

FCC Form 481 - Carrier Annual Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	401726
<015> Study Area Name	TRI-COUNTY TEL CO-AR
<020> Program Year	2017
<030> Contact Name: Person USAC should contact with questions about this data	John Strode
<035> Contact Telephone Number: Number of the person identified in data line <030>	8703362345 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	John.Strode@RitterCommunications.com
Form Type	54.313 and 54.422

**(100) Service Quality Improvement Reporting
 Data Collection Form**

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010> Study Area Code 401726
 <015> Study Area Name TRI-COUNTY TEL CO-AR
 <020> Program Year 2017
 <030> Contact Name - Person USAC should contact regarding this data John Strode
 <035> Contact Telephone Number - Number of person identified in data line <030> 8703362345 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> John.Strode@RitterCommunications.com

<110> Has your company received its ETC certification from the FCC? (yes / no)
 If your answer to Line <110> is yes, do you have an existing §54.202(a) "5
 year plan" filed with the FCC? (yes / no)

If your answer to Line <111> is yes, please file a progress report, on line
 <112> delineating the status of your company's existing § 54.202(a) "5 year
 plan" on file with the FCC, as it relates to your provision of voice telephony
 service.

401726ar112.pdf

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years,
 your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a
 CETC which only receives frozen support, your progress report is only
 required to address voice telephony service.

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm
 that the attached document(s), on line 112, contains a progress report on its five-year
 service quality improvement plan pursuant to §54.202(a). The information shall be
 submitted at the wire center level or census block as appropriate.

Yes

<113> Maps detailing progress towards meeting plan targets
 <114> Report how much universal service (USF) support was received
 <115> How much (USF) was used to improve service quality and how support was used to improve service quality
 <116> How much (USF) was used to improve service coverage and how support was used to improve service coverage
 <117> How much (USF) was used to improve service capacity and how support was used to improve service capacity
 <118> Provide an explanation of network improvement targets not met
 in the prior calendar year.

(300) Unfulfilled Service Request Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 401726
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 <039> Contact Email Address - Email Address of person identified in data line <030> John.Strode@RitterCommunications.com

<300> Unfulfilled service request (voice)

<310> Detail on attempts (voice)

<320> Unfulfilled service request (broadband)

<330> Detail on attempts (broadband) Name of Attached Document

(400) Number of Complaints per 1,000 customers Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	401726
<015>	Study Area Name	TR1-COUNTY TEL CD-AR
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	#703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

(500) Compliance With Service Quality Standards and Consumer Protection Rules Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010> Study Area Code	401726	
<015> Study Area Name	TEL-COUNTY TEL CD-AR	
<020> Program Year	2017	
<030> Contact Name - Person USAC should contact regarding this data	John Strode	
<035> Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.	
<039> Contact Email Address - Email Address of person identified in data line <030>	John.Strode@BitterCommunications.com	
<500> Certify compliance with applicable service quality standards and consumer protection rules	Yes	
<510> Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	401726ar510.pdf	

(600) Functionality in Emergency Situations Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	401726
<015> Study Area Name	TEL-COUNTY TEL CO-AR
<020> Program Year	2013
<030> Contact Name - Person USAC should contact regarding this data	John Strode
<035> Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com
<600> Certify compliance regarding ability to function in emergency situations	Yes
<610> Descriptive document for Functionality in Emergency Situations	401726ar610.pdf

**(1000) Voice and Broadband Service Rate Comparability
 Data Collection Form**

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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 <020> Program Year 2017
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 <039> Contact Email Address - Email Address of person identified in data line <030> John.Strode@BitterCommunications.com

<1000> Voice services rate comparability certification Yes
 <1010> Attach detailed description for voice services rate comparability compliance 401726ar1010.pdf
 <1020> Broadband comparability certification
 Name of Attached Document
 Yes - Pricing is no more than the non-promotional price charged for a comparable fixed wireline service in urban areas in the states or U.S. Territories where the eligible telecommunications carrier receives support
 <1030> Attach detailed description for broadband comparability compliance 401726ar1030.xlsx
 Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 401726

<015> Study Area Name TRI-COUNTY TEL CO-AR

<020> Program Year 2017

<030> Contact Name - Person USAC should contact regarding this data John Strode

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<039> Contact Email Address - Email Address of person identified in data line <030> John.Strode@RitterCommunications.com

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

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 July 2013

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 <020> Program Year 2017
 <030> Contact Name - Person USAC should contact regarding this data John Strode
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 <039> Contact Email Address - Email Address of person identified in data line <030> John.Strode@RitterCommunications.com



<1210> Terms & Conditions of Voice Telephony Lifeline Plans
 Name of Attached Document

<1220> Link to Public Website HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,
- <1222> Details on the number of minutes provided as part of the plan,
- <1223> Additional charges for toll calls, and rates for each such plan.

**(2000) Price Cap Carrier Additional Documentation
 Data Collection Form
 Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers**

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010> Study Area Code 401726
 <015> Study Area Name TRI-COUNTY TEL CO-AR
 <020> Program Year 2017
 <030> Contact Name - Person USAC should contact regarding this data John Strode
 <035> Contact Telephone Number - Number of person identified in data line <030> 8703362345 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> John.Strode@RitterCommunications.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support

<2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support

<2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.

<2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.

<2024A> Round 2 Recipient of Incremental Support?

<2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.

Name of Attached Document Listing Required Information

<2025A> Round 1 or Round 2 Recipient of Incremental Support?

<2025B> Attach geocoded information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-

Name of Attached Document Listing Required Information

<2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

(2000) Price Cap Carrier Additional Documentation (Continued)

Data Collection Form

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017B> Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price

cap carrier used for capital expenditures in 2015.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)

<2020> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)

<2021> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)

<2026> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)

<2027> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)

Name of Attached Document Listing Required Information

Name of Attached Document Listing Required Information

(3005) Rate of Return Carrier Additional Documentation
 Data Collection Form

FCC Form 481
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 July 2013

<010>	Study Area Code	401726
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<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009) Progress Report on 5 Year Plan
 Carrier certifies to 54.313(f)(1)(iii)

(3010A) Milestone Certification {47 CFR § 54.313(f)(1)(i)} Yes - Attach Certification

(3010B) Please Provide Attachment Name of Attached Document Listing Required Information

(3012A) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)} No - No New Community Anchors

(3012B) Please Provide Attachment Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)} (Yes/No)

(3014) If yes, does your company file the RUS annual report (Yes/No)

Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

(3016) Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation Name of Attached Document Listing Required Information

(3018) If the response is no on line 3014, is your company audited? (Yes/No)

If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers

(3023) Underlying information subjected to a review by an independent certified public accountant

(3024) Underlying information subjected to an officer certification.

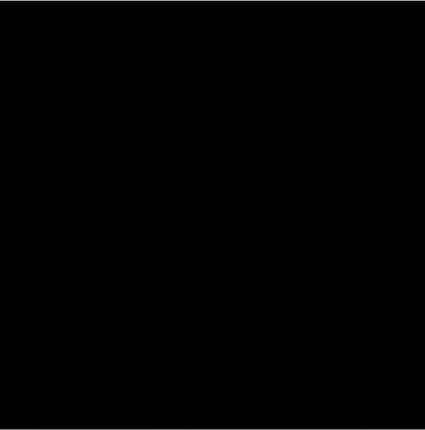
(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3026) Attach the worksheet listing required information Name of Attached Document Listing Required Information

[3005] Rate Of Return Carrier Additional Documentation (Continued)
Data Collection Form

FCC Form 481
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July 2013

<010> Study Area Code 401726
<015> Study Area Name TRI-COUNTY TEL CO-AR
<020> Program Year 2017
<030> Contact Name - Person USAC should contact regarding this data John Stride
<035> Contact Telephone Number - Number of person identified in data line <030> 8703362345 ext.
<039> Contact Email Address - Email Address of person identified in data line <030> John.Stride@BitterCommunications.com



Financial Data Summary
(3027) Revenue
(3028) Operating Expenses
(3029) Net Income
(3030) Telephone Plant In Service(TPIS)
(3031) Total Assets
(3032) Total Debt
(3033) Total Equity
(3034) Dividends

(4005) Rural Broadband Experiment Additional Documentation Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	401726
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<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	870342345 ext
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@littercommunications.com

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year. Name of Attached Document Listing Required Information _____

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481. Name of Attached Document Listing Required Information _____

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area. Name of Attached Document Listing Required Information _____

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039> Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: TRI-COUNTY TEL CO-AR	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/28/2016
Printed name of Authorized Officer: John Strode	
Title or position of Authorized Officer: VP External Affairs	
Telephone number of Authorized Officer: 8703362345 ext.	
Study Area Code of Reporting Carrier: 401726	Filing Due Date for this form: 07/01/2016
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	401726
<015> Study Area Name	TRI-COUNTY TEL CO-AR
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	John Strobe
<035> Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	John.Strobe@RitterCommunications.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent Firm:	
Signature of Authorized Agent or Employee of Agent:	Date:
Name of Authorized Agent Employee:	
Title or position of Authorized Agent or Employee of Agent:	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

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NOT FOR PUBLIC INSPECTION**

401726ar112.pdf

**Five-Year Network Improvement Plan Progress Report For
Tri-County Telephone Co., Inc.**

In its *USF/ICC Transformation Order* and subsequent Orders, the Federal Communications Commission (“FCC” or “Commission”) required Eligible Telecommunications Carriers (“ETCs”) to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(ii) of the Commission’s Rules and to submit annual progress reports thereafter.¹ Tri-County Telephone Co., Inc. (“Tri-County” or the “Company”) is a rate-of-return carrier ETC and hereby submits its annual progress report covering progress made during 2015 on the initial five-year network improvement plan submitted in 2014.

Pursuant to 47 C.F.R. § 54.313(a)(1), recipients should submit “[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. The information shall be submitted at the wire center level or census block as appropriate. Accordingly, Company hereby provides the following required elements of its progress report for 2015 to satisfy Form 481 reporting obligations.

¹ See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-61 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*) at Para. 587; *pets. for review denied, Direct Comm. Cedar Valley, et al v. FCC 11-161*, No. 11-9900 www.ca10.uscourts.gov/opinions/11/11-9900.pdf (10th Cir. filed May 23, 2014); see also *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 12-147 (rel. Feb. 12, 2012) at Para. 5 (amending Section 54.313(a)(1) to clarify this requirement); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Third Order on Reconsideration, FCC 12-52 (rel. May 14, 2012) at Para. 10 (changing the filing deadline for the annual reports from April 1 to July 1); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 13-332 (rel. Mar. 5, 2013) (“*March 5, 2013 Order*”) at Para’s. 4, 6-9. Delaying Five-year Plan until July 1, 2014 see WC Docket No. 10-90, Order, DA 13-1115, Para. 8 (released May 16, 2013).

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Five-Year Plan and Progress Report
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Page 2

A. 2015 Five-Year Plan Progress Report

The Company hereby reports that for 2015, it has made the following progress on meeting targets specified in its five-year network improvement plan and that during 2015, it has used the amount of USF, specified under Section B below, solely for which the support was intended. Details regarding the progress are contained in **Appendix A** and **Appendix B**.

Appendix A reflects the major network improvement projects for the calendar years 2015 through 2019, along with the start and completion dates, status/progress of the projects, areas and population associated with those projects, total projected capital expenditures, and the 2015 actual capital expenditures.

The first table in **Appendix B** included herein specifies the capital expenditures (projects) in **Appendix A**, by Part 32 account, for calendar year 2015. Specifically, the table shows the 2015 capital expenditures as filed July 1, 2015, the 2015 actual capital expenditures, and the difference.

In the second table of **Appendix B**, the projected operating expenses are provided for calendar year 2015, including depreciation expense for both embedded plant investment and for capital expenditures, which begins when the capital expenditures are projected to be placed into service. Specifically, the table shows the 2015 operating expenditures as filed July 1, 2015, the 2015 actual operating expenditures, and the difference.

B. The Amount of Universal Service Support Received by the Company

Tri-County Telephone Co., Inc. received a total of [REDACTED] in high cost universal service support ("USF") in 2015 through the following mechanisms:

- [REDACTED] for Interstate Common Line Support ("ICLS");
- [REDACTED] for High Cost Loop Support ("HCLS");

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Five-Year Plan and Progress Report
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Page 3

- [REDACTED] for ICC CAF Support.

C. How USF was Used to Improve Service Quality, Coverage and Capacity

Section 254(e) of the Communications Act of 1934, as amended requires ETCs to use Universal Service support (“USF”) “only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.”² Essentially, under the existing rules and processes, the federal USF received by the Company and other incumbent rural telephone companies are, in fact, an integral part of the recovery of expenditures of rural incumbent local exchange carriers incurred in the provision, maintenance and upgrading of their provision of facilities and services for which the USF is intended. Accordingly, Company’s progress report demonstrates how the Company has used USF not only for improvements and upgrades, but also for the provision and maintenance of the facilities and services to which the support was intended.

The Form 481 Instructions require ETCs to indicate that a company’s progress report quantifies how much USF was received for its service area and that the USF is broken out separately by the amount spent on capital expenses and the amount spent on operating expenses.³ Pursuant to these instructions, the Company hereby reports that for calendar year 2015, the Company spent [REDACTED] in CapEx and [REDACTED] in OpEx to improve service quality, coverage and/or capacity through the projects identified in **Appendix A**. Details regarding these expenditures can be found in **Appendix B**.

