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LINCOLN, NEBRASKA 68508-2578
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FAX 402-437-8558

WOODS & AITKEN
L L P

DENVER OFFICE
SUITE 525
8055 EAST TUFTS AVENUE
DENVER, COLORADO 80237-2835
TELEPHONE 303-606-6700
FAX 303-606-6701

OMAHA OFFICE
SUITE 525
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OMAHA, NEBRASKA 68114-3754
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THOMAS J. MOORMAN
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ADMITTED TO PRACTICE ONLY IN THE DISTRICT OF COLUMBIA

WASHINGTON OFFICE
SUITE 310
5151 WISCONSIN AVENUE, N.W.
WASHINGTON, D.C. 20016-4124
TELEPHONE 202-944-9500
FAX 202-944-9501

PLEASE RESPOND TO WASHINGTON ADDRESS

July 12, 2018

REDACTED – FOR PUBLIC INSPECTION

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: WC Docket No. 14-58: Submission of Redacted Version of FCC Form 481
UniTel, Inc. (Study Area Code 100029)**

Dear Ms. Dortch:

Attached for electronic filing is a copy of the public version of the FCC Form 481 of UniTel, Inc. (the “Company”) which contains the Company’s redacted financial information required by Section 54.313(f)(2) of the Commission’s Rules (which is filed in compliance with the Protective Order referenced below). The Company’s FCC Form 481 has been electronically filed with the Universal Service Administrative Company. Consistent with the Commission’s Protective Order, WC Docket No. 10-90 *et al.*, DA 16-296, released March 22, 2016 (the “Protective Order”), the Company, under separate letter and pursuant to the requirements of the Protective Order, has submitted the confidential version of the Company’s FCC Form 481 which contains the Company’s financial information required by Section 54.313(f)(2) of the Commission’s Rules.

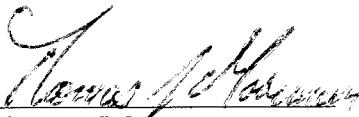
The Company is aware that the Universal Service Administrative Company, Inc. (“USAC”) has issued guidance regarding the treatment of Section 54.313(f)(2) confidential information addressed in the Protective Order. This guidance did not, however, address the procedural filing requirements required by the Protective Order. As a result and in a good faith effort to comply with the Protective Order’s requirements, the Company is making this instant submission.

Moreover, the Company has treated its FCC Form 481 narrative attachments consistent with the June 27, 2018 email from USAC (paragraph 3) which indicated that USAC would exclude such information “from public release by default.”

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
July 12, 2018
Page 2

Please direct any questions concerning this matter to the undersigned.

Respectfully submitted,


Thomas J. Moorman
Counsel to UniTel, Inc.

Attachment

FCC Form 481 - Carrier Annual Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2018

<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name: Person USAC should contact with questions about this data	Karla Frederick
<035>	Contact Telephone Number: Number of the person identified in data line <030>	2079489902 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	kfrederick@unitel.me
Form Type		54.313 and 54.422

FCC Form 481
OMB Control No. 3060-0086/OMB Control No. 3060-0819
July 2018

Study Area Code
<010>

Study Area Name
<015>

UNITY TEL CO., INC.

Program Year
2020

2019

0202	Program Name	Person USAC should contact regarding this data	Karla Frederick
0203	Contact Name		

Karla Frederick

<U3>	Contact Name - Person	SSN	DOB	Address	City	State	Zip	Phone	Ext.
	2079489902								

2079489902 ext.

<035>	Contact Telephone Number - Null/empty or person reached at home	kfrederick@unitel.me
-------	---	----------------------

kfrederick@unitel.me

240- For the prior calendar year, were there any reportable voice service outages?

