

## Attachments





## **Kennebec Telephone Company**

### **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.

**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. Central Offices, DLC Cabinets, and FTTH ONTs all have minimum 8 hour battery backup. Central Offices 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. This applies to both voice and broadband services to our customers.

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. The same local loop serves both the voice and broadband services to the subscriber.

Traffic Spikes

We have a significant amount of unused switching capacity to handle sporadic traffic spikes resulting from emergency situations. We have 72 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. As for broadband, we routinely monitor the overall customer usage and feel we have enough capacity to handle usage spikes.

## Kennebec Telephone Company, Inc.

### Description of Tribal Engagement

The Company provides services in Lower Brule Reservation. On September 7, 2016, by letter sent via certified mail to the Lower Brule Sioux Tribe Chairman, 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 November 3, 2016. The Lower Brule Reservation has not yet responded to these requests to allow for the scheduling of an “engagement” meeting.

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 meetings with the Tribal Authorities, the Company will, with tribal input, develop a needs assessment to assist with future service deployments on Tribal lands. 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.



September 7, 2016

Lower Brule Sioux Tribe Chairman  
PO Box 187  
Lower Brule, SD 57548-0187

Dear: Mr. Chairman,

The Federal Communications Commission (FCC), as part of its 2012 Order reforming the federal universal service mechanisms related to telecommunications and information services, adopted new "Tribal Engagement" provisions that 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. 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.

Pursuant to the FCC's rules related to Tribal Engagement 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 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 October, 2016. The purpose of this meeting will, generally, be to exchange information related to the deployment and provisioning of communications services on Tribal lands.

While Kennebec Telephone Co., Inc. leaves to your discretion attendees from the tribe at this requested meeting, it is important that at least some of the tribal representative attendees at the meeting are "decision-makers," as this can change the perspectives of the discussions. Kennebec Telephone Co., Inc. asks that the Lower Brule Sioux Tribe provide a name and contact information for a Tribal representative who can assist in scheduling and arranging a meeting with the appropriate Tribal government staff and leaders to discuss deployment and sustainability of telecommunications services on Tribal lands. This information may be provided to the undersigned by calling (605) 869-2220, or through an e-mail directed to [rodb@kennebectelephone.com](mailto:rodb@kennebectelephone.com).

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

Sincerely,

Rod Bowar  
President/Manager  
Kennebec Telephone Co., Inc

Mailed NOV. 4, 2016



November 3, 2016

Boyd Gourneau  
 PO Box 187  
 Lower Brule, SD 57548-0187

Dear: Mr. Gourneau,

As noted in my earlier letter to you dated September 7, 2016, the Federal Communications Commission (FCC), as part of its 2012 Order reforming the federal universal service mechanisms related to telecommunications and information services, adopted new "Tribal Engagement" provisions that 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. 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.

Pursuant to the FCC's rules related to Tribal Engagement 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 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 November 30, 2016. The purpose of this meeting will, generally, be to exchange information related to the deployment and provisioning of communications services on Tribal lands.

While Kennebec Telephone Co., Inc. leaves to your discretion attendees from the tribe at this requested meeting, it is important that at least some of the tribal representative attendees at the meeting are "decision-makers," as this can change the perspectives of the discussions. Kennebec Telephone Co., Inc. asks that the Lower Brule Sioux Tribe provide a name and contact information for a Tribal representative who can assist in scheduling and arranging a meeting with the appropriate Tribal government staff and leaders to discuss deployment and sustainability of telecommunications services on Tribal lands. This information may be provided to the undersigned by calling (605) 869-2220, or through an e-mail directed to [rodb@kennebectelephone.com](mailto:rodb@kennebectelephone.com).


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


Sincerely,

Rod Bowar

President/Manager  
 Kennebec Telephone Co., Inc



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>X <i>Trish Sundese</i></p>
<p>1. Article Addressed to:</p> <p>LOWER BRULE SIOUX TRIBE PO Box 187 Chairman LOWER BRULE, SD 57548-0187</p>	<p>B. Received by (Printed Name) <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p><i>Trish Lundell</i></p> <p>C. Date of Delivery</p> <p><i>9-10-16</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>
 <p>9590 9401 0065 5168 1713 08</p> <p>2. Article Number (Transfer from service label)</p> <p>7015 0640 0006 3612 7068</p> <p>PS Form 3811, April 2015 PSN 7530-02-000-9053</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p> <p>Domestic Return Receipt</p>

