

## Attachments









**ALLIANCE COMMUNICATIONS COOPERATIVE, INC.  
FOR STUDY AREAS 391657, 391642, 391405, 361405, AND 351405 IN SD, IA, MN**

**Certification of Compliance with Applicable Service Quality Standards and  
Consumer Protection Rules for Voice and Broadband Services**

Service quality standards and consumer protection rules for broadband are not as defined as the rules for voice services. The Company complies with any service quality standards and consumer protection rules for broadband that are out there now and any that will be defined in the future.

Service Quality Standards

For voice services, 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.

For voice and broadband services, the Company:

- Advertises the availability of its services and the charges using media of general distribution and/or 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 business hours.
- Directs after hour calls to the Company's help desk.
- 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.
- Meets or exceeds the standards established by the state commission and provides any reports required in accordance with the state commission's rules.

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. If complaints are filed with the Company regarding consumer protection rules, the complaint is immediately investigated, the matter tracked and any corrective action noted. This process ensures that problems are addressed and corrections made.

SAC: 391657, 391642, 351405, 391405

States: IA and SD

Alliance Communications Cooperative, Inc.

Form 481 Line No.: 610 Description of Functionality in Emergency Situations

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Alliance Communications Cooperative, Inc. has:

- Established reasonable provisions' to meet emergencies resulting from failures of lighting or power service, sudden and prolonged increases in traffic, illness of operators or from fire, storm, or acts of God including provisions for emergency power that meet or exceed the rule requirement to provide:
  - A minimum of four hours of battery service in each central office.
  - A permanently installed power unit in exchanges exceeding 5000 lines.
  - Mobile power units that can be delivered on short notice and which can be readily connected in offices without installed emergency power facilities.
  - All fiber and inter-exchange routes are ringed for voice and data traffic.
  - Switching and transport capacity of the network is able to support an average of 20 customer lines per toll trunk based on the call volume and geographical distance of the area to the nearest metropolitan area. The network is able to handle all call volume with no blocked calls during traffic spikes.
  
- Has informed employees as to the procedures to be followed, including reasonable rerouting of traffic around damaged facilities and the deployment of emergency power, in the event of emergency in order to prevent or mitigate interruption or impairment of telecommunications service.

State: MN

Alliance Communications Cooperative, Inc.

Form 481 Line No.: 610 Description of Functionality in Emergency Situations

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Alliance Communications Cooperative, Inc. pursuant to MN Rule "7810.399 Emergency Operations" has:

- Established reasonable provisions' to meet emergencies resulting from failures of lighting or power service, sudden and prolonged increases in traffic, illness of operators or from fire, storm, or acts of God including provisions for emergency power that meet or exceed the rule requirement to provide:
  - A minimum of four hours of battery service in each central office.
  - A permanently installed power unit in exchanges exceeding 5000 lines.
  - Mobile power units that can be delivered on short notice and which can be readily connected in offices without installed emergency power facilities.
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  - Switching and transport capacity of the network is able to support an average of 20 customer lines per toll trunk based on the call volume and geographical distance of the area to the nearest metropolitan area. The network is able to handle all call volume with no blocked calls during traffic spikes.
- Has informed employees as to the procedures to be followed, including reasonable rerouting of traffic around damaged facilities and the deployment of emergency power, in the event of emergency in order to prevent or mitigate interruption or impairment of telecommunications service.



## **Alliance Communications Cooperative, Inc.**

### **Certification of Public Interest Obligations**

To be in compliance with the Milestone Certification of providing upon a reasonable request broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream:

- Alliance Communications Cooperative, Inc. certifies that it has taken reasonable steps to provide upon a reasonable request broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream with latency suitable for real-time applications, including Voice over Internet Protocol.
- The Company provides usage capacity that is reasonably comparable to comparable offerings in urban areas.
- The Company certifies that requests for such service are met within a reasonable amount of time.

**REDACTED - FOR PUBLIC INSPECTION**

**REDACTED - 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  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	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. BORROWER NAME  Alliance Communications Cooperative, 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, 2016	BORROWER DESIGNATION SD0526
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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)*

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. | <input type="checkbox"/> 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 |
|---|---|

Don Snyders

3/29/2017

DATE

**PART A. BALANCE SHEET**

	BALANCE PRIOR YEAR	BALANCE END OF PERIOD		BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>ASSETS</b>			<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
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			<b>35. Total Current Liabilities (25 thru 34)</b>		
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
<b>10. Total Current Assets (1 Thru 9)</b>			39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			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			<b>46. Total Long-Term Debt (36 thru 45)</b>		
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
<b>17. Total Noncurrent Assets (11 thru 16)</b>			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
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		
<b>23. Net Plant (18 thru 21 less 22)</b>			56. Patronage Capital Credits		
<b>24. TOTAL ASSETS (10+17+23)</b>			57. Retained Earnings or Margins		
			<b>58. Total Equity (51 thru 57)</b>		
			<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>		

Total Equity = [REDACTED] % of Total Assets

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  SD0526
	PERIOD ENDING  December, 2016