[illegible]

(400) Number of Complaints per 1,000 customers Data Collection Form	FCC Form 481 OMB Control No. 3060-0985/OMB Control No. 3060-0819 July 2018
--	--

<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2073489902 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitytel.me
<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.	
<410>	Complaints per 1000 customers for fixed voice	
<420>	Complaints per 1000 customers for mobile voice	

[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 2014

<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitytel.me
<S15>	Certify compliance with applicable minimum service standards	

(600) Functionality in Emergency Situations Data Collection Form	FCC Form 481 OMB Control No. 3060-0985/OMB Control No. 3060-0819 July 2013
---	--

<010> Study Area Code	100023
<015> Study Area Name	UNITY TEL CO., INC.
<020> Program Year	2012
<030> Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035> Contact Telephone Number - Number of person identified in data line <030>	3079489202 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	kffredrick@unitel.me
<600> Certify compliance regarding ability to function in emergency situations	Yes
<610> Descriptive document for Functionality in Emergency Situations	100029MB610.pdf

[illegible]

(900) Tribal Lands Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0926/OMB Control No. 3060-0819 July 2018	
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<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitel.me

<900> Does the filing entity offer tribal land services? (Y/N)

No

<910> Tribal Land(s) on which ETC Serves

Name of Attached Document

<920> Tribal Government Engagement Obligation

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(5) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

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

FCC Form 481
OMB Control No: 3050-0886/OMB Control No: 3050-0819
July 2018

<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitel.me

<1000>	Voice services rate comparability certification	Yes	Name of Attached Document
<1010>	Attach detailed description for voice services rate comparability compliance		
<1020>	Broadband comparability certification		Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau
<1030>	Attach detailed description for broadband comparability compliance		Name of Attached Document

(1100) No Terrestrial Backhaul Reporting Data Collection Form		FCC Form 431 OMB Control No. 3050-0586/OMB Control No. 3050-0519 July 2018	
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<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitel.me

<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).	
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<1140>	Alaska Plan rate-of-return certification (yes, no, or not applicable) of compliance with approved performance plan.	
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(1200) Terms and Condition for Lifeline Customers		FCC Form 481	
Data Collection Form		OMB Control No. 3060-9986/OMB Control No. 3060-0819	
		July 2013	

<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitel.me

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220>	Link to Public Website	HTTP	http://www.unitelme.com/page/934-722/lifeline
--------	------------------------	------	---

"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,	<input checked="" type="checkbox"/>
<1222>	Details on the number of minutes provided as part of the plan,	<input checked="" type="checkbox"/>
<1223>	Additional charges for toll calls, and rates for each such plan.	<input checked="" type="checkbox"/>

(2005) 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: 3060-9986/OMB Control No: 3060-0819
July 2013

<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitel.me

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

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

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?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2017.

<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)(1)(ii)(A)

<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)(1)(ii)(C)

Name of Attached Document Listing Required Information

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

FCC Form 481

OMB Control No. 3060-0936/OMB Control No. 3060-0819
July 2018

<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitel.me

CAF BLS Reporting

(3008A)	Please indicate whether new locations were deployed during the prior calendar year.	(Yes/No)	Yes
(3008B)	Please enter the number of new locations deployed in the prior calendar year associated with each of the following speed tiers.		
(3008B1)	Number of newly built locations with access to broadband speeds of at least 10/1 Mbps but less than 25/3 Mbps.		0
(3008B2)	Number of newly built locations with access to broadband speeds of 25/3 Mbps or higher.		110
(3008C)	Please provide the percentage of deployment across the entire study area.		

(3005) Rate Of Return Carrier Additional Documentation Data Collection Form	FCC Form 481 OMB Control No. 1050-0085/OMB Control No. 3300-0819 July 2011
--	--

<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitel.me

Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure 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.

REDACTED - FOR PUBLIC INSPECTION

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)	Yes - Attach Certification	
(3010A)	Certification of Public Interest Obligations (47 CFR § 54.313(f)(1)(i))		100029MR3010.pdf
(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)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	
(3015)	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: 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? 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:	(Yes/No)	
(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) with 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 carries additional documentation (Continued)
Data Collection Form

FCC Form 385
OMB Control No. 3060-0788/OMB Control No. 3060-0819
July 2018

<010> Study Area Code	100029
<015> Study Area Name	UNITY TEL CO., INC.
<020> Program Year	2019
<030> Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035> Contact Telephone Number - Number of person identified in data line <030>	2079499902 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	kfredrick@unitel.me

REDACTED - FOR PUBLIC INSPECTION

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 421 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2018
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<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2075449903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitytel.co

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations and provide a list of newly served community anchor institutions.