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>X <i>Trish Sundese</i></p>
<p>1. Article Addressed to:</p> <p>MR. BOYD GOURNEAU PO Box 187 LOWER BRULE, SD 57548-0187</p>	<p>B. Received by (Printed Name) <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p><i>Trish Lundell</i></p> <p>C. Date of Delivery</p> <p><i>11-7-16</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>
 <p>9590 9401 0033 5168 0346 97</p> <p>2. Article Number (Transfer from service label)</p> <p>7015 0640 0006 3612 7136</p> <p>PS Form 3811, April 2015 PSN 7530-02-000-9053</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p> <p>Domestic Return Receipt</p>

**Kennebec Telephone Company**

**Lifeline Terms and Conditions**

Kennebec Telephone Company (“Kennebec”) offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line or qualifying broadband internet access service (BIAS) per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone or qualifying BIAS 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:

- Federal Public Housing Assistance (Section 8)
- Supplemental Nutrition Assistance Program (SNAP)
- Medicaid
- Supplemental Security Income (SSI)
- Veteran’s Pension and Survivor Benefit

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.

2017 Federal Poverty Guidelines – 135%

<b>Household Size</b>	<b>48 Contiguous States and D.C.</b>	<b>Alaska</b>	<b>Hawaii</b>
1	\$16,281	\$20,331	\$18,711
2	\$21,924	\$27,392	\$25,205
3	\$27,567	\$34,452	\$31,698
4	\$33,210	\$41,513	\$38,192
5	\$38,853	\$48,573	\$44,685
6	\$44,496	\$55,634	\$51,179
7	\$40,139	\$62,694	\$57,672
8	\$55,782	\$69,755	\$64,166
For each additional person, add	\$5,643	\$7,061	\$6,494

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.

### **Lifeline Program Service**

Kennebec's Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Kennebec'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.

BIAS minimum speed and usage allowance standards are required for the service to qualify.

Lifeline recipients may transfer the Lifeline benefit to a new company once every sixty days for telephone service and once every 12 months for BIAS.

### **Rates**

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by Kennebec. 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 BIAS. 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.

## **Kennebec Telephone Company**

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

To be in compliance with the Certification of Public Interest Obligations:

- Kennebec Telephone Company 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. <b>BORROWER NAME</b>  Kennebec Telephone Company, Inc.
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<b>INSTRUCTIONS</b> -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.	<b>PERIOD ENDING</b> December, 2016	<b>BORROWER DESIGNATION</b> 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

\_\_\_\_\_  
 RUS Borrower

3/21/2017  
DATE

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<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

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  SD0536
	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		
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]		

**REDACTED - FOR PUBLIC INSPECTION**

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>  INSTRUCTIONS - See RUS Bulletin 1744-2	BORROWER DESIGNATION SD0536  PERIOD ENDED December, 2016
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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  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION SD0536  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
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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  (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 SD0536  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	[REDACTED]
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	[REDACTED]
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	[REDACTED]
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	[REDACTED]
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	[REDACTED]
22. Cable and wire facilities - Underground cable - Fiber	[REDACTED]
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		BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		SD0536
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		
5. Other (Explain)		
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		[REDACTED]
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		
<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		
16. Increase/(Decrease) in Customer Deposits		
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		[REDACTED]
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)		[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		
26. Other Noncurrent Assets & Jurisdictional Differences		
27. Other (Explain)		
<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]

**REDACTED - FOR PUBLIC INSPECTION**

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>SD0536</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>	

**REDACTED - FOR PUBLIC INSPECTION**

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>SD0536</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>	

## REDACTED - FOR PUBLIC INSPECTION

Five-Year Plan Kennebec Telephone Company, Inc. (391668)