*INSTRUCTIONS- See RUS Bulletin 1744-2*

**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		
<b>7. Net Operating Revenues (1 thru 5 less 6)</b>		
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		
<b>14. Total Operating Expenses (8 thru 13)</b>		
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		
<b>20. Total Operating Taxes (17+18+19)</b>		
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		
<b>26. Total Fixed Charges (22+23+24-25)</b>		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
<b>31. Total Net Income or Margins (21+27+28+29+30-26)</b>		
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		
<b>39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
<b>43. Patronage Capital End-of-Year (40+41-42)</b>		
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]		

**REDACTED - FOR PUBLIC INSPECTION**

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

SD0526

PERIOD ENDED

December, 2016

**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)
605-582 Brandon, SD	█	█	█	█	█	█	█
605-594 Garretson, SD	█	█	█	█	█	█	█
605-757 Valley Springs, SD	█	█	█	█	█	█	█
605-772 Howard, SD	█	█	█	█	█	█	█
605-934 Alcester, SD	█	█	█	█	█	█	█
605-934 Hudson, SD	█	█	█	█	█	█	█
712-473 Alvard, IA	█	█	█	█	█	█	█
712-477 Larchwood, IA	█	█	█	█	█	█	█
507-471 Lester, MN	█	█	█	█	█	█	█
507-597 E Garretson, MN	█	█	█	█	█	█	█
507-755 E Valley Springs, MN	█	█	█	█	█	█	█
507-855 Steen, MN	█	█	█	█	█	█	█
507-962 Hills, MN	█	█	█	█	█	█	█
605-474 N Larchwood, SD	█	█	█	█	█	█	█
605-482 Oldham/Ramona	█	█	█	█	█	█	█
605-529 Baltic, SD	█	█	█	█	█	█	█
605-543 Crooks, SD	█	█	█	█	█	█	█
712-478 Lester, IA	█	█	█	█	█	█	█
712-753 Inwood, IA	█	█	█	█	█	█	█
712-777 S Valley Springs, IA	█	█	█	█	█	█	█
712-851 Steen, IA	█	█	█	█	█	█	█
712-964 Hills, IA	█	█	█	█	█	█	█
712-982 E Hudson, IA	█	█	█	█	█	█	█
MobileWireless					█		
Route Mileage Outside Exchange Area						█	█
Total			█	█	█	█	█
No. Exchanges	█						



USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

SD0526

PERIOD ENDING

December, 2016

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
█	█	█	█	█

**PART E. TOLL DATA**

1. Study Area ID Code(s) a. 351405 b. 361405 c. 391405 d. 391642 e. 391657 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	

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

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION SD0526  PERIOD ENDING December, 2016
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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	



**REDACTED - FOR PUBLIC INSPECTION**

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>		BORROWER DESIGNATION SD0526
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2016
<b>PART I – STATEMENT OF CASH FLOWS</b>		
<b>1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)</b>		[REDACTED]
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>2. Net Income</b>		[REDACTED]
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		[REDACTED]
4. Add: Amortization		[REDACTED]
5. Other (Explain)	[REDACTED]	[REDACTED]
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		[REDACTED]
7. Decrease/(Increase) in Materials and Inventory		[REDACTED]
8. Decrease/(Increase) in Prepayments and Deferred Charges		[REDACTED]
9. Decrease/(Increase) in Other Current Assets		[REDACTED]
10. Increase/(Decrease) in Accounts Payable		[REDACTED]
11. Increase/(Decrease) in Advance Billings & Payments		[REDACTED]
12. Increase/(Decrease) in Other Current Liabilities		[REDACTED]
<b>13. Net Cash Provided/(Used) by Operations</b>		[REDACTED]
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
14. Decrease/(Increase) in Notes Receivable		[REDACTED]
15. Increase/(Decrease) in Notes Payable		[REDACTED]
16. Increase/(Decrease) in Customer Deposits		[REDACTED]
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		[REDACTED]
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		[REDACTED]
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		[REDACTED]
20. Less: Payment of Dividends		[REDACTED]
21. Less: Patronage Capital Credits Retired		[REDACTED]
22. Other (Explain)	[REDACTED]	[REDACTED]
<b>23. Net Cash Provided/(Used) by Financing Activities</b>		[REDACTED]
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
24. Net Capital Expenditures (Property, Plant & Equipment)		[REDACTED]
25. Other Long-Term Investments		[REDACTED]
26. Other Noncurrent Assets & Jurisdictional Differences		[REDACTED]
27. Other (Explain)	[REDACTED]	[REDACTED]
<b>28. Net Cash Provided/(Used) by Investing Activities</b>		[REDACTED]
<b>29. Net Increase/(Decrease) in Cash</b>		[REDACTED]
<b>30. Ending Cash</b>		[REDACTED]

Revision Date 2010

**REDACTED - FOR PUBLIC INSPECTION**

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>SD0526</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2016</p>
<p><b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	

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<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>SD0526</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2016</p>
<p><b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	