² 47 U.S.C. § 254(e).

³ Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), November 2015, Line 114.

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Five-Year Plan and Progress Report
401726ar112.pdf
Page 4

While the total amount of these expenditures exceed the amount of federal USF received in 2015, there is no correlation between these expenditures and the amount of USF that the Company received in 2015. USF disbursement received by the Company and other rural incumbent local exchange companies is divided into three main categories: Interstate Common Line Support ("ICLS"); High Cost Loop Support ("HCLS"); and CAF-ICC Support ("CAF-ICC").

The ICLS received in 2015 was based on annual projected data submitted by the Company in March 31, 2014, which is subject to an annual true-up process based on actual data that will be submitted on December 31, 2016, for the previous calendar year (*i.e.*, 2015). Like ICLS, CAF-ICC support was also based on projected demand submitted on July 1, 2014, which is subject to an annual true-up process based on actual data submitted on July 1, 2015, for the previous tariff year (*i.e.* July 1, 2014 through June 30, 2015). Further, HCLS received by a rural LEC in 2015 was based on December 31, 2013 financials. Quarterly updates could then be based on March 31, 2014, June 30, 2014, and September 30, 2014 financials.

D. Maps Depicting the Company's Network Progress

Attached to this progress report as **Appendix C** is Company's maps depicting the extent of the Company's network within its service area and detailing progress on the specific projects contained in its five-year plan.

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Five-Year Plan and Progress Report
401726ar112.pdf
Page 5

E. Network Improvement Targets Not Met

The following projects that were projected to be completed in 2015 were not completed as other capital projects were deemed a higher priority than those that were planned for 2015:

<u>ACCOUNT NO.</u>	<u>DESCRIPTION</u>	<u>2015 PROJECTION</u>	<u>2015 COMPLETION</u>
2121	BUILDINGS		
2210	SWITCHING EQ		
2410	CABLE & WIRE FAC		

Appendix A - Progress Report on Five-Year Plan

401726
Tri-County Telephone Company, Inc.
John Strode
870.336.2345
John.Strode@RitterCommunications.com

Study Area Code
 Study Area Name
 Company Contact Name
 Contact Telephone Number
 Contact Email Address

PROJECT LIST FOR 2015-2019

Project	Start Date	Completion Date	Status/Progress	Areas
2121 - Buildings	2015	2019	In progress	Entire Service Area
2210 - Switching Equipment	2015	2019	In Progress	Entire Service Area
2232 - Circuit Equipment	2015	2019	In Progress	Entire Service Area
2410 - Cable & Wire Facilities	2015	2019	In Progress	Entire Service Area
Totals				

Appendix B - Progress Report on Five-Year Plan

Study Area Code 401726
 Study Area Name Tri-County Telephone Company, Inc.
 Company Contact Name John Strode
 Contact Telephone Number 870.336.2345
 Contact Email Address John.Strode@RitterCommunications.Com

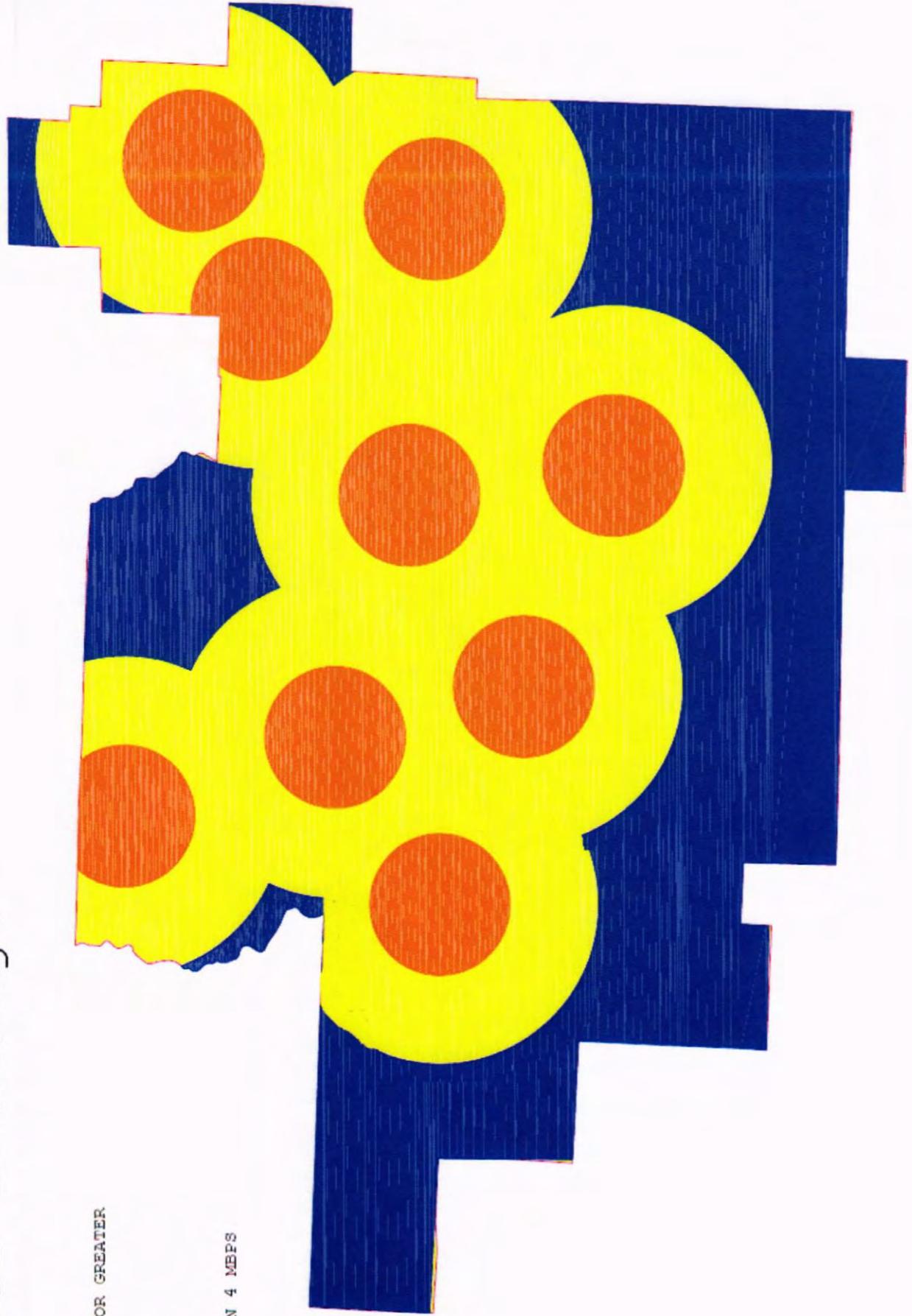


Regulated Capital Ex	
Account	Description
2111 & 2121	Land & Building
2112-2114	Vehicles
2122-2124	Support Assets
2210	Switching Equipment
2232	Circuit Equipment
2410	Cable & Wire Facilities
1220	Materials & Supplies
Total Capital Expenditures	

Regulated Operati	
Account	Operating Expenses
6110-6120	General Support Maintenance
6210	Switching Maintenance
6230	COE Transmission Maintenance
6410	Cable & Wire Facilities
6530	Non-Specific (Testing, Plant Op., Engineering)
6561-2110	General Support Depreciation
6561-2210	Switching Depreciation
6561-2230	Circuit Equip Depreciation
6561-2410	Cable & Wire Depreciation
6610-6620	Customer Operations
6711-6720	Corporate Operations
7240	Ad Valorem Expense
Total Operating Expenses	

AR-Deer Exchange

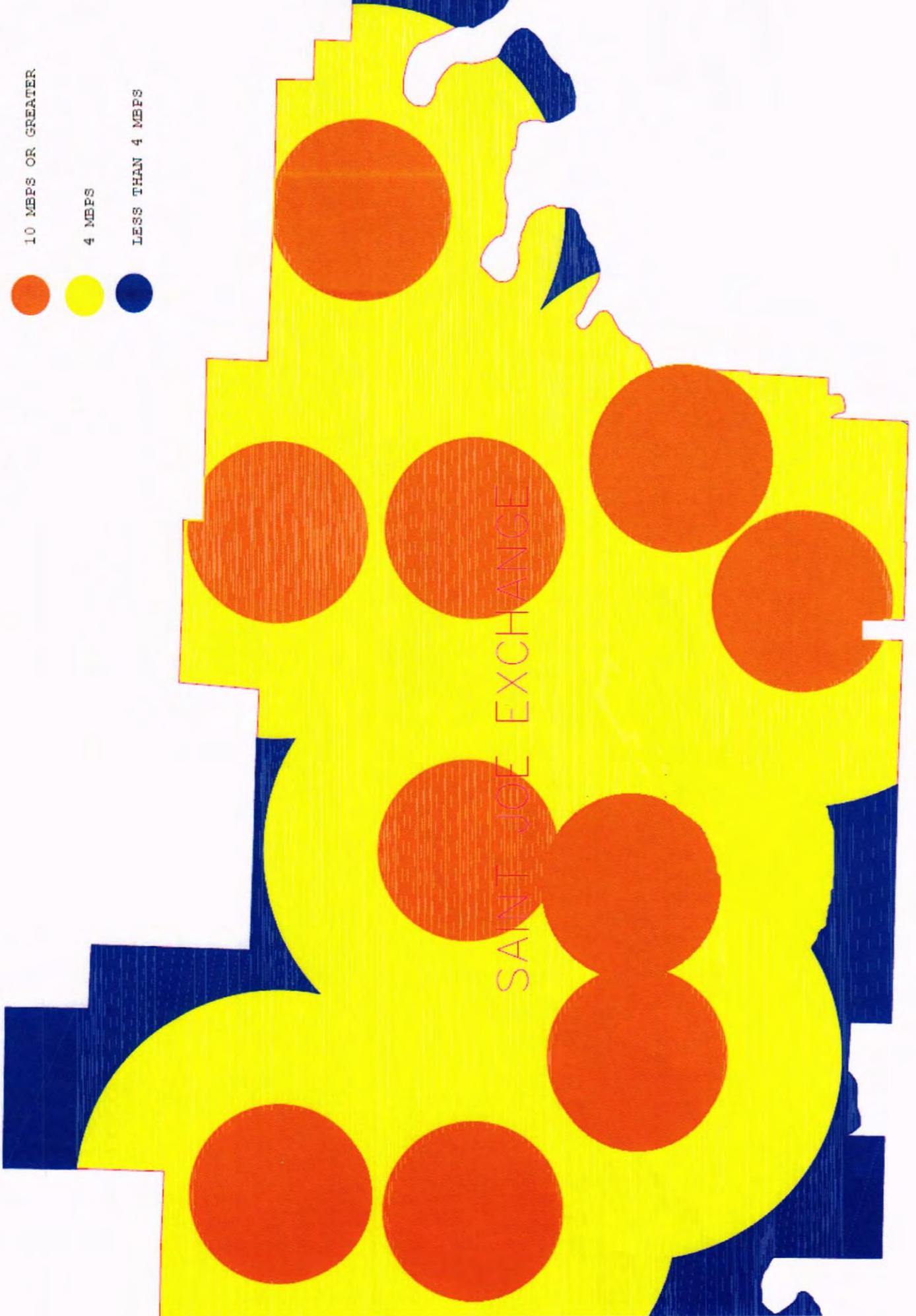
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-  4 MBPS
-  LESS THAN 4 MBPS