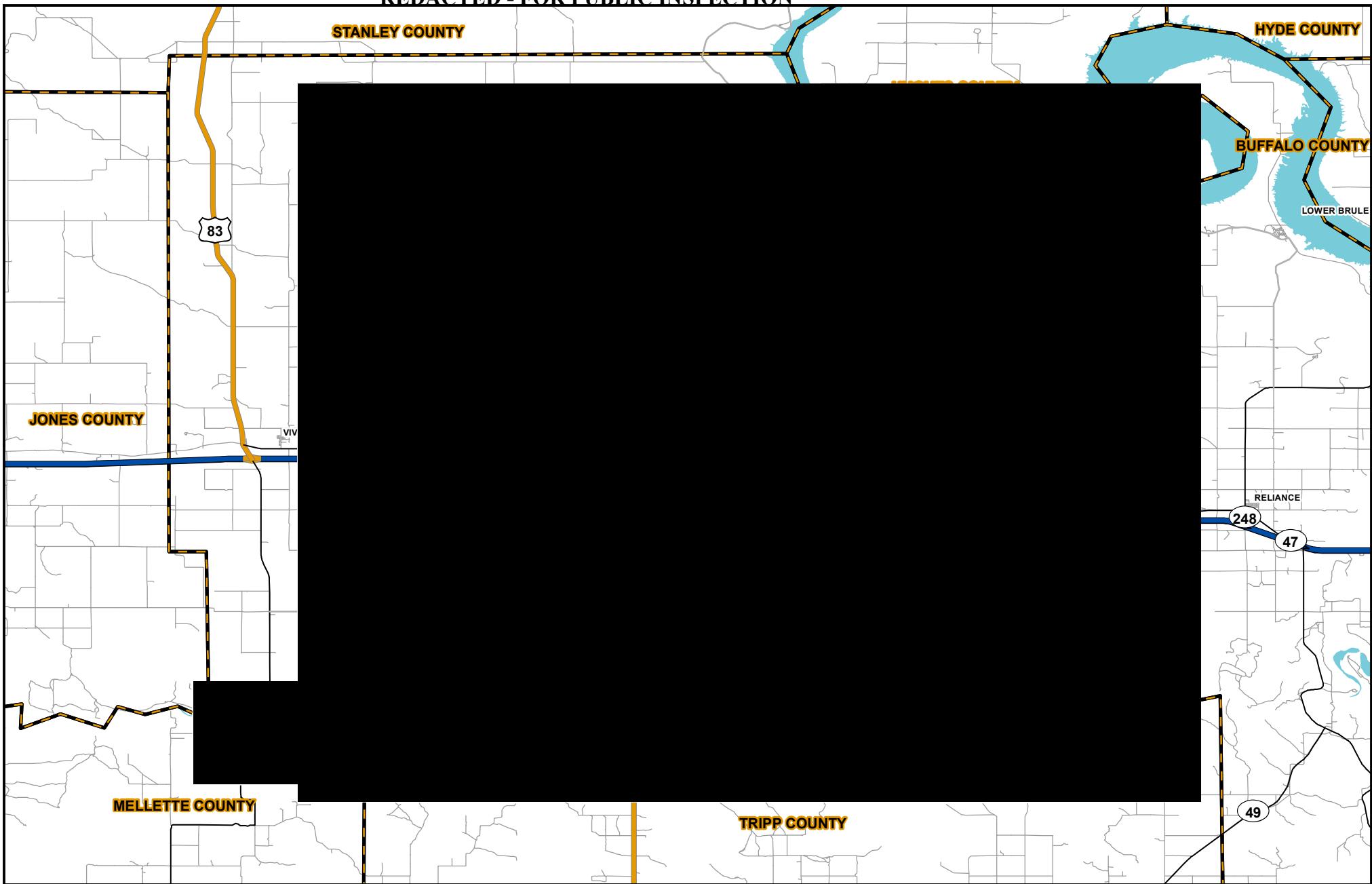
Pursuant to 47 C.F.R. 54.202(a)(1)(ii), Kennebec Telephone Company, Inc. submits a five-year plan that describes with specificity proposed improvements or upgrades to its network throughout its proposed service area. Kennebec Telephone Company, Inc. also provides estimates regarding the area and population that will be served as a result of the improvements. This plan is based on Kennebec Telephone Company, Inc. current business and financial conditions and is subject to change as a result of changes in those conditions.

Pursuant to 47 C.F.R. 54.313, in each subsequent year, Kennebec Telephone Company, Inc. will file a progress report on its five-year service quality improvement plan pursuant to 54.202(a), including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year.

As of January 1, 2014, approximately [REDACTED] of the Kennebec and Presho exchanges have access to broadband Internet service through Kennebec Telephone Company fiber optic and or copper facilities. Subscribers served by these facilities have access that meets or exceeds the 4/1 Mbps standard. No capital improvements are required for those subscribers meeting the 4/1 Mbps standard other than maintenance of facilities and as such, no capital investment to these subscribers is outlined in this plan.

Although no capital improvements are required in the Kennebec and Presho exchanges to bring subscribers to the 4/1 Mbps standard, Kennebec Telephone Company, Inc. incurred approximately [REDACTED] in depreciation expense and [REDACTED] in on-going maintenance and operating expenses in calendar year 2013. It is reasonable to expect depreciation, maintenance, and operating expenses for the 2015 through 2019 calendar years will continue at similar amounts.

Attached is a map showing Kennebec Telephone Company's broadband service territory where 4/1 Mbps standard is provided to all existing customers.



# Kennebec Telephone Company Inc Asymmetric DSL Service Area

Map based on 04/01/2013 NTIA Data Submission