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 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

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2018
---	--

<010> Study Area Code	100029
<015> Study Area Name	UNITY TEL CO., INC.
<020> Program Year	2019
<030> Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035> Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitel.me

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: UNITY TEL CO., INC.	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 07/12/2018
Printed name of Authorized Officer: Laurie Osgood	
Title or position of Authorized Officer: CEO	
Telephone number of Authorized Officer: 2079489952 ext.	
Study Area Code of Reporting Carrier: 100029	Filing Due Date for this form: 07/16/2018
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		PCC Form 481 OMB Control No. 3060-0586/OMB Control No. 3060-0819 July 2018
<010> Study Area Code	100029	
<015> Study Area Name	UNITY TEL CO., INC.	
<020> Program Year	2019	
<030> Contact Name - Person USAC should contact regarding this data	Karla Frederick	
<035> Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.	
<039> Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitel.me	

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.	

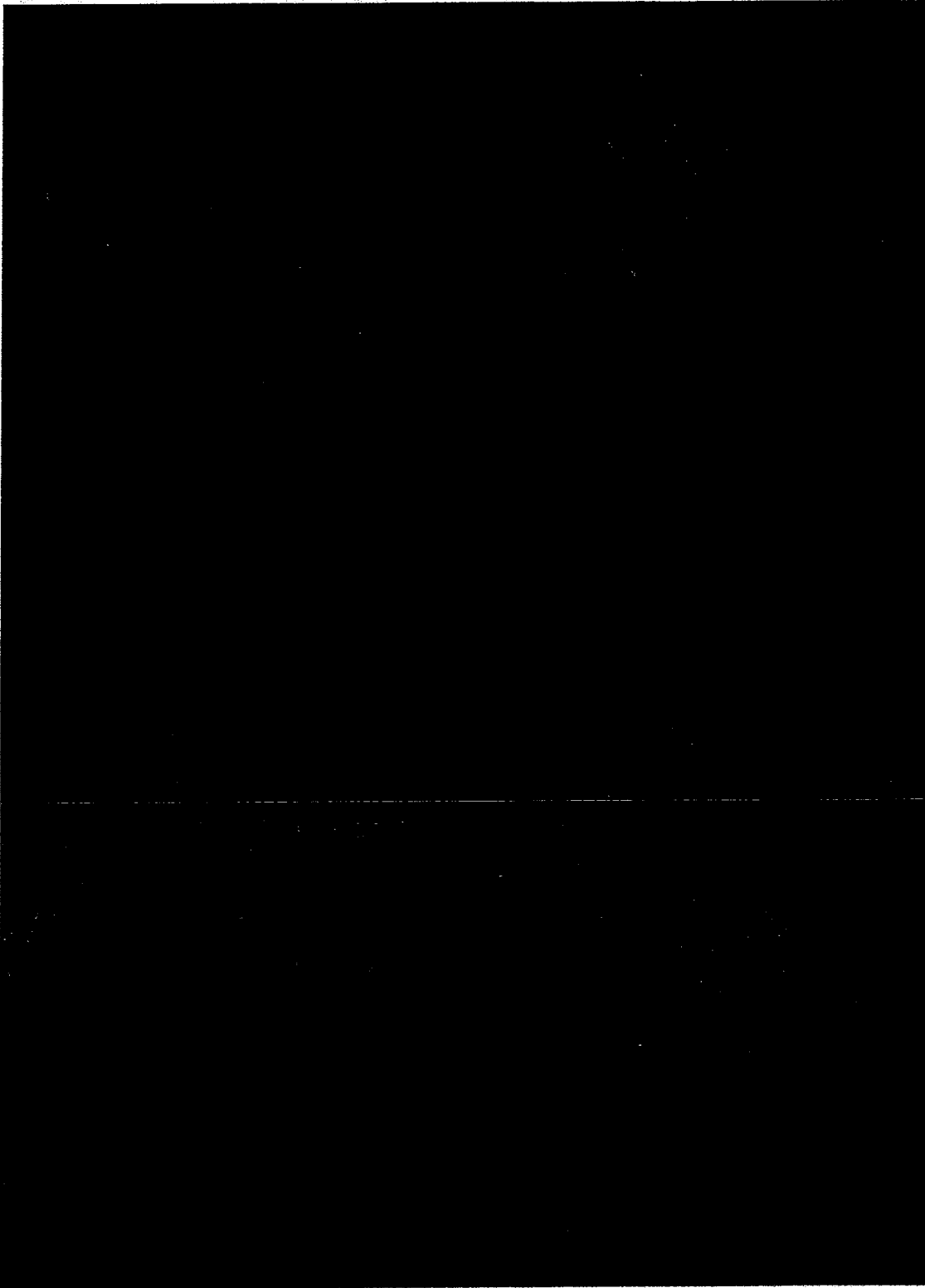
Attachments

<010>	Study Area Code	100029
<015>	Study Area Name	UNITY TEL CO., INC.
<020>	Program Year	2019
<030>	Contact Name - Person USAC should contact regarding this data	Karla Frederick
<035>	Contact Telephone Number - Number of person identified in data line <030>	2079489902 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	kfrederick@unitel.me
<810>	Reporting Carrier	Unitel, Inc.
<811>	Holding Company	Unitel, Inc.
<812>	Operating Company	Unitel, Inc.

[illegible]

TREATED AS CONFIDENTIAL PER USAC JUNE 27, 2018 EMAIL AT PARAGRAPH 3

Demonstration of Ability to Function in Emergency Situations



100029ME3010