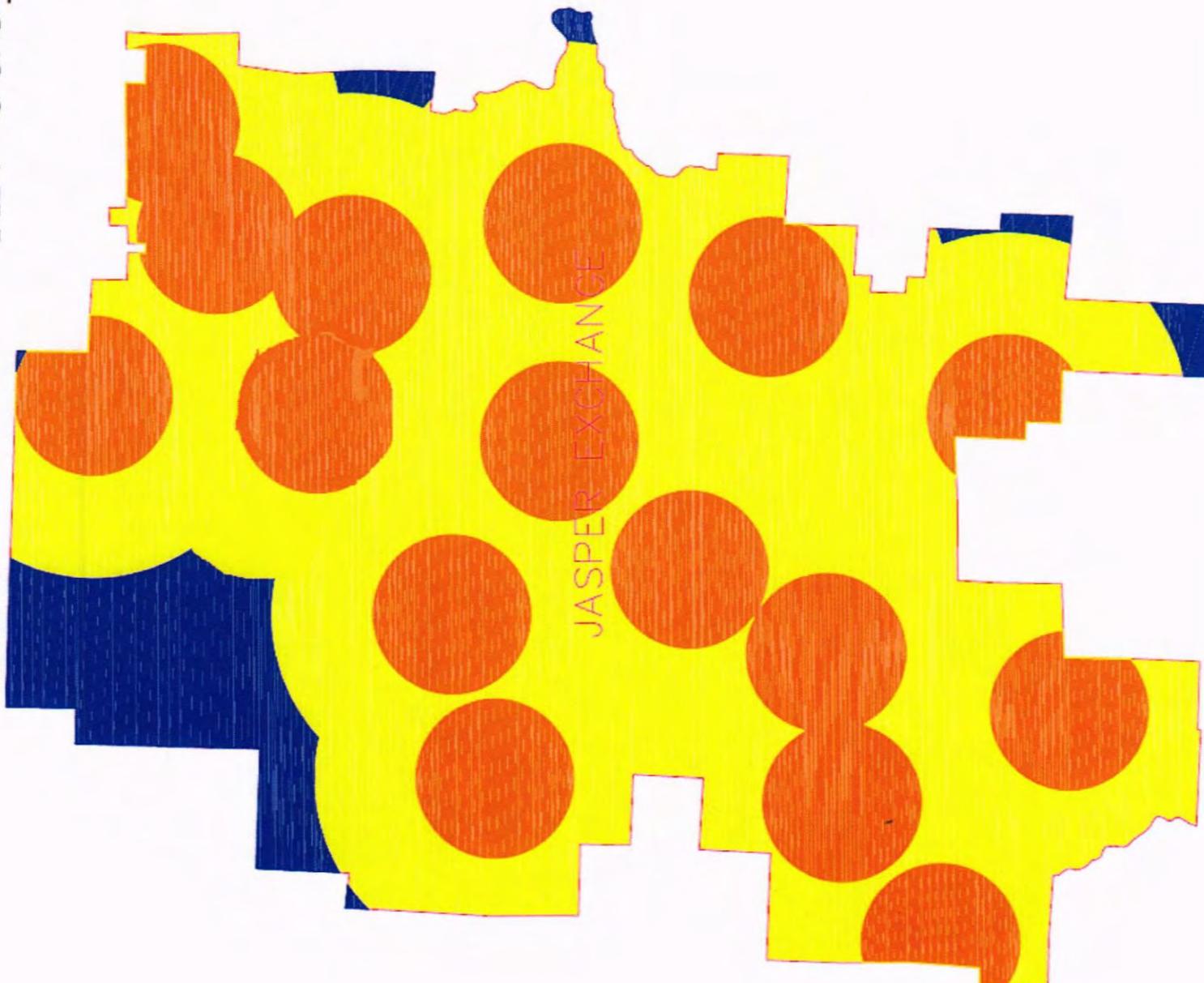
AR-St. Joe Exchange

CONFIDENTIAL INFORMATION-SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION
REDACTED - FOR PUBLIC INSPECTION

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- 4 MBPS
- LESS THAN 4 MBPS

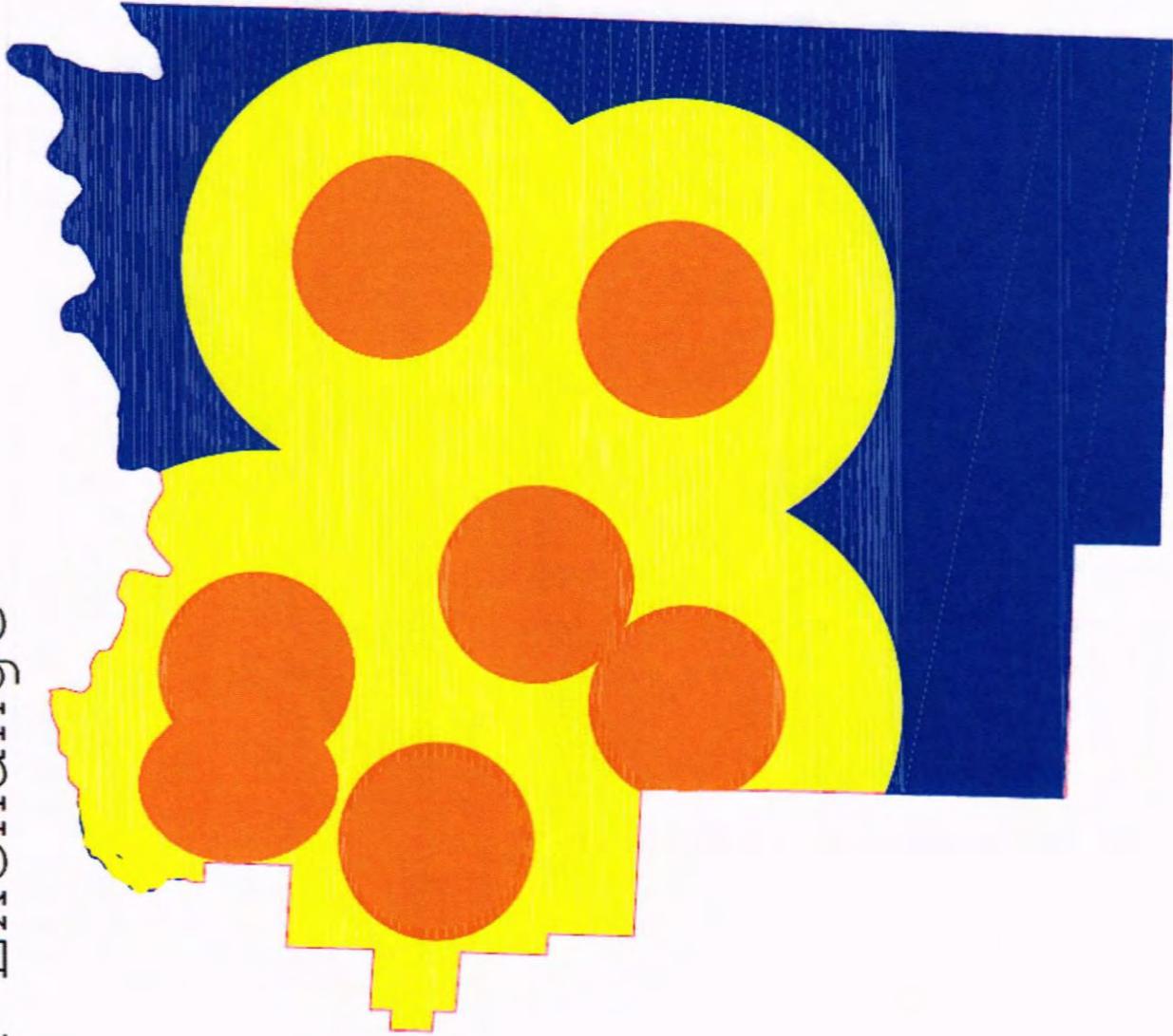


AR-Jasper Excha



AR-Mt Judea Exchange

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- 4 MBPS
- LESS THAN 4 MBPS



401726ar310.pdf

TRI-COUNTY TELEPHONE COMPANY
 SAC: 401726

Unfulfilled Requests - Previous 12 Months

VOICE - REPORTING PERIOD: JAN. 1, 2015 THROUGH DEC. 31, 2015

DATE	REF	CUSTOMER NAME	DESCRIPTION OF SERVICE REQUESTED	SERVICE REQUESTED (✓ ALL APPLICABLE TO UNFULFILLED REQUEST)		BROADBAND	DESCRIBE HOW CARRIER ATTEMPTED TO PROVIDE SERVICE
				BROADBAND	VOICE	SPEED REQUESTED	
4/15/15	4		Do not provide service to Camper Trailers		x		Mt. Judea (Vendor Area)

401726ar320.pdf

CONFIDENTIAL - NOT FOR PUBLIC INSPECTION
 TRI-COUNTY TELEPHONE COMPANY

SAC: 401726

Unfulfilled Requests - Previous 12 Months
 401726ar320

BROADBAND - REPORTING PERIOD: JAN. 1, 2015 THROUGH DEC. 31, 2015

REF	DATE	DESCRIPTION OF SERVICE REQUESTED	SERVICE REQUESTED (✓ ALL APPLICABLE TO UNFULFILLED REQUEST)		BROADBAND SPEED REQUESTED	DESCRIBE HOW CARRIER ATTEMPTED TO PROVIDE SERVICE
			BROADBAND	VOICE		
1	1/1/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
2	3/10/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
3	4/8/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
5	4/22/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
6	4/23/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
7	5/22/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
8	6/24/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
9	7/7/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
10	8/21/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
11	10/7/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
12	5/8/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
13		DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
14		DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
15		DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
16		DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
17		DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
18		DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER
19	7/2/2015	DSL	X		6 MG	NOT WITHIN 18000' OF WIRE CENTER

47 CFR §54.313 (e)(3)

Tri-County Telephone Company

FCC 481 401726ar510.pdf

In establishing this certification in its *2005 ETC Order*,¹ the FCC found that an ETC must make “a specific commitment to objective measures to protect consumers.”² The Commission found that for wireless ETCs, compliance with CTIA’s Consumer Code for Wireless Service would satisfy this requirement” and that the sufficiency of other commitments would be considered on a case-by-case basis.³ In this context, the FCC stated, “to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law, compliance with such laws may meet our requirement.”⁴

Tri-County Telephone Company, Inc. (“Company”) hereby certifies that it is complying with applicable service quality standards and consumer protection rules. The Company is subject to consumer protection obligations under state law. These obligations include, but are not limited to, the following:

(1) filing a Local Exchange Tariff pursuant to the requirements of the Arkansas Public Service Commission (APSC) which disclose rates, terms and conditions of service to customers;

(2) consumer protection requirements governing telephone providers which require adherence to APSC’s Telecommunications Providers Rules governing service supplied by Telephone Providers (TP). The basic utility obligations include: (a) Each

¹ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“*2005 ETC Order*”).

² *Id.* at para. 28.

³ *Id.* The FCC noted that under the CTIA Consumer Code, wireless carriers agree to: “(1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy.” *Id.* at n. 71.

⁴ *Id.* at n. 72.

Tri-County Telephone Company

FCC 481 401726ar510.pdf

telephone provider shall provide all services and offerings on a continuous 24 hour basis. For example: (i) Local and toll switched or non-switched circuits and functions. (ii) Equipment or personnel to receive customer trouble reports; and (iii) Emergency repair service. Each TP shall operate and maintain its entire system so that service is safe, adequate, and reliable. Each TP shall inspect its entire system as necessary to have a reasonable knowledge of the system's condition at all time.

(3) In accordance with APSC Rule 2.01.B, E. Ritter Telephone Company provides the following information in the Customer Information section of its directory (Pages 3 – 13 of the 2013 Directory):

- (a) A list and description of all rates for basic local exchange access service and any discounts which would apply to that service;
- (b) All billing plans and options available to the customer;
- (c) A summary of rules and procedures for the payment, refund, and guarantee of deposits;
- (d) A summary of billing rules and procedures;
- (e) An itemized bill description, if not shown on the bill;
- (f) Procedures for verifying the accuracy of a bill;
- (g) A description of any automatic adjustment charge;
- (h) A summary of the rules and procedures for paying bills to include payments made to authorized payment agents;
- (i) A summary of the delayed payment agreement rules and procedures – information on delayed payment agreements shall say that a customer who is

Tri-County Telephone Company

FCC 481 401726ar510.pdf

having difficulty paying a LEC bill may, if qualified, make payments in installments;

(j) A summary of the rules and procedures for suspension, reconnection, and termination of service;

(k) The options available to customers to avoid shut-off of service when a customer is away for an extended period;

(l) A summary of the rules and procedures for giving someone else notice before shutting off a customer's service (Third-Party Notification procedures);

(m) A summary of the rules and procedures for helping households avoid shut-off when there is a serious medical condition, elderly customer, or customer who is an individual with disabilities;

(n) The local and/or toll-free telephone numbers, and a statement that the customer may contact the LEC for a list of authorized payment agents in the customer's area;

(o) Procedures for making a complaint to the LEC and the APSC;

(p) Toll-free and local telephone numbers of the APSC and the mailing and street address of the APSC;

(q) A statement that these Rules are available through each LEC's business office.

Customer billing guidelines set forth in APSC Telephone Providers Rules Section 5 Billing state that each bill shall contain the following information:

1. Name and telephone number or identifying number under which service is billed;
2. The beginning and ending dates of the billing period;

Tri-County Telephone Company

FCC 481 401726ar510.pdf

3. The net amount of all payments and other credits made to the account during the billing period;
4. Any previous balance due;
5. The amount of any "late payment charge" and an explanation of when it will apply;
6. The date the bill was mailed;
7. A list of all charges or credits, including: a) Deposit installments; b) Deposit refunds; c) Automatic adjustments; d) Customer or minimum charges; e) Taxes, listed by kind; f) Charges for other utility service; g) Charges for non-utility merchandise, service or equipment; h) Basic service; i) Federal end user common line charge j) Equipment; k) Custom calling services.
8. If a LEC uses industry-specific abbreviations for terms that explain the billing, it shall identify them on the bill;
9. A statement that the customer may contact the LEC about any problem with billing or service, or for a delayed payment agreement. The statement shall include an address and a telephone number where customers can call the LEC without charge.

In addition, the Company is subject to consumer protection obligations under state law relating to truth-in-billing requirements, CPNI, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy.

TRI-COUNTY TELEPHONE CO., INC.

401726ar610.pdf

Tri-County Telephone Co., Inc. (The Company), hereby certifies that it is able to function in emergency situations as set forth in §54.202(a)(2).¹ The Company's network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2). The Company can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations will also allow the Company to manage traffic spikes throughout its network, as emergency situations require.

