who could assist in scheduling and arranging a meeting with the appropriate Tribal government staff and leaders to discuss the items referenced above. This information may be provided to the undersigned by calling (605) 869-2220, or through an e-mail directed to knbctel@kennebectelephone.com.

Thank you for your cooperation in this matter. We look forward to discussing these important matters with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Rod Bowar", with a horizontal line extending from the end of the signature.

Rod Bowar
President/Manager
Kennebec Telephone Co., Inc.



December 5, 2012

Michael Jandreau
PO Box 187
Lower Brule, SD 57548-0187

Re: FCC Tribal Engagement Provisions – Urgent

Dear: Mr. Jandreau,

As noted in my earlier letter to you dated October 15, 2012 the Federal Communications Commission (FCC), as part of a recent Order reforming the federal universal service mechanisms related to telecommunications and information services, has adopted new requirements that are intended to facilitate engagement between telecommunications companies serving Tribal Lands. The FCC's new "Tribal Engagement" provisions are intended to improve communications and foster a greater understanding between service providers and Tribal entities of the factors necessary to deploy and sustain telecommunication services on Tribal lands. The ultimate aim is to benefit Tribal government leaders, carriers/service providers, and consumers living on Tribal lands by providing greater connectivity to 21st century economic opportunities, education, health care, and public safety. See FCC Public Notice, Office of Native Affairs and Policy, Wireless Telecommunications Bureau, and Wireline Competition Bureau Issue Further Guidance on Tribal Engagement Obligation Provisions of the Connect America Fund, DA 12-1165, released July 19, 2012.

Although the FCC's rules related to Tribal Engagement still await approval by the federal Office of Management and Budget (OMB) and will not legally take effect until that occurs, Kennebec Telephone Co., Inc. would, as soon as possible, like to have discussions with the Lower Brule Sioux Tribe in a manner consistent with the pending FCC rules. We request that a meeting with the Tribe be scheduled promptly and that it be held prior to the end of this year. The purpose of this meeting will, generally, be to exchange information related to the deployment and provisioning of communications services on the Lower Brule Reservation.

In regard to this requested meeting, it is important that at least some of the individuals attending the meeting are "decision-makers." As noted in the FCC's July 19th Public Notice providing further guidance, "this engagement cannot be merely between sales and marketing individuals on one side and administrative staff or advisors on the

other. The perspectives on needs, expectations, priorities, and abilities that would formulate meaningful exchange often can come only from those with the requisite authority to make decisions.”

It is Kennebec Telephone’s desire to promptly proceed with Tribal Engagement on these matters related to the provisioning of communications services on the Lower Brule Reservation and, accordingly, we ask at this time for the name and contact information of someone with the Lower Brule Sioux Tribe who can assist in scheduling and arranging a meeting with the appropriate Tribal government staff and leaders to discuss the items referenced above. Again, as noted above it is important that this meeting being held prior to the end of this month. The contact information requested may be provided to the undersigned by calling (605) 869-2220, or through an e-mail directed to rodb@kennebectelephone.com.

Thank you for your cooperation in this matter. We look forward to discussing these important matters with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Rod Bowar", written in a cursive style.

Rod Bowar
President/Manager
Kennebec Telephone Co., Inc.

Kennebec Telephone Co., Inc.

“Tribal Engagement” Meeting

January 24, 2013, 2:00 p.m.

Council Chambers Lower Brule Sioux Tribal Offices

Meeting Attendees:

Lower Brule Sioux Tribe – Chairman, Mike Jandreau; Vice-Chairman, Boyd Gourneau; Secretary/Treasurer, John McCauley; Council Members, Darrell Middle Tent, Orville Langdeau; Personal Assistant to the Tribal Chairman, Patti Gourneau; Tribal General Manager, Lee Brannan

Kennebec Telephone Co., Inc. –President/Manager, Rod Bowar; Plant Manager, Matt Collins; Office and Administrative Support Specialist, Debbie Miller

After all at the meeting were introduced, Rod Bowar, General Manager of the Kennebec Telephone Company (“KTCI”) provided a brief history of KTCI and its current service area or coverage area both on and off the Lower Brule reservation.

Needs Assessment and Deployment Planning

*Rod then gave an overview of all network facilities existing on the reservation, outlining specifically the extent of fiber in the loop. He further noted that at present, to KTCI’s knowledge, there were no unfulfilled requests for service (either POTS or Broadband). It was noted that all households/dwellings on the reservation served by KTCI have access to high speed broadband services of at least 4 mbps download/1mbps upload. Rod also provided the tribal representative present information on KTCI’s membership with and partial ownership of SDN Communications which provides the backbone network facilities that are necessary to connect to the outside world and assists KTCI in economically providing state-of-the-art telecommunications and information services.