TREATED AS CONFIDENTIAL PER USAC JUNE 27, 2018 EMAIL AT PARAGRAPH 3

UniTel, Inc. (SAC 100029)

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

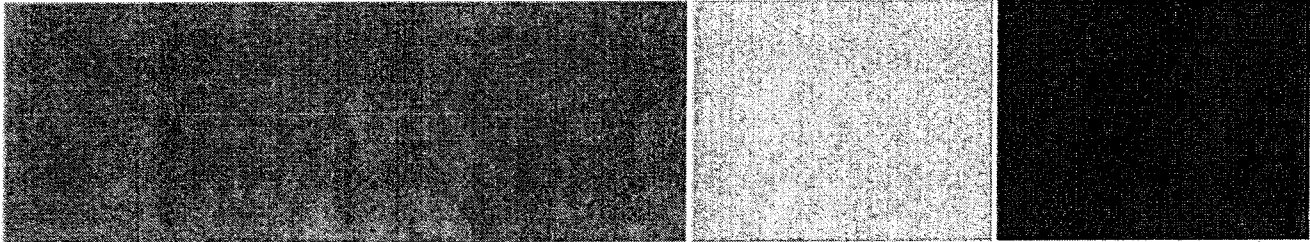




**COMMUNICATION OF INTERNAL CONTROL
RELATED MATTERS NOTED IN AN AUDIT**

Board of Directors
c/o Larry Sterrs, Chairman
Unitek, Inc. (Parent Company of Unitel, Inc.)





UNITEL, INC.
(A Subsidiary of Unitek, Inc.)

FINANCIAL STATEMENTS

December 31, 2017 and 2016

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

Board of Directors
Unitel, Inc.
(A Subsidiary of Unitek, Inc.)



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Unitel, Inc. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
March 29, 2018

UNITEL, INC.
(A Subsidiary of Unitek, Inc.)

Balance Sheets

December 31, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents		
Accounts receivable, net of allowance for doubtful accounts of [REDACTED]		
Materials and supplies		
Prepaid expenses and other current assets		
Due from affiliates		
Total current assets		
Property, plant and equipment, at cost		
General support assets		
Central office equipment		
Cable and wire facilities		
Telecommunications plant under construction		
Less accumulated depreciation		
Nonregulated telecommunications plant, net		
Net property, plant and equipment		
Noncurrent assets		
Other investments		

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2017</u>	<u>2016</u>
Current liabilities		
Accounts payable		
Accrued expenses and other current liabilities		
Total current liabilities		
Other liabilities		
Deferred income taxes		
Deferred postretirement liability		
Total other liabilities		
Total liabilities		
Stockholder's equity		
Common stock, [REDACTED]		
[REDACTED] shares issued and outstanding		
Additional paid-in capital		
Retained earnings		
Accumulated other comprehensive income		
Total stockholder's equity		

UNITEL, INC.
(A Subsidiary of Unitek, Inc.)