Specifically, each central office building is supplied with standby generators and battery back-up that enable the central office to keep running until power is restored so long as fuel is available, or until system changes are made to reroute traffic. The Company has battery backup at all office locations and in its electronic equipment sites. Length of run time is determined by the equipment serving the area and the number of customers working out of the equipment. Generators are installed at all Central Office locations. They will continue to run as long as the Company has access to fuel for generators.

¹ Section 54.202(a)(2) requires ETCs that are designated by the Commission to "demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations."

401726ar1010

Name: Tri-County Telephone Company, Inc.

SAC: 401726

SPIN: 143002275

LINE 1010 – VOICE SERVICE RATE COMPARABILITY

Tri-County Telephone Company, Inc.'s fixed voice service is [REDACTED] which is below the urban floor rate of \$21.93. Therefore, Tri-County Telephone Company, Inc. 's fixed voice service is not more than two standard deviations above the national average.

<p>ARKANSAS PUBLIC SERVICE COMMISSION</p> <p>Section V</p> <p>1st Revised Sheet No. <u>6</u> Replacing Original Sheet No. <u>6</u></p> <p>ALL EXCHANGES</p> <p>TRI-COUNTY TELEPHONE COMPANY</p> <p>LOCAL EXCHANGE SERVICE (Cont'd)</p>
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PSC File Mark Only

14. LIFELINE

14.1 Service

Lifeline Service is a service offered to certain qualified residential customers of the Company. This service provides for a discount from the local access rate charged by the Company.

Lifeline Service is a service offered to certain qualified residential customers of the Company. This service provides for a discount from the local access rate charged by the Company.

The Company will also seek a waiver to the maximum amount authorized by the Federal Communications Commission ("FCC") of the federal customer line charge ("SLC") to be applied under its approved lifeline plan.

14.2 Qualification

Lifeline Service is available only to Food Stamp, federal public housing assistance or Section 8 programs, Low Income Home Energy Assistance Program, Medicaid (including Supplemental Security Income), Aid to Families with Dependent Children recipients, recipients of Temporary Assistance to Needy Families, participants in the National School Lunch's free lunch program, or families whose household income falls below 135% of the Federal Poverty Guideline. A directory listing (if desired) and billing for Lifeline Service will only be provided in the name of and at the address of the certified recipient.

(CT)

(CT)

(AT)

Lifeline Service customers will self certify on an annual basis that they continue to be eligible for this service.

(AT)

14.2.1 The customer will certify under penalty of perjury that the information supplied at the time of application for Lifeline service is accurate. The Company will obtain sufficient documentation from the customer to verify that the customer qualifies for Lifeline and an officer of the Company will certify that the Company has procedures to review the application of Lifeline Service in accordance with 47 U.S.C. Part 54.

Issued:

By: Bob Mouser, President
Tri-County Telephone Company

Effective: June 22, 2005

401726AR1210

ARKANSAS PUBLIC SERVICE COMMISSION

Section V

1st Revised Sheet No. 7 Replaces Original Sheet No. 7

ALL EXCHANGES

TRI-COUNTY TELEPHONE COMPANY

LOCAL EXCHANGE SERVICE (Cont'd)

PSC File Mark Only

14.3 Rates

The amount of the Lifeline Service discounted rate, which will be deducted from the normal residential access rate is as follows:

(CT) One-Party Residential\$2.75

The above amount will be in addition to any reduction in the SLC by the FCC.

Issued:

By: Bob Mouser, President
Tri-County Telephone Company

Effective: May 10, 2012

401726ar3010.pdf

Tri-County Telephone Co., Inc. (SAC 401722)

Response to Line 3010 – Milestone Certification (47 CFR §54.313(f)(1)(i))

Tri-County Telephone Co., Inc. hereby certifies that throughout 2015, it took reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas and that requests for such service are met within a reasonable amount of time. If a request for broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream is unreasonable, and offering broadband service at actual speeds of at least 4 Mbps downstream/1 Mbps upstream is reasonable, the Company offers broadband service at actual speeds of at least 4 Mbps downstream/1 Mbps upstream.



E. RITTER COMMUNICATIONS HOLDINGS, INC.

Consolidated Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)



KPMG LLP
Triad Centre III
Suite 450
6070 Poplar Avenue
Memphis, TN 38119-3901

Independent Auditors' Report

Board of Directors and Shareholder
E. Ritter Communications Holdings, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of E. Ritter Communications Holdings, Inc. and subsidiaries, which comprise the balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations and retained earnings, comprehensive income and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of E. Ritter Communications Holdings, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

March 31, 2016

E. RITTER COMMUNICATIONS HOLDINGS, INC.
Consolidated Statements of Operations and Retained Earnings
Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue:		
Communications revenue		
Management services to related parties		
Other		
Total operating revenue		
Cost of sales		
Gross profit		
Operating expenses:		
Operating expenses		
Depreciation and amortization		
Management services from related parties		
Total operating expenses		
Operating income		
Other income (expense):		
Gain (loss) on sale of assets		
Interest income		
Interest expense		
Other		
Total other income (expense), net		
Income before income taxes		
Provision for income taxes		
Net income		
Retained earnings:		
Beginning of year		
Dividends		
End of year		

See accompanying notes to consolidated financial statements.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Consolidated Statements of Comprehensive Income

Years ended December 31, 2015 and 2014

	2015	2014
Net income		
Other comprehensive income (loss), net of tax:		
Unrealized holding gains (losses) arising during period		
Unrealized loss on interest rate swap		
Other comprehensive income (loss)		
Comprehensive income		

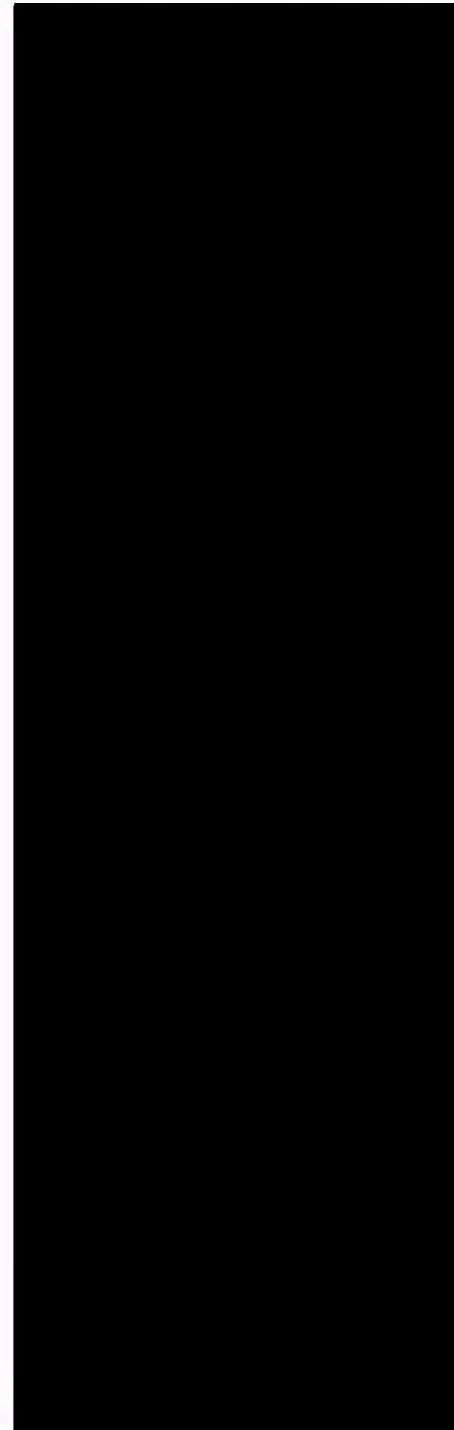
See accompanying notes to consolidated financial statements.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Consolidated Statements of Cash Flows
Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash operating activities:		
Depreciation and amortization		
Deferred income taxes		
Uncollectible operating revenues		
Gain on sale of investments		
Loss (gain) on sale of assets		
Loss on debt refinance		
Share-based compensation		
Changes in assets and liabilities:		
Accounts receivable		
Inventories		
Other assets		
Accounts payable and due to/from affiliates		
Income taxes		
Advanced billings		
Other liabilities		
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of investments		
Proceeds from sale of investments		
Change in repurchase agreement		
Proceeds from sale of property, plant and equipment		
Additions to intangibles		
Additions to property, plant and equipment		
Net cash used in investing activities		
Cash flows from financing activities:		
Payment of dividends		
Payment of capital lease obligations		
Proceeds from long-term debt		
Payments on long-term debt		
Loan costs		
Net cash provided by (used in) financing activities		
Net decrease in cash and cash equivalents		
Cash and cash equivalents:		
Beginning of year		
End of year		
Supplemental cash flow disclosures:		
Interest paid, net of capitalized interest		
Income taxes paid (refunded)		

See accompanying notes to consolidated financial statements.



E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

E. Ritter Communications Holdings, Inc. (RCH or the Company) is a wholly owned subsidiary of E. Ritter & Company (ERC or the Parent).

(b) Communications (Regulated)

The Company, through its wholly owned subsidiaries, E. Ritter Telephone Company (RTC) in Marked Tree, Arkansas (with [REDACTED] access lines in service at December 31, 2015 and 2014, respectively), Tri-County Telephone Company, Inc. (TCT) in Everton, Arkansas [REDACTED] access lines in service at December 31, 2015 and 2014, respectively) and Millington Telephone Company, Inc. (MTC) in Millington, Tennessee (with [REDACTED] access lines in service at December 31, 2015 and 2014, respectively) provides local service, network access, long-distance and other communications products and services to businesses and individuals in portions of Northeastern Arkansas and Newton, Boone, Carroll, and Searcy Counties in Northwest Arkansas and portions of Fayette, Haywood, Shelby and Tipton counties in West Tennessee.

The Company's telephone operations at RTC, TCT and MTC are regulated in nature and their telephone accounting records are maintained in accordance with the rules and regulations of the Arkansas Public Services Commission (APSC) for RTC and TCT and the Tennessee Regulatory Authority (TRA) for MTC, which substantially adhere to the rules and regulations of the Federal Communications Commission. The Company's regulated operations are subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 980, *Regulated Operations*. The Company's regulated operations are subject to the provisions of regulatory accounting under which actions by regulators can provide reasonable assurance of the realization of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the consolidated balance sheets of an entity subject to regulatory accounting.

(c) Communications (Non-Regulated)

The Company, through its wholly owned nonregulated subsidiaries, generates revenue from nonregulated communications activities by (1) providing long-distance telephone services, (2) providing local and high speed data service to business customers, (3) providing cable television services, (4) providing residential high speed data service, (5) selling and leasing nonregulated equipment through the regulated telephone companies and (6) selling and leasing telephone equipment to businesses.

(d) Consolidation

These statements present the consolidated financial information of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in the consolidated financial statements, excluding transactions with the Company's regulated entities. The Company's regulated entities have the ability to recover a portion of their costs through the regulatory process and the Company's transactions with these regulated entities have not been eliminated due to the application of regulatory accounting at these entities.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(e) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements. Actual results realized may differ from these estimates.

(f) Cash and Cash Equivalents

The Company considers all highly liquid short-term investments purchased with a maturity of three months or less to be cash equivalents.

(g) Accounts Receivable

Accounts receivable are stated at the historical carrying amounts, net of write-offs and allowances for doubtful accounts. The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the Company's receivables determined on the basis of historical experience, market conditions, current trends and any specifically identified customer collection issues. Uncollectible accounts are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when the Company has determined that collection of the balance is unlikely. At December 31, 2015 and 2014, the Company had allowances recorded of [REDACTED] [REDACTED] respectively.

(h) Investments

The Company's investments primarily consist of stocks for which there is no ready market, which are stated at cost.

(i) Inventories

Inventories are valued at the lower of cost (determined using average cost method) or market, except for copper wire and fiber optic cable inventories, which are valued at the lower of cost (determined using specific-identification method) or market.

(j) Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets (including separately recognized intangible assets) acquired. Goodwill and other intangible assets with indefinite lives are not amortized but are reviewed at least annually for impairment. Management reviews the estimated fair market value to determine whether it's more likely than not that the fair value of a reporting unit is less than its carrying amount. This review considers the macroeconomic conditions in the industry, the market considerations of the business unit, cost factors and the overall financial performance of the business unit. Based on this review, no impairment charges have been recorded. Intangible assets that have finite lives are amortized over their estimated useful lives.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(k) Property, Plant and Equipment

Property, plant and equipment are stated at original cost, including general overhead capitalized and an allowance for funds used during construction. For financial reporting purposes, the Company provides for depreciation using straight-line composite rates over the estimated useful lives of the assets for nonregulated property and mass asset accounting for regulated property.

When regulated property is retired, the original cost, net of salvage, is charged against accumulated depreciation; no gain or loss is recognized on the disposition of this plant. When nonregulated property is retired, the cost of the property and the related accumulated depreciation are removed from the consolidated balance sheets, and any gain or loss on the transaction is recorded. The cost of maintenance and repairs, including the cost of replacing minor items not affecting substantial betterments, is charged to maintenance expense as incurred.

(l) Long-Lived Assets

The Company reviews the carrying value of its long-lived assets, other than intangible assets with indefinite lives, for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors.

(m) Derivative Instruments and Hedging Activities

The Company seeks to manage interest cost using both fixed rate and variable rate debt. To manage this risk in a cost efficient manner, the Company may enter into interest rate swaps in which it agrees to exchange with a counterparty, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Change in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income until such time that the loss or gain on the hedged item is recognized.

In 2015, the Company adopted FASB Accounting Standards Update (ASU) 2014-03 – *Derivatives and Hedging (Topic 815): Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps – Simplified Hedge Accounting Approach*, which allowed the Company to follow a simplified approach to identify if the interest rate swaps qualified as cash flow hedges. The adoption of this standard in 2015 did not have a material impact on the Company's consolidated financial statements.

(n) Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The Company is included with its Parent in filing consolidated federal and state tax returns. Income tax expense is calculated on a separate return computational basis.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

The Company recognizes tax positions that are more likely than not to be sustained. The Company has determined that it does not have any significant unrecognized tax benefits as of December 31, 2015 and 2014. Years ending on or after December 31, 2012 remain subject to examination by federal and state authorities.

(o) Share-Based Payments

The Company has a share-based employee compensation plan, consisting of liability classified stock appreciation rights, which is described more fully in note 12. Compensation cost is recognized for stock appreciation rights using an intrinsic value-based method over the requisite service period.

(p) Revenue Recognition – Network Access and Long-Distance Settlements

Revenues are recognized when earned and are primarily derived from usage of RTC's, TCT's and MTC's local exchange networks and facilities. RTC, TCT and MTC accrue unbilled revenues earned from the date of the customers' last billing to the end of the accounting period. Certain toll and access service revenues are estimated under cost separation procedures that base revenues on current operating costs and investments in facilities to provide such services. Long-distance revenues (resale) are recorded for amounts billed to customers and reimbursements to interexchange carriers for providing these nonregulated services are recorded as a component of cost of sales.

RTC, TCT and MTC also participate in revenue pooling arrangements with other local service providers. Such pools were funded by local interexchange carriers and other providers of telecommunications services. Settlements with these revenue-pooling arrangements are subject to retroactive adjustments from the pool members. The impacts of these adjustments are recorded in the period in which they are reported to the applicable pool administrator. During 2015 and 2014, the Company recorded out-of-period pooling adjustments [REDACTED], in network access revenue.

(q) Revenue Recognition – Cable

Cable revenues are principally derived from subscriber fees for Ritter Cable Corporation's (RCC), TCT's and Millington CATV, Inc.'s (MCATV) video and high-speed Internet and are recognized as revenues as the services are provided. Under terms of the franchise agreements, RCC, TCT and MCATV are required to pay up to 5% of the gross revenues earned from providing cable services within the local franchise areas. These fees are normally passed through to cable subscribers and are not classified as part of revenues.

(r) Comprehensive Income

Comprehensive income is defined as the change in equity during a period related to transactions and other events and circumstances from nonowner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The difference between net income and comprehensive income is attributable to the adjustments to the fair value of interest rate swap (net of taxes) and the unrealized gains and losses (net of taxes) related to investment in securities.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(s) Subsequent Events

The Company has evaluated the effect subsequent events would have on the consolidated financial statements through March 31, 2016, which was the date the consolidated financial statements were available to be issued.

(2) Inventories

Inventories at December 31 consist of the following:

Regulated
Nonregulated

(3) Investments

Investments at December 31 consist of the following:

Stocks carried at cost:

CoBank Stock [REDACTED] [REDACTED] and allocated equity
RTFC stock and allocated equity
NECA Services, Inc. [REDACTED] [REDACTED]
Associated Network Partners, Inc. [REDACTED] [REDACTED]
Rasornet, Inc.

(4) Fair Values of Assets and Liabilities

The Company has estimated the fair value of its financial instruments using available market information or other appropriate valuation methodologies. Considerable judgment, however, is required in interpreting market data to develop certain estimates of fair value. Accordingly, certain estimates are not necessarily indicative of the amounts that the Company would realize in a current market exchange.

The carrying value of cash and cash equivalents, accounts receivable, repurchase agreement, accounts payable and due to/from affiliates approximates fair value because of the short maturity of those instruments. The fair value of the Company's debt is based on discounted cash flow analysis using the Company's incremental borrowing rate for similar types of borrowing arrangements and was approximately [REDACTED] [REDACTED] [REDACTED] [REDACTED] at December 31, 2015 and 2014, respectively.

The FASB's standard for fair value accounting applies when entities are required to use fair values for a particular instrument or for which they have chosen to use fair values. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assumptions, or inputs, that market participants would use in pricing

E. RITTER COMMUNICATIONS HOLDINGS, INC.

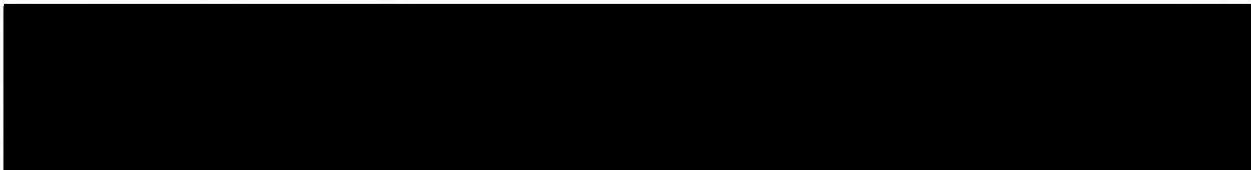
Notes to Consolidated Financial Statements

December 31, 2015 and 2014

the asset or liability are used in valuation techniques to measure fair value. Inputs may be observable or unobservable and are prioritized into three broad levels: Quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) and significant unobservable inputs (Level 3). These levels aim to reflect the amount of precision implicit in the valuation of a financial asset or liability.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis:

	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Assets	[REDACTED]			
Liabilities:				
Interest rate swap	[REDACTED]			
Assets				
Liabilities:	[REDACTED]			
Interest rate swap				



(5) Goodwill and Other Intangible Assets

The Company has recognized franchise rights, customer relationships, goodwill and other intangible assets in connection with its acquisitions.

The Company's cable systems are operated under nonexclusive franchises that are granted by state or local governmental authorities for varying lengths of time. The Company assessed the expected useful life of each of its cable franchises and concluded that they have an indefinite useful life and, therefore, are not subject to amortization but instead are tested for impairment at least annually.

Customer relationships are deemed to have a finite useful life of three to ten years and are amortized on a basis which is materially consistent with the proportion of cash flows expected to be generated from their use. Noncompete agreements and other finite-lived intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets. The Company evaluates the useful lives of its finite-lived intangible assets annually to determine whether events or circumstances indicate the need to revise the estimates of useful lives.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Goodwill and other intangible assets at December 31 consist of the following:

	Life (years)	2015		2014	
		Cost	Accumulated amortization	Cost	Accumulated amortization
Goodwill					
Franchise rights					
Noncompete agreements					
Customer relationships					
Other					
Less accumulated amortization					
Intangibles, net					
Amortization of intangible assets					
Future amortization of intangible assets					
	2016				
	2017				
	2018				
	2019				
	2020				
	Thereafter				

(6) Property, Plant and Equipment

Property, plant and equipment at December 31 consist of the following:

	Estimated useful lives	2015		2014	
		Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land					
Buildings					
Equipment					
Plant under construction					
Less accumulated depreciation					

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

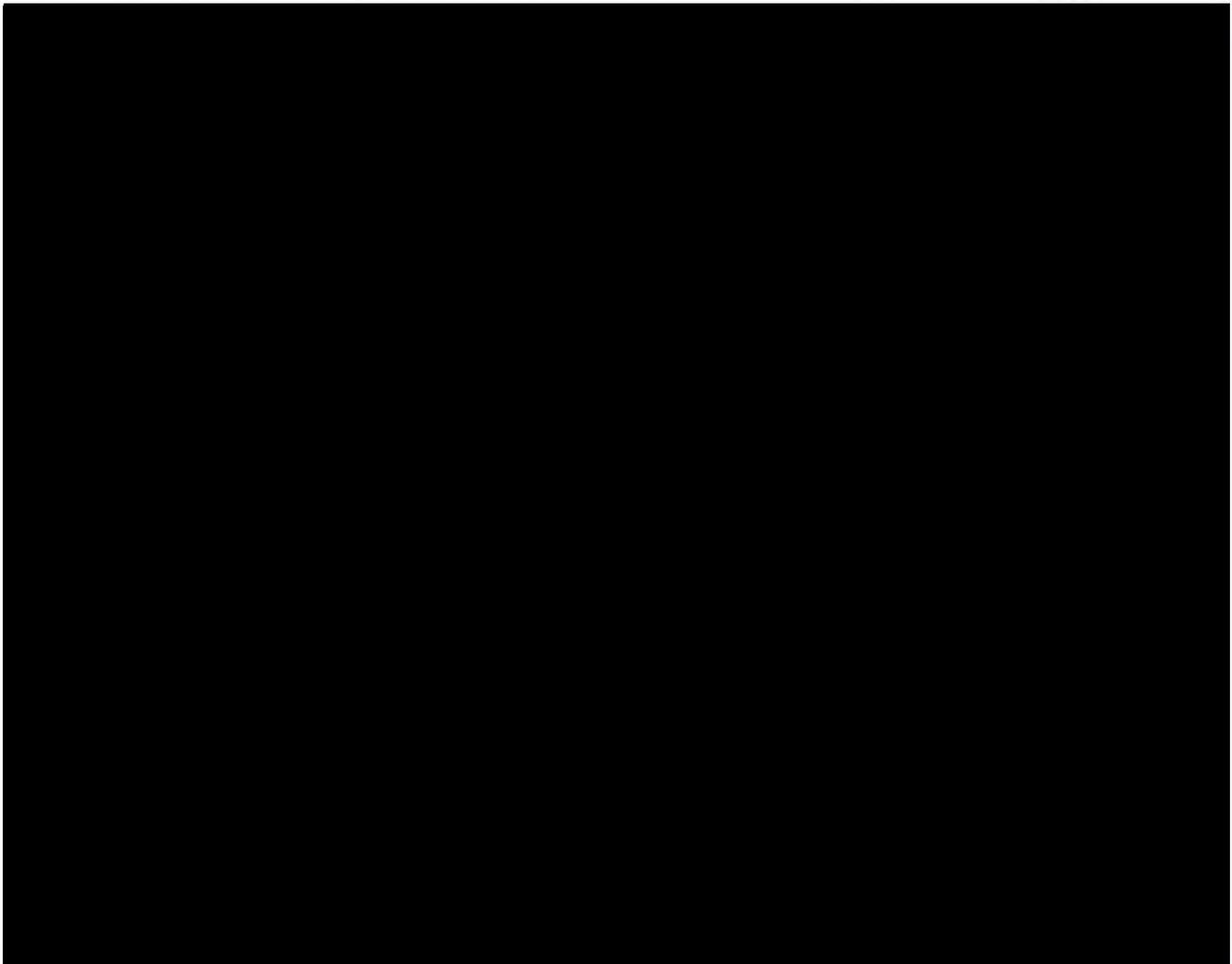
December 31, 2015 and 2014

Depreciation expense was [REDACTED] [REDACTED] for 2015 and 2014, respectively. The Company periodically evaluates the depreciable lives of its property, plant and equipment and makes adjustments to its depreciation rates accordingly.

Recorded assets subject to capital lease arrangements are not material.

(7) Long-Term Debt

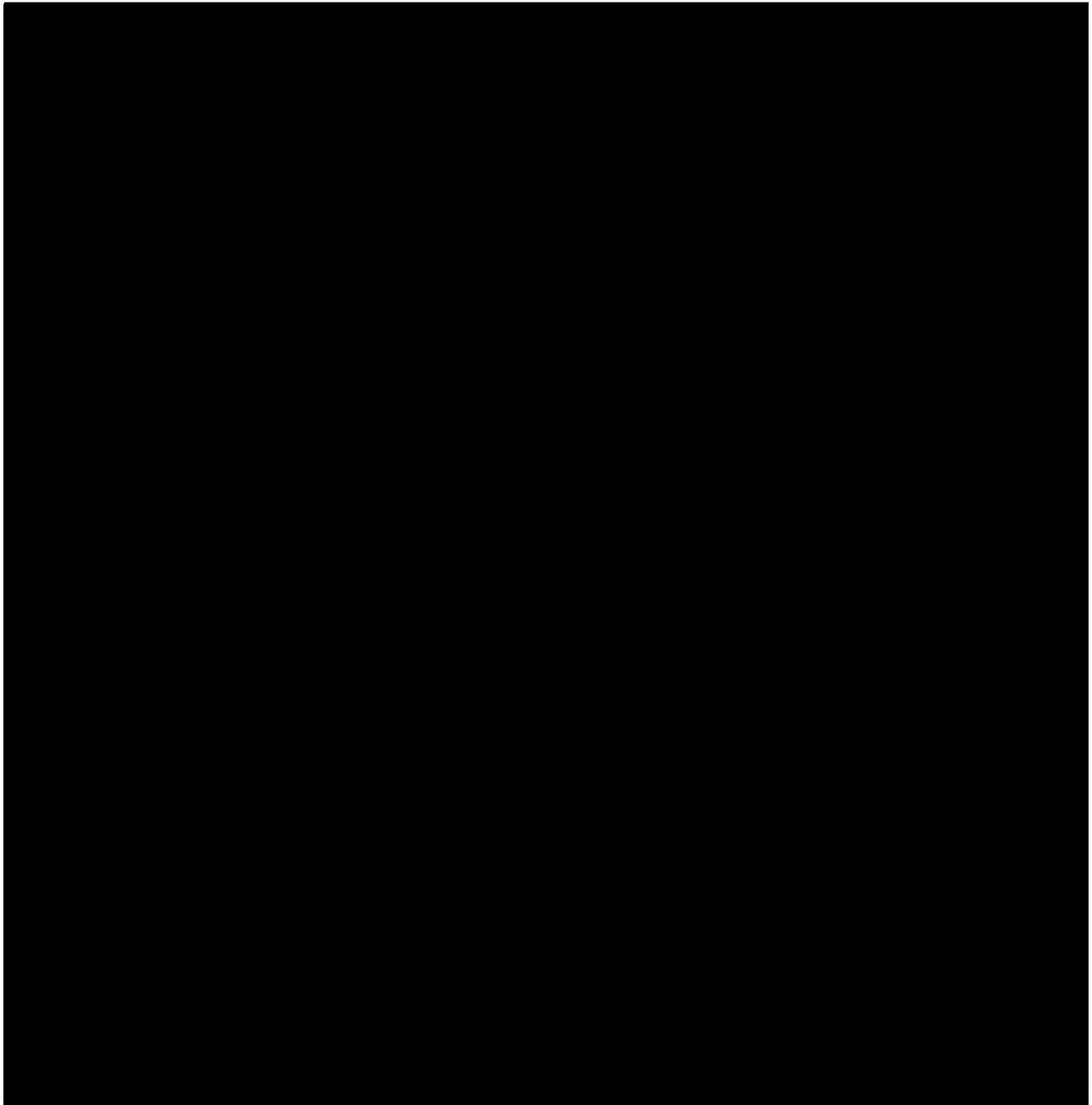
Long-term debt at December 31 is summarized as follows:



E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

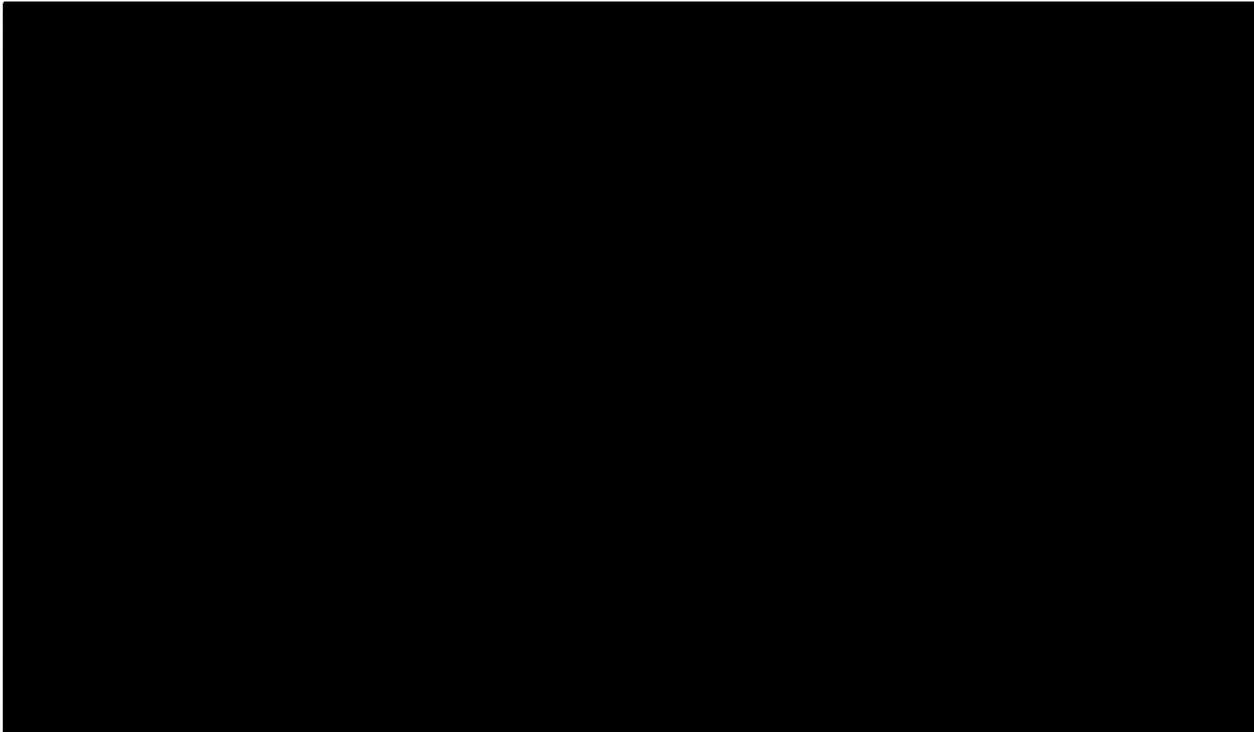
December 31, 2015 and 2014



E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014



(8) Income Taxes

The components of the provision for income taxes are summarized as follows:

	<u>2015</u>	<u>2014</u>
Current:		
Federal		
State		
Deferred:		
Federal		
State		

A large black rectangular redaction covers the data cells of the table, specifically the columns for 2015 and 2014, obscuring the numerical values for current and deferred federal and state taxes.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

The differences between the federal statutory rate and the Company's effective tax rate are:

	<u>2015</u>	<u>2014</u>
Federal taxes at the statutory rate		
State income tax – net of federal benefit		
Nondeductible penalties and other		

The tax effects of temporary differences that give rise to significant components of the Company's net deferred income tax assets and liabilities at December 31 were as follows:

	<u>2015</u>	<u>2014</u>
Current deferred tax assets:		
Allowance for doubtful accounts		
Inventories		
Accrued vacation		
Advance billings		
Accrued bonus/incentives		
Other		
Net current deferred tax assets		
Noncurrent deferred tax assets (liabilities):		
Property, plant and equipment		
Share-based plans		
Investments		
Intangibles		
Advance billings		
Accumulated other comprehensive loss		
Net operating loss		
Other		
Net noncurrent deferred tax liabilities		
Net deferred tax liability		

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences at December 31, 2015. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

As of December 31, 2015, the Company had gross federal and state net operating losses of [REDACTED] [REDACTED] [REDACTED], respectively, which expire at various dates up to 2035.

Deferred tax liabilities associated with accumulated other comprehensive loss relate primarily to the changes in the Company's interest rate swap.

(9) Operating Leases

The Company has various lease agreements for offices and equipment and also leases certain real estate from ERC. These obligations extend through 2020. Most of these operating leases provide the Company with the option to either purchase the property or renew its lease at the current fair value after the initial lease term. Generally, management expects that leases will be renewed or replaced by other leases in the normal course of business. Rent expense under these leases totaled [REDACTED] [REDACTED] for 2015 and 2014, respectively.

Future minimum payments under these leases are as follows:

2016
2017
2018
2019
Thereafter



(10) Employee Benefit Plans

The Company participates with its Parent and its subsidiaries in a noncontributory defined benefit pension plan (the ERC Plan) covering substantially all of the employees of ERC and its subsidiaries. Pension benefits are based on an employee's years of credited service and compensation. The Company's funding policy is to satisfy the funding requirements of the Employee Retirement Income Security Act of 1974. Expense related to the ERC Plan was [REDACTED] [REDACTED] in 2015 and 2014, respectively.

The Company participates with its Parent in an employee savings plan under Section 401(k) of the Internal Revenue Code (the 401(k) Plan) covering substantially all full-time employees of ERC and its subsidiaries. Employees may elect to contribute a portion of their eligible pretax compensation up to certain specified limits. The Company also makes matching contributions to the 401(k) Plan. Expense related to the 401(k) Plan was [REDACTED] [REDACTED] in 2015 and 2014, respectively.

(11) Related-Party Transactions

ERC and RCH provide accounting and administrative services to their subsidiaries. As discussed in note 1, transactions with the TCT, RTC and MTC regulated entities are not eliminated in consolidation due to the application of regulatory accounting at these entities. Management services to/from related parties includes charges by RCH to its regulated subsidiaries. Operating expenses also include management services charged by ERC to RCH. All services are primarily billed to the regulated entities in the form of management services and are calculated based upon cost and a rate of return to provide such services as prescribed by the regulatory process.

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Income and expense items from related-party transactions included in the accompanying consolidated statements of operations and retained earnings were:

	<u>2015</u>	<u>2014</u>
Revenue:		
Management services to related parties – RCH charges to subsidiaries/affiliates		
Other – RCH charges to ERC for information technology		
Other – TCT charges to affiliates for software maintenance		
Other – Ritter Communications Inc. (RCI) charges to affiliates for data services		
Operating expenses:		
Operating expenses – ERC charges to RCH (excluding rent expense)		
Management services from related parties – RCH charges to subsidiaries/affiliates		
Operating expenses – ERC charges rent expense to RCH		
Receivables (payables) arising from related-party transactions at		
E. Ritter & Company		
E. Ritter Agribusiness Holdings, Inc.		

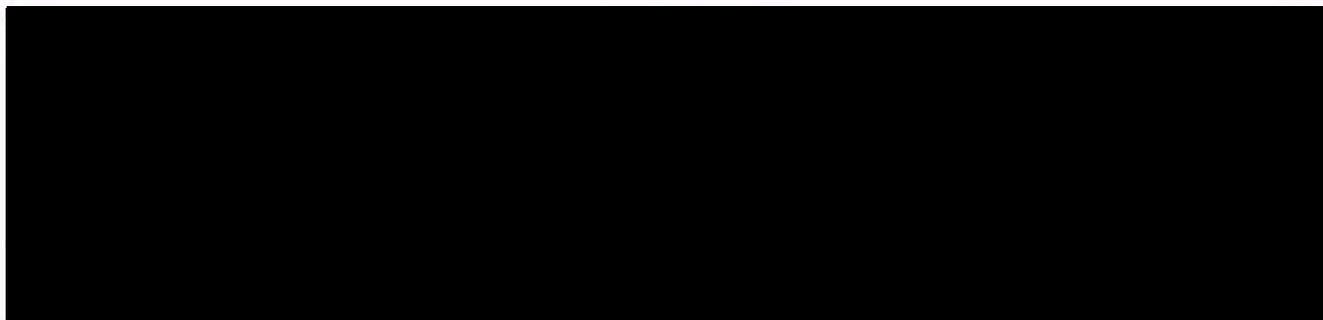
(12) Share-Based Payments

[REDACTED]

E. RITTER COMMUNICATIONS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014



Following is a summary of stock appreciation rights under the RCH SAR plans:

	2015	2014
Outstanding at beginning of year		
Granted		
Redeemed		
Outstanding at end of year		
Vested at end of year		

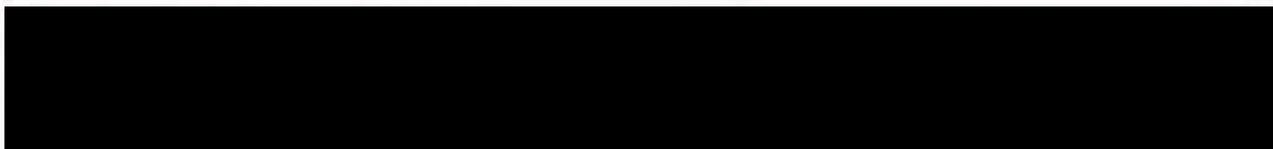
(13) Concentrations

Cash deposits in excess of operating requirements are swept daily to overnight investment accounts collateralized by government-backed securities. At December 31, 2015 and 2014, the Company also had a [REDACTED] investment in a repurchase agreement with Centennial Bank collateralized by government-backed securities, respectively.

No entity accounted for more than 10% of total revenues during 2015 or 2014.

The Company had receivables from the following entities representing more than 10% of total receivables at December 31:

	2015	2014
State of Tennessee		
National Exchange Carriers Association		



Independent Auditors' Report on Supplementary Information

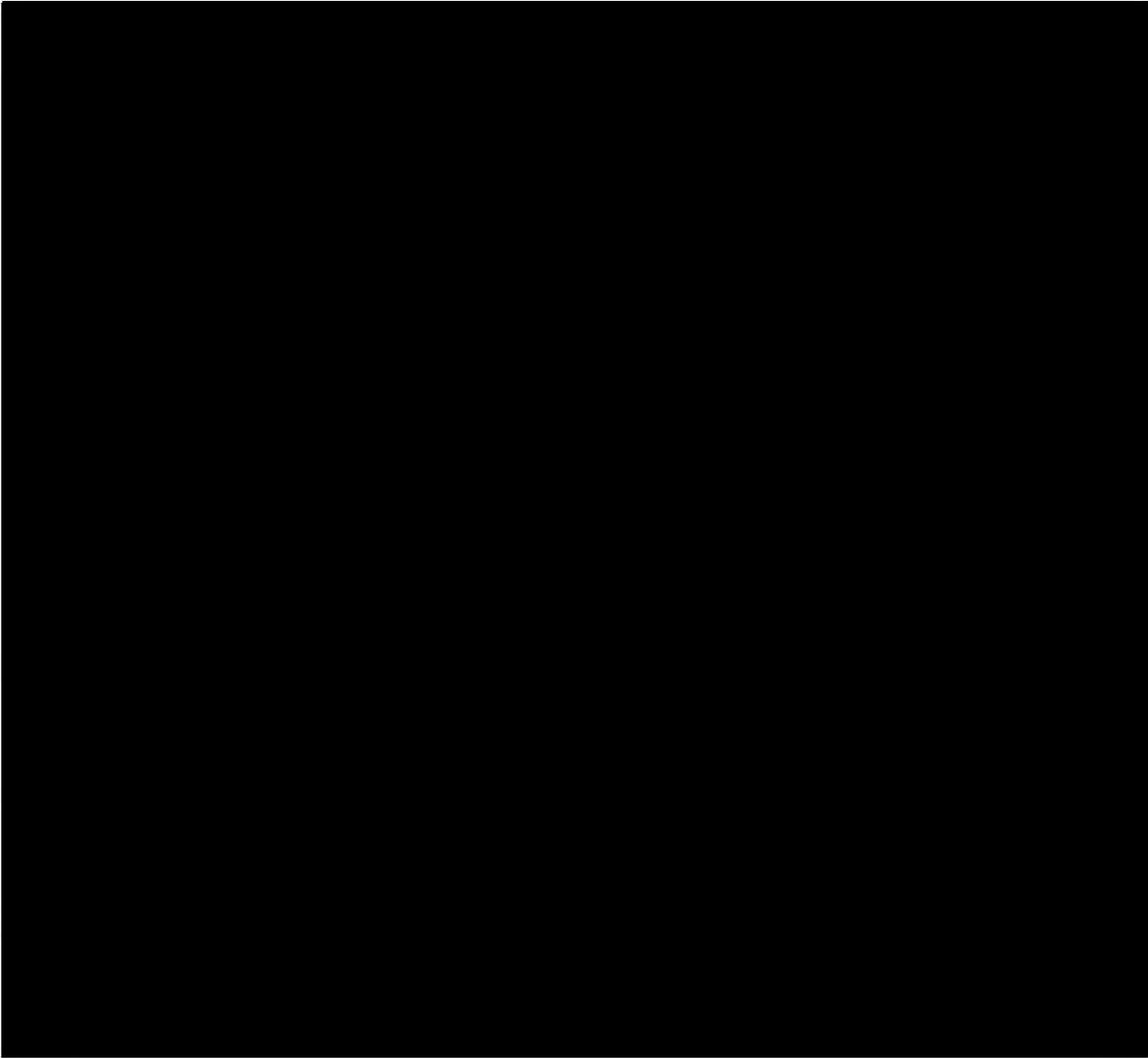
Board of Directors and Shareholder
E. Ritter Communications Holdings, Inc.:

We have audited the consolidated financial statements of E. Ritter Communications Holdings, Inc. and subsidiaries as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated March 31, 2016 which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedule is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

March 31, 2016

E. RITTER COMMUNICATIONS HOLDINGS, INC.
 Supplementary Consolidating Balance Sheet Schedule
 December 31, 2015



Assets

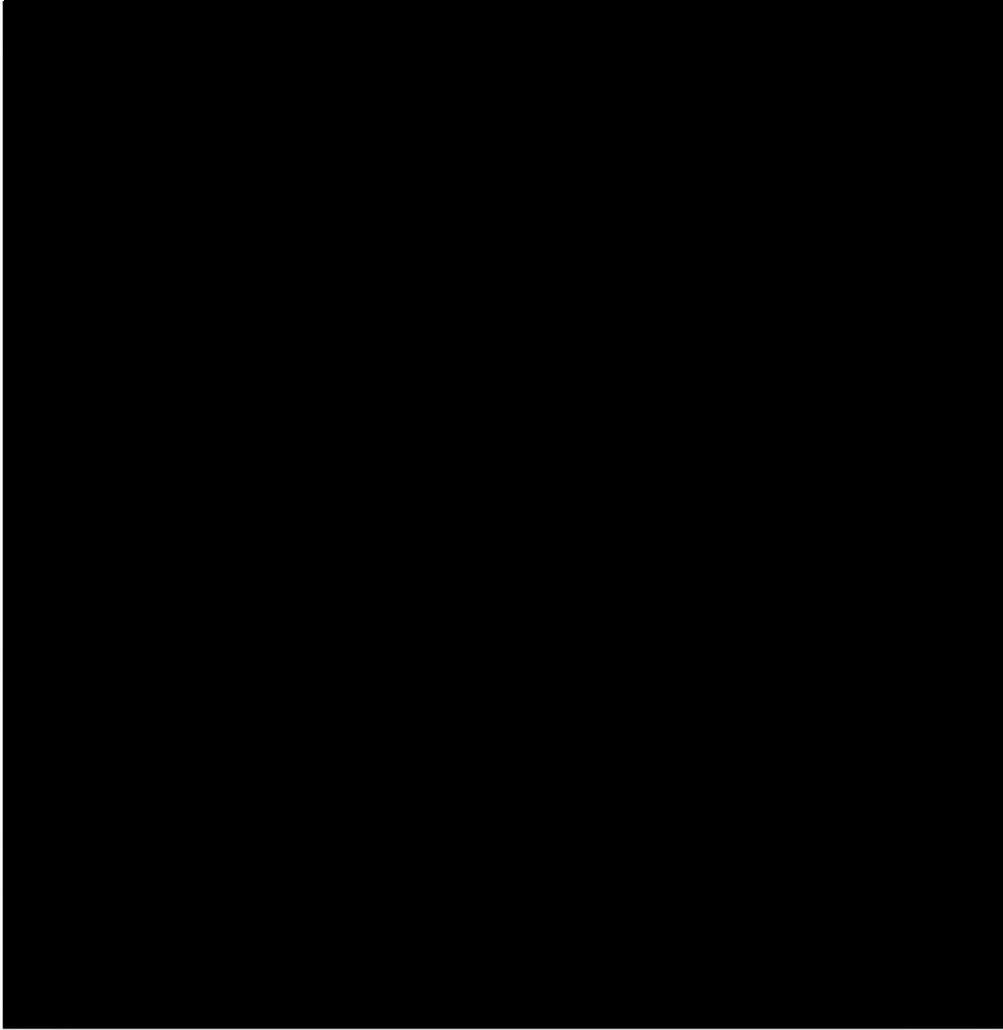
Current assets:
 Cash and cash equivalents
 Accounts receivable, net
 Inventories
 Income taxes receivable from E. Ritter & Company
 Deferred income taxes
 Repurchase agreement
 Due from affiliates
 Other
 Total current assets
 Noncurrent assets:
 Investments
 Goodwill
 Deferred income taxes
 Other intangible assets
 Total noncurrent assets
 Property, plant and equipment – net

Liabilities and Stockholder's Equity

Current liabilities:
 Accounts payable
 Due to affiliates
 Income taxes payable to E. Ritter & Company
 Current maturities of capital lease obligations
 Current maturities of long-term debt
 Advance billings
 Deferred income taxes
 Other
 Total current liabilities
 Long-term liabilities:
 Capital lease obligations
 Long-term debt
 Deferred income taxes
 Advance billings
 Other
 Total long-term liabilities
 Stockholder's equity:
 Common stock
 Additional paid-in capital
 Retained earnings
 Accumulated other comprehensive loss
 Total stockholder's equity

See accompanying notes to consolidated financial statements

E. RITTER COMMUNICATIONS HOLDINGS, INC.
 Supplementary Consolidating Balance Sheet Schedule
 December 31, 2014



Assets

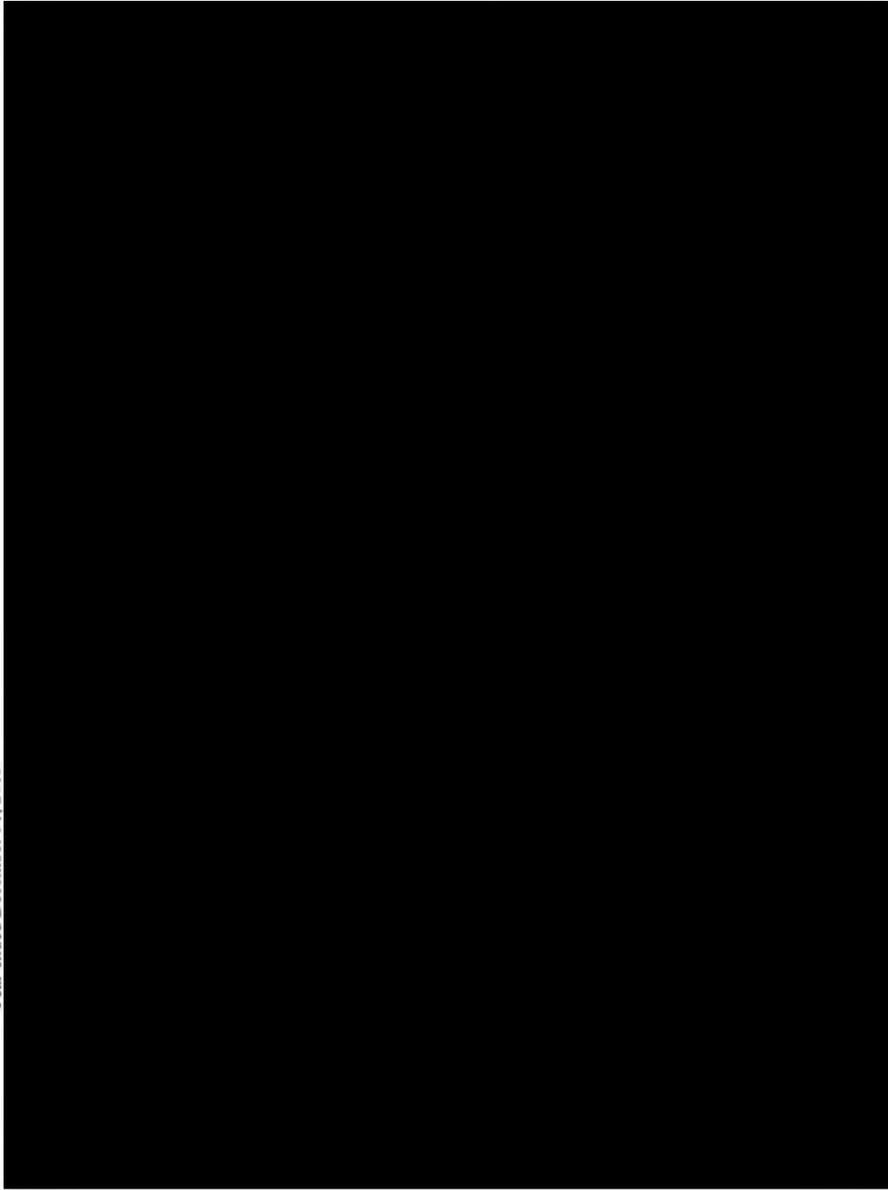
Current assets:
 Cash and cash equivalents
 Accounts receivable, net
 Inventories
 Income taxes receivable from E. Ritter & Company
 Deferred income taxes
 Repurchase agreement
 Due from affiliates
 Other
 Total current assets
 Noncurrent assets:
 Investments
 Goodwill
 Deferred income taxes
 Other intangible assets
 Total noncurrent assets
 Property, plant and equipment – net

Liabilities and Stockholder's Equity

Current liabilities:
 Accounts payable
 Due to affiliates
 Income taxes payable to E. Ritter & Company
 Current maturities of capital lease obligations
 Current maturities of long-term debt
 Advance billings
 Deferred income taxes
 Other
 Total current liabilities
 Long-term liabilities:
 Capital lease obligations
 Long-term debt
 Deferred income taxes
 Advance billings
 Other
 Total long-term liabilities
 Stockholder's equity:
 Common stock
 Additional paid-in capital
 Retained earnings
 Accumulated other comprehensive loss
 Total stockholder's equity

See accompanying notes to consolidated financial statements

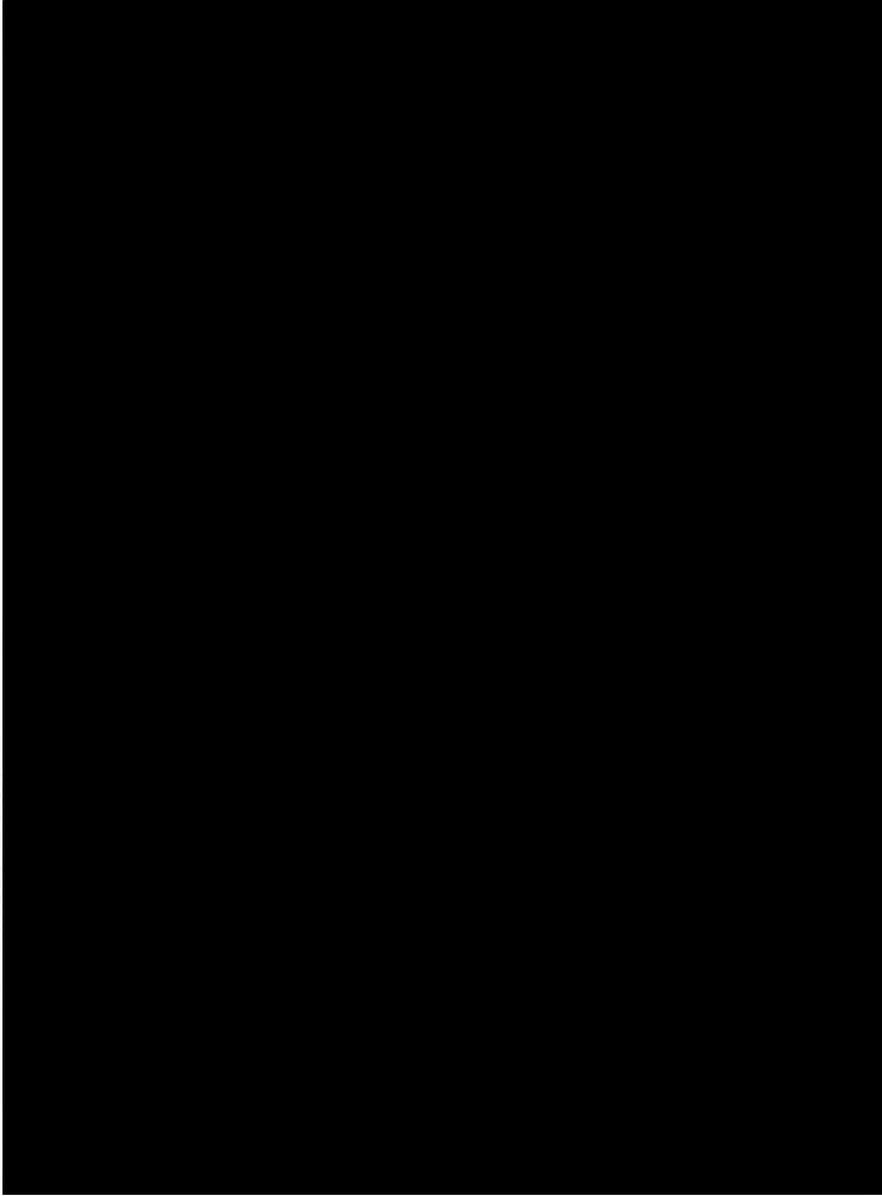
E. RITTER COMMUNICATIONS HOLDINGS, INC.
Supplementary Consolidating Statement of Operations
Year ended December 31, 2015



Revenue:
 Communications revenue
 Management services to related parties
 Other
 Total operating revenue
Cost of sales
 Gross profit
Operating expenses:
 Operating expenses
 Depreciation and amortization
 Management services from related parties
 Total operating expenses
 Operating income
Other income (expense):
 Loss on sale of assets
 Interest income
 Interest expense
 Other
 Total other income (expense), net
Income (loss) before income taxes
Provision (benefit) for income taxes
 Net income (loss)
Retained earnings:
 Beginning of year
 Dividends
 End of year

See accompanying notes to consolidated financial statements.

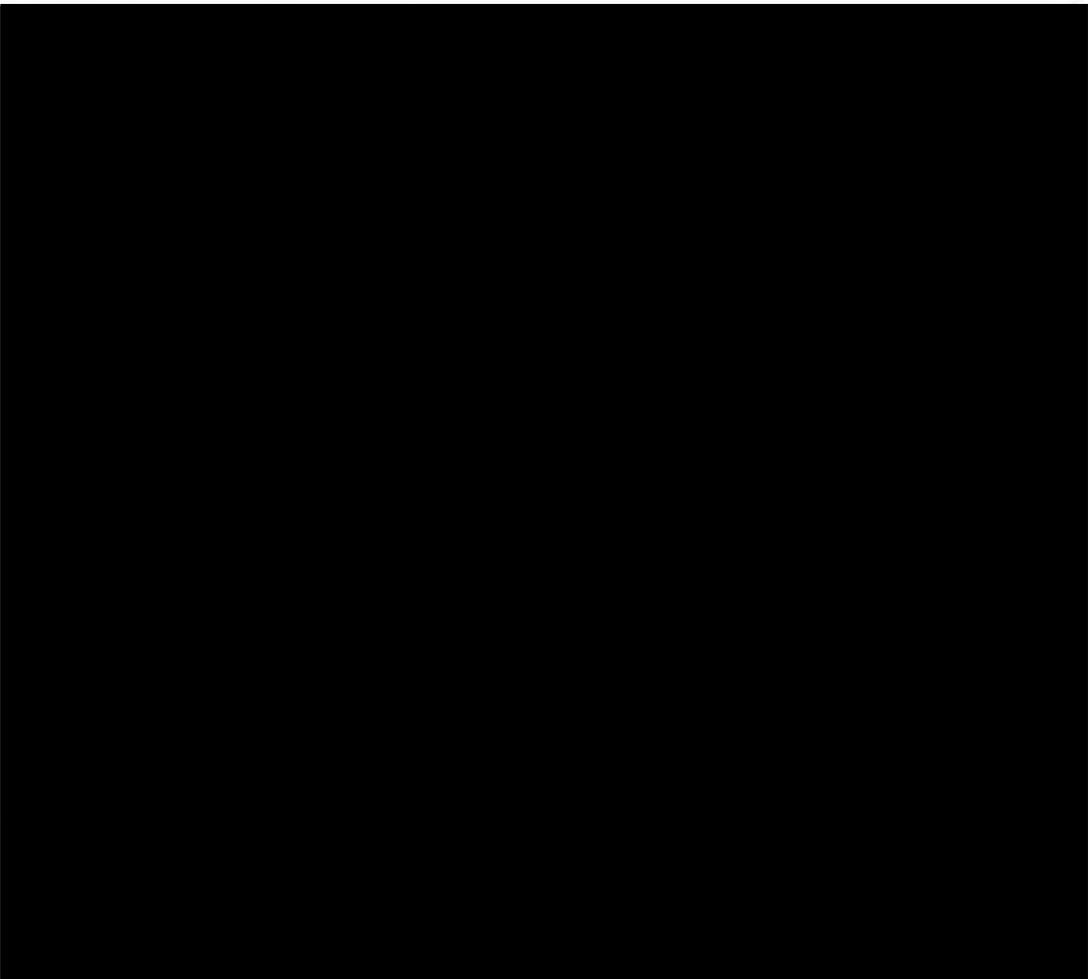
E. RITTER COMMUNICATIONS HOLDINGS, INC.
Supplementary Consolidating Statement of Operations
Year ended December 31, 2014



Revenue:
Communications revenue
Management services to related parties
Other
Total operating revenue
Cost of sales
Gross profit
Operating expenses:
Operating expenses
Depreciation and amortization
Management services from related parties
Total operating expenses
Operating income
Other income (expense):
Loss on sale of assets
Interest income
Interest expense
Other
Total other income (expense), net
Income (loss) before income taxes
Provision (benefit) for income taxes
Net income (loss)
Retained earnings:
Beginning of year
Dividends
End of year

See accompanying notes to consolidated financial statements.

E. RITTER COMMUNICATIONS HOLDINGS, INC.
Supplemental Consolidating Statements of Cash Flows
Year ended December 31, 2015



Cash flows from operating activities:
Net income (loss)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:
 Noncash operating activities:
 Depreciation and amortization
 Deferred income taxes
 Uncollectible operating revenues
 Loss (gain) on sale of assets
 Loss on debt refinancing
 Share-based compensation
 Changes in assets and liabilities:
 Accounts receivable
 Inventories
 Other assets
 Accounts payable and due to affiliates
 Income taxes
 Advanced billings
 Other liabilities
 Net cash provided by (used in) operating activities

Cash flows from investing activities:
Purchase of investments
Change in repurchase agreement
Proceeds from sale of property, plant and equipment
Additions to intangibles
Additions to property, plant and equipment
 Net cash used in investing activities

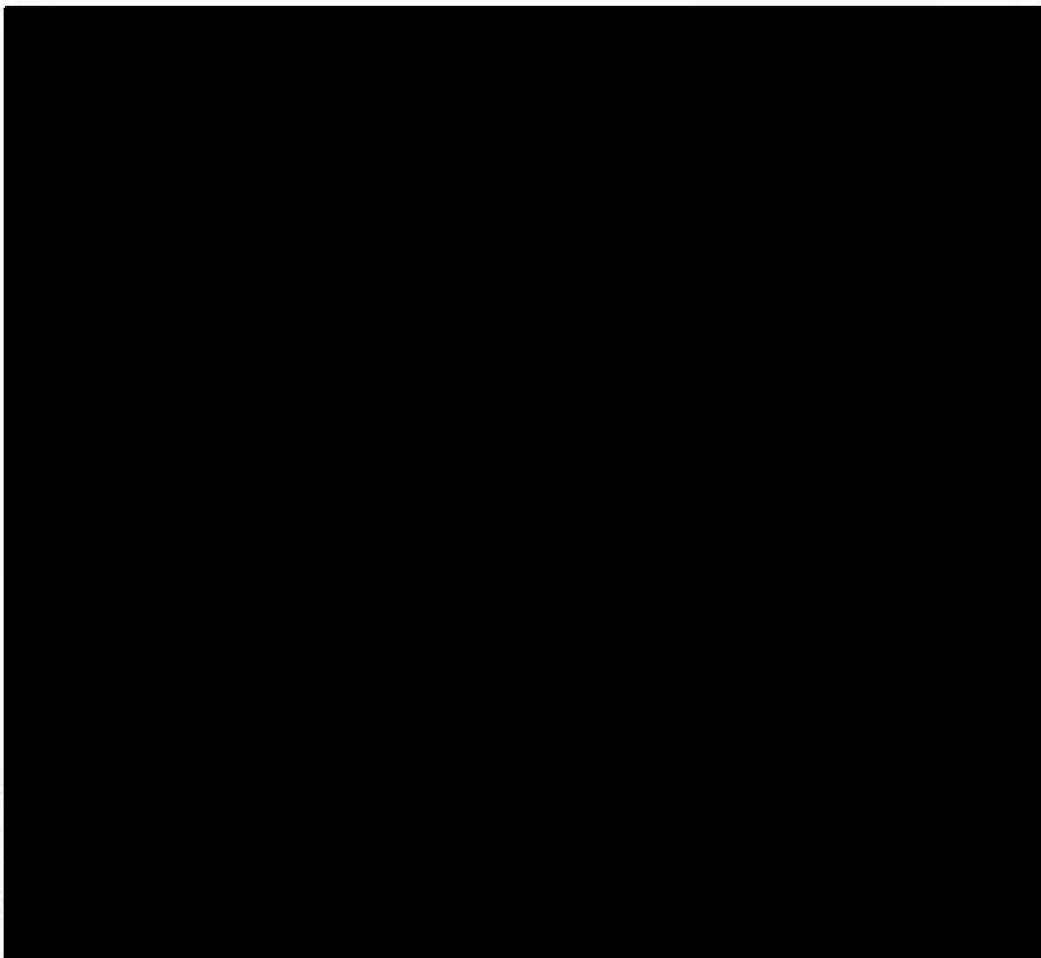
Cash flows from financing activities:
Payment of dividends
Payment of capital lease obligations
Proceeds from long-term debt
Payments on long-term debt
Loan costs
 Net cash provided by (used in) financing activities
 Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents:
Beginning of year
End of year

Supplemental cash flow disclosures:
Interest paid, net of capitalized interest
Income taxes paid (refunded)

See accompanying notes to consolidated financial statements.

E. RITTER COMMUNICATIONS HOLDINGS, INC.
 Supplemental Consolidating Statements of Cash Flows
 Year ended December 31, 2014



Cash flows from operating activities:
 Net income (loss)
 Adjustments to reconcile net income (loss) to net cash provided by operating activities:
 Noncash operating activities:
 Depreciation and amortization
 Deferred income taxes
 Uncollectible operating revenues
 Gain on sale of investments
 Loss (gain) on sale of assets
 Loss on debt refinancing
 Share-based compensation
 Changes in assets and liabilities:
 Accounts receivable
 Inventories/Materials and supplies
 Other assets
 Accounts payable and due to affiliates
 Income taxes
 Advanced billings
 Other liabilities
 Net cash provided by (used in) operating activities

Cash flows from investing activities:
 Purchase of investments
 Proceeds from sale of investments
 Change in repurchase agreement
 Proceeds from sale of property, plant and equipment
 Additions to intangibles
 Additions to property, plant and equipment
 Net cash provided by (used in) investing activities

Cash flows from financing activities:
 Payment of dividends
 Payment of capital lease obligations
 Proceeds from long-term debt
 Payments on long-term debt
 Net cash used in financing activities

Net increase (decrease) in cash and cash equivalents
 Cash and cash equivalents:
 Beginning of year
 End of year

Supplemental cash flow disclosures:
 Interest paid, net of capitalized interest
 Income taxes paid (refunded)

See accompanying notes to consolidated financial statements.