*Following these initial comments by Rod Bowar, some discussion followed between KTCI representatives and tribal representatives present as to possible future increased tribal involvement in the actual provisioning of communications services to tribal members. KTCI representatives assured the tribal representatives present that KTCI is always willing to work

with the Tribal council to address all concerns, but further also emphasized that the company was doing everything possible to meet tribal member needs.

*There was also discussion concerning the unavailability of "extended area service" throughout the Lower Brule Reservation. Tribal members communicated concern that without EAS two ends of the reservation are in ways disconnected.

--Those living near edge of Reservation borders are 22 miles apart yet everything is long distance

--KTCI indicated that it would visit with Golden West Telecommunications Cooperative, Midstate Communications, and possibly Century Link to see what it could do to arrange for greater EAS

--As part of this discussion, there was some conversation concerning tribal member dependency cell phones vs. landlines

*Tribal representatives indicated that they were interested in assisting KTCI in making high quality communication services available on the Reservation? The Tribal council members indicated that they would like to help where they can.

Communications Needs

*Rod Bowar reviewed with the tribal representative various brochures that KTCI uses to inform all of its customers, including Tribal member customers, of its available voice and broadband communications services. This included a review of the telephone, long distance, and Internet services provided by KTCI; customer information such as billing and pricing information for various telephone bundles and internet services; and lifeline and linkup brochures and forms and the benefits they can bring to those who qualify. Mr. Bowar indicated that it is KTCI's desire to meet the specific needs of all its customers, including those on tribal land.

*Rod asked the Tribal representative present if there were other communications service needs, in addition to those already discussed, that needed KTCI's attention. Tribal council members indicated that there was not.

Feasibility and Sustainability planning

*Mr. Bowar then shared with Tribal representatives general information as to challenges presently faced by rural telephone companies in providing communications services to high cost rural areas, such as those served by KTCI.

*Service provisioning costs and financing issues were commented on.

*In relation to feasibility and sustainability planning, Rod emphasized the importance of the existing Lifeline and Link up programs which provide an enhanced benefit to qualified tribal members. Rod indicated that KTCI has aggressively advertised the availability of Lifeline and Link Up to all consumers within its service area. He provided for review copies of this specific advertising.

Marketing services in a culturally sensitive manner

*Mr. Bowar inquired with the Tribal representatives if they had any concerns as to how KTCI markets its communications services, in particular to tribal members. No concerns in this area were communicated by the tribal representatives present.

Rights of way and other permitting and review process

*There was mention of need for rock to be hauled into a specific approach located on Tribal land, that was part of an existing easement for KTCI's use. KTCI representatives indicated in response that this would be addressed as soon as possible.

*Relative to right-of-way permitting and easements, tribal council members present noted agreement that KTCI currently follows all proper procedures when installing or upgrading facilities on the reservation. KTCI representative expressed thanks to the council members for all of their cooperation, to date, on such matters.

Tribal business and licensing requirements

*Again KTCI inquired as to whether the Tribal representative had any concerns with respect to KTCI compliance, in particular, relative to tribal business and licensing requirements. None of the Tribal representatives present indicated that there were any issues in this area.

*As the meeting moved to a close, Mr. Bowar asked if there were any further questions or concerns that needed to be addressed.

*Comments and discussion followed concerning advertising by KTCI at certain annual Tribal events in the area. KTCI indicated that it would continue to participate and do more in such area if possible.

At this point, at approximately 3:35 p.m. the meeting concluded

Kennebec Telephone Company

Lifeline Terms and Conditions

Kennebec Telephone Company offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone service. Lifeline assistance lowers the cost of basic, monthly local telephone service. Eligible consumers can receive \$9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

Lifeline Program Eligibility Information

Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Low-Income Home Energy Assistance Program (LIHEAP)
Federal Public Housing Assistance (Section 8)
Supplemental Nutrition Assistance Program (SNAP)
Medicaid
National School Lunch Program's Free Lunch Program
Supplemental Security Income (SSI)
Temporary Assistance for Needy Families (TANF)

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 135% of the federal poverty guidelines.