Statements of Operations

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues		
Network services		
Network access services		
Miscellaneous		
Less uncollectible revenues, net of recoveries		
Total operating revenues		
Operating expenses		
Plant specific operations		
Plant nonspecific operations		
Depreciation and amortization		
Customer operations		
Corporate operations		
Total operating expenses		
Operating taxes (benefit)		
Federal and state income tax benefit		
Other operating taxes		
Total operating taxes (benefit)		
Net operating income (loss)		
Other income (expense)		
Interest and dividends		
Other, net		
Income tax benefit		
Net other expense		
Net income (loss)		
Earnings before interest expense, income taxes, depreciation and amortization		

The accompanying notes are an integral part of these financial statements.

UNITEL, INC.
(A Subsidiary of Unitek, Inc.)

Statements of Comprehensive Income

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Net income (loss)		
Other comprehensive (loss) income		
Unrecognized (loss) gain on postretirement benefit obligation, net of tax (benefit) expense of [REDACTED] in 2017 and 2016, respectively		
Total comprehensive income		

The accompanying notes are an integral part of these financial statements.

UNITEL, INC.
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Statements of Changes in Stockholder's Equity

Years Ended December 31, 2017 and 2016

	Common <u>Stock</u>	Additional Paid-in <u>Capital</u>	Retained <u>Earnings</u>	Accumulated Other Comprehensive <u>Income</u>	Total Stockholder's <u>Equity</u>
Balances, December 31, 2015					
Net loss					
Net change in unrealized gain on postretirement benefit obligation					
Comprehensive income (loss)					
Dividends declared					
Balances, December 31, 2016					
Net income					
Net change in unrealized gain on postretirement benefit obligation					
Comprehensive income (loss)					
Reclassification for change in statutory federal income tax rate for items included in accumulated other comprehensive income					
Balances, December 31, 2017					

The accompanying notes are an integral part of these financial statements.

UNITEL, INC.
(A Subsidiary of Unitek, Inc.)

Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net income (loss)		
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization		
Deferred income taxes		
Decrease (increase) in		
Accounts receivable		
Materials and supplies		
Prepaid expenses and other current assets		
Due from affiliate		
(Decrease) increase in		
Accounts payable		
Accrued expenses and other current liabilities		
Deferred postretirement liability		
Net cash provided by operating activities		
Cash flows from investing activities		
Extension and replacement of plant		
Proceeds from grant		
Proceeds from redemption of other investments		
Net cash used by investing activities		
Cash flows from financing activities		
Payment of dividends		
Net cash used by financing activities		
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents, beginning of year		
Cash and cash equivalents, end of year		

The accompanying notes are an integral part of these financial statements.

UNITEL, INC.
(A Subsidiary of Unitek, Inc.)

Notes to Financial Statements

December 31, 2017 and 2016

Nature of Operations

Unitel, Inc. (the Company) is a wholly-owned subsidiary of Unitek, Inc. (Unitel). The Company derives substantially all of its operating revenues from providing telecommunications services in Central Maine. The Company extends credit at standard terms, after appropriate review, to its subscribers and domestic interexchange carriers. It is subject to regulation by the Federal Communications Commission (FCC) and the Maine Public Utilities Commission (MPUC) for rates and other matters.

1. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Regulatory Accounting

The Company follows the accounting prescribed by the Uniform System of Accounts of the FCC and the MPUC, and Financial Accounting Standards Board Accounting Standards Codification (ASC) 980, *Regulated Operations*. This accounting recognizes the economic effects of rate regulation by recording costs and a return on investment as such amounts are recovered through rates authorized by regulatory authorities. The Company annually reviews the continued applicability of ASC 980 based on the current regulatory and competitive environment.

Cash and Cash Equivalents

All liquid investments with an original maturity of three months or less are considered to be cash equivalents. The Company maintains its cash in bank accounts which may exceed federally insured limits. The Company has not experienced any losses in such accounts, and believes it is not exposed to any significant risk with respect to these accounts.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Materials and Supplies

Materials and supplies are valued at the lower of weighted average cost, which approximates first-in, first-out (FIFO) cost, or market.

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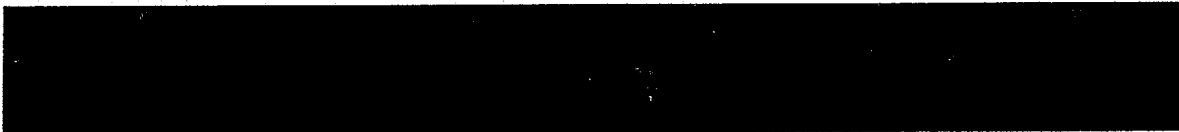
Notes to Financial Statements

December 31, 2017 and 2016

Depreciation

Depreciation is computed on average plant investment by primary plant accounts using the straight-line method over the estimated useful lives of the assets.

Capitalization Policy



Other Investments

Other investments are nonmarketable and are carried at original cost.

Sales Taxes

The Company reports sales taxes on a net basis; accordingly, they are recorded as a liability when collected from customers and excluded from revenues and expenses.

Income Taxes

Deferred income taxes are provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The Company is included in the consolidated tax return filed by Unitek. Income tax expense (benefit) is allocated to the Company based on the statutory rates of the consolidated group applied to its separate income (loss) before income taxes.

The Company follows guidance for uncertainty in income taxes which is part of ASC 740, *Income Taxes*. The guidance prescribes a recognition threshold and measurement attributes for financial statement recognition of a tax position taken or expected to be taken on a tax return.

Postretirement Benefit Plan

The Company sponsors a defined benefit postretirement medical benefit plan that covers certain employees. The Company follows ASC 715, *Compensation-Retirement Benefits*, which requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or a liability in its balance sheet and to recognize, through comprehensive income or loss, changes in the funded status in the year in which the changes occur. The funded status of a plan is measured as of the date of the Company's year-end balance sheet.

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Notes to Financial Statements

December 31, 2017 and 2016

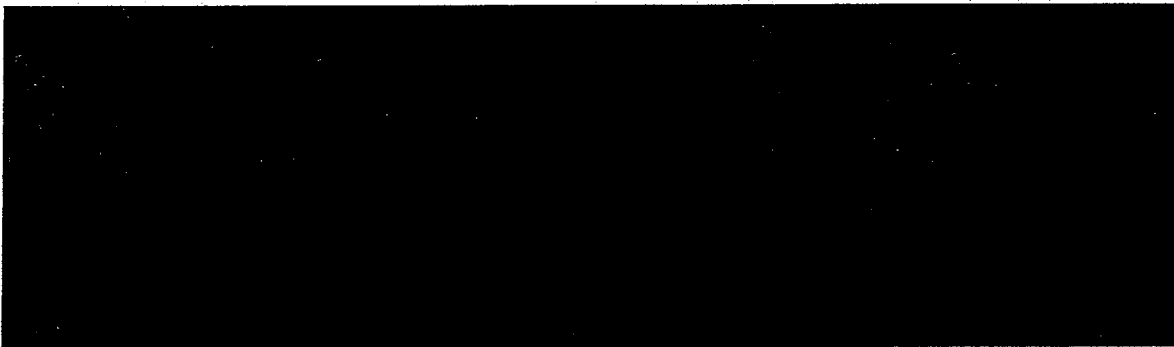
Revenue Recognition

Operating revenues are recognized when services are provided to customers. Certain interstate and intrastate terminating network access revenues for the Company are set at predetermined levels subject to the provisions of the FCC Order on Intercarrier Compensation and Universal Service Fund. The remaining interstate revenues are based on estimates of the Company's telephone plant investment, operating expenses, and allowable rates of return on investments allocable to those services. Nationwide pooling of the revenues is administered by National Exchange Carrier Association (NECA), of which the Company is a member. NECA files interstate access charge tariff schedules with the FCC and accumulates and distributes pooled revenues, derived from interstate access services, to its members. The Company records the effect of NECA settlements, including retroactive adjustments, if applicable, upon notification of such settlements from NECA. Other network access revenues are recognized when services are provided to customers. Intrastate originating network access service revenues result from charges to interexchange carriers based on applying intrastate access tariffed rates to intrastate access usage.

On March 30, 2016, the FCC released an Order and Further Notice of Proposed Rulemaking (Order) that reforms certain Universal Service support mechanisms supporting rate-of-return carriers. The Order provided an option for eligible carriers of opting into the Alternative Connect America Cost Model (ACAM) or remaining on a modified rate of return basis. The Company was not eligible to opt into the ACAM and will remain on a modified rate of return basis and is subject to a reduced rate of return, phase out of support in areas with qualified competitors, and potential limitations on capital expenditures and operating expenses. Although the amount of support that will be received is uncertain due to constraints on the FCC's budget and how the changes will be implemented, the Company does not believe the impacts to the financial statements will be significant.

Comprehensive Income

Comprehensive income consists of net income (loss) and other gains and losses affecting stockholder's equity that, under U.S. generally accepted accounting principles, are excluded from net income (loss).



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Notes to Financial Statements

December 31, 2017 and 2016

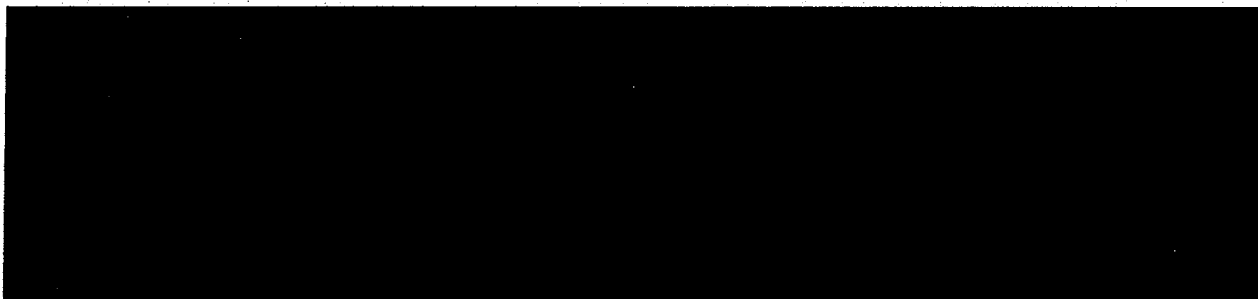
Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. generally accepted accounting principles, the Company has considered transactions or events occurring through March 29, 2018, which was the date that the financial statements were available to be issued.

2. Letter of Credit



3. Leases



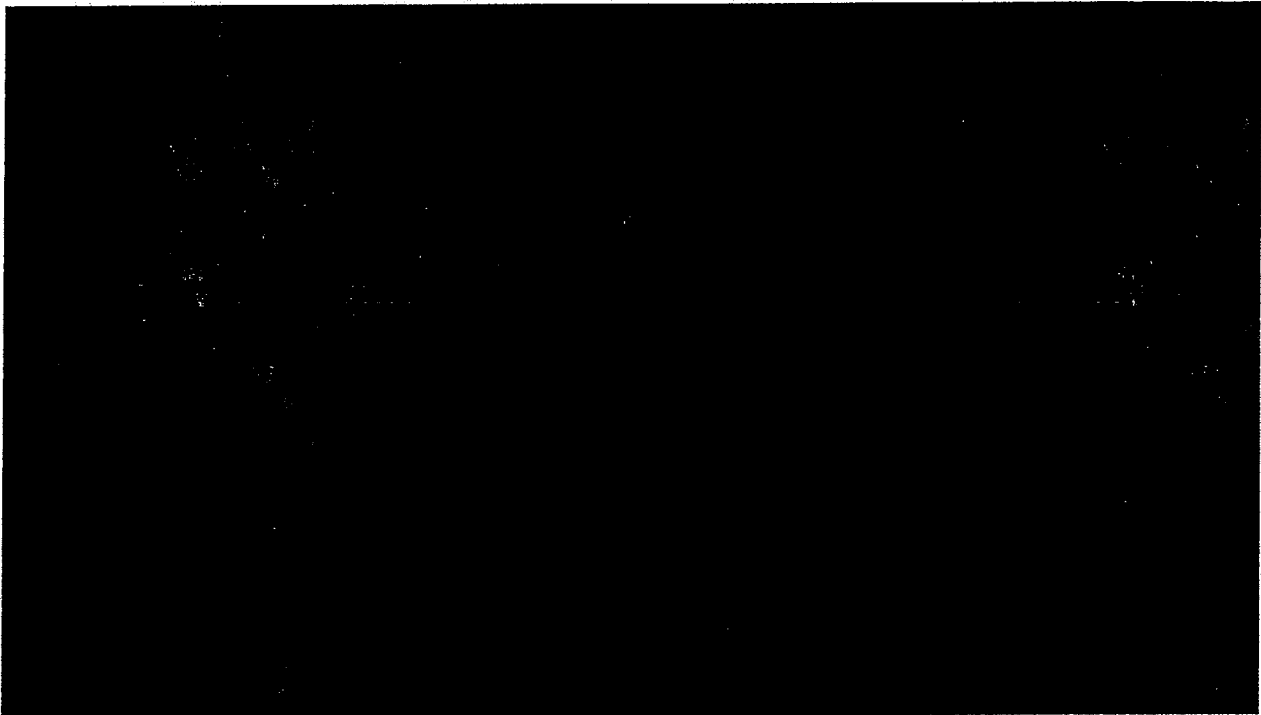
4. Income Taxes



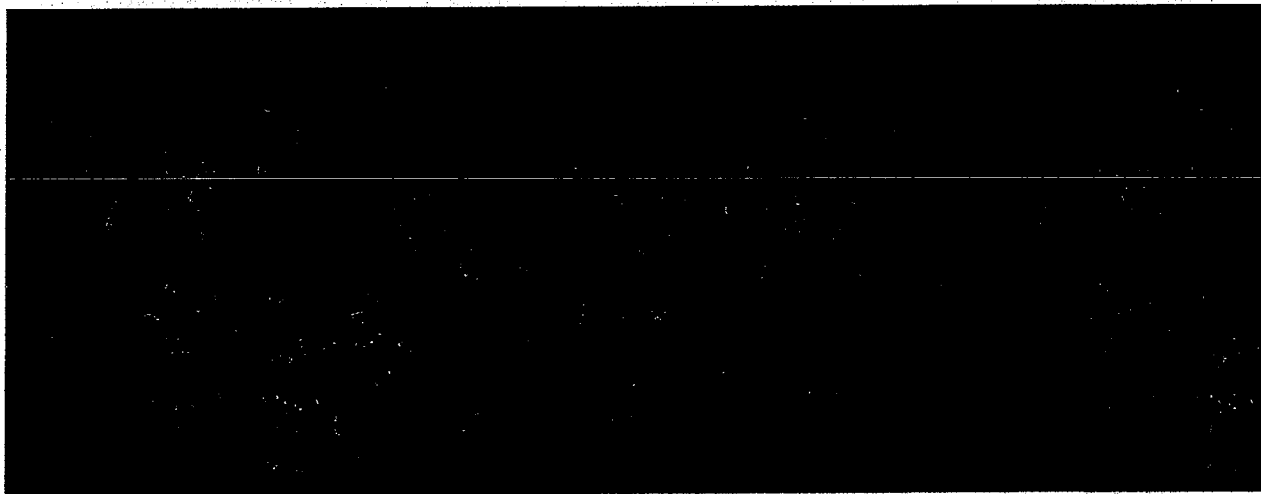
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