2013 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,512	\$19,373	\$17,861
2	\$20,939	\$26,163	\$24,098
3	\$26,366	\$32,954	\$30,335
4	\$31,793	\$39,744	\$36,572
5	\$37,220	\$46,535	\$42,809
6	\$42,647	\$53,325	\$49,046
7	\$48,074	\$60,116	\$55,283
8	\$53,501	\$66,906	\$61,520
For each additional person, add	\$5,427	\$6,791	\$6,237

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Tribal Eligibility

A subscriber who lives on Tribal lands and is an eligible resident of Tribal lands is eligible for Tribal Lifeline service or Tribal Link Up if the subscriber, one or more of the subscriber's dependents, or the subscriber's household participates in any of the above-listed qualifying assistance programs or one of the following Tribal-specific federal assistance programs: Bureau of Indian Affairs General Assistance; Tribally Administered Temporary Assistance for Needy Families; Head Start (if income eligibility criteria are met); or the Food Distribution Program on Indian Reservations (FDPIR). Tribal subscribers may also qualify if the household income is at or below 135% of the Federal Poverty Guidelines.

Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service

Kennebec Telephone Company's Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Kennebec Telephone Company's Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by Kennebec Telephone Company. Advertised rates do not include any applicable taxes or surcharges.

Recertification of Lifeline Eligibility

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

Additional Lifeline Program Information

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

RETRACTED - FOR PUBLIC INSPECTION

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME Kennebec Telephone Company, Inc. (Prepared with Audited Data)
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INSTRUCTIONS -Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2012	BORROWER DESIGNATION SD0536
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CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII
 (Check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

 There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

3/15/2013
 DATE

PART A. BALANCE SHEET					
	BALANCE	BALANCE		BALANCE	BALANCE
ASSETS	PRIOR YEAR	END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	PRIOR YEAR	END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = [] % of Total Assets

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0536
INSTRUCTIONS- See RUS Bulletin 1744-2	PERIOD ENDING December, 2012

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS INSTRUCTIONS - See RUS Bulletin 1744-2	BORROWER DESIGNATION SD0536 PERIOD ENDED December, 2012
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Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Kennebec							
Presho							
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges							

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0536 <hr/> PERIOD ENDING December, 2012
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INSTRUCTIONS- See RUS Bulletin 1744-2

PART D. SYSTEM DATA

1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile
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PART E. TOLL DATA

1. Study Area ID Code(s) a. 391668 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one) Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis
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PART F. FUNDS INVESTED IN PLANT DURING YEAR

1. RUS, RTB, & FFB Loan Funds Expended	
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	

PART G. INVESTMENTS IN AFFILIATED COMPANIES

INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0536 PERIOD ENDING December, 2012
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PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) YES NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		SD0536	
INSTRUCTIONS -- See help in the online application.		PERIOD ENDED	
		December, 2012	
PART I - STATEMENT OF CASH FLOWS			
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)			
CASH FLOWS FROM OPERATING ACTIVITIES			
2. Net Income			
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>			
3. Add: Depreciation			
4. Add: Amortization			
5. Other (Explain)			
<i>Changes in Operating Assets and Liabilities</i>			
6. Decrease/(Increase) in Accounts Receivable			
7. Decrease/(Increase) in Materials and Inventory			
8. Decrease/(Increase) in Prepayments and Deferred Charges			
9. Decrease/(Increase) in Other Current Assets			
10. Increase/(Decrease) in Accounts Payable			
11. Increase/(Decrease) in Advance Billings & Payments			
12. Increase/(Decrease) in Other Current Liabilities			
13. Net Cash Provided/(Used) by Operations			
CASH FLOWS FROM FINANCING ACTIVITIES			
14. Decrease/(Increase) in Notes Receivable			
15. Increase/(Decrease) in Notes Payable			
16. Increase/(Decrease) in Customer Deposits			
17. Net Increase/(Decrease) in Long Term Debt (including Current Maturities)			
18. Increase/(Decrease) in Other Liabilities & Deferred Credits			
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital			
20. Less: Payment of Dividends			
21. Less: Patronage Capital Credits Retired			
22. Other (Explain)			
23. Net Cash Provided/(Used) by Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
24. Net Capital Expenditures (Property, Plant & Equipment)			
25. Other Long-Term Investments			
26. Other Noncurrent Assets & Jurisdictional Differences			
27. Other (Explain)			
28. Net Cash Provided/(Used) by Investing Activities			
29. Net Increase/(Decrease) in Cash			
30. Ending Cash			

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	<p>BORROWER DESIGNATION</p> <p>SD0536</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2012</p>
<p>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	

REDACTED - FOR PUBLIC INSPECTION

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0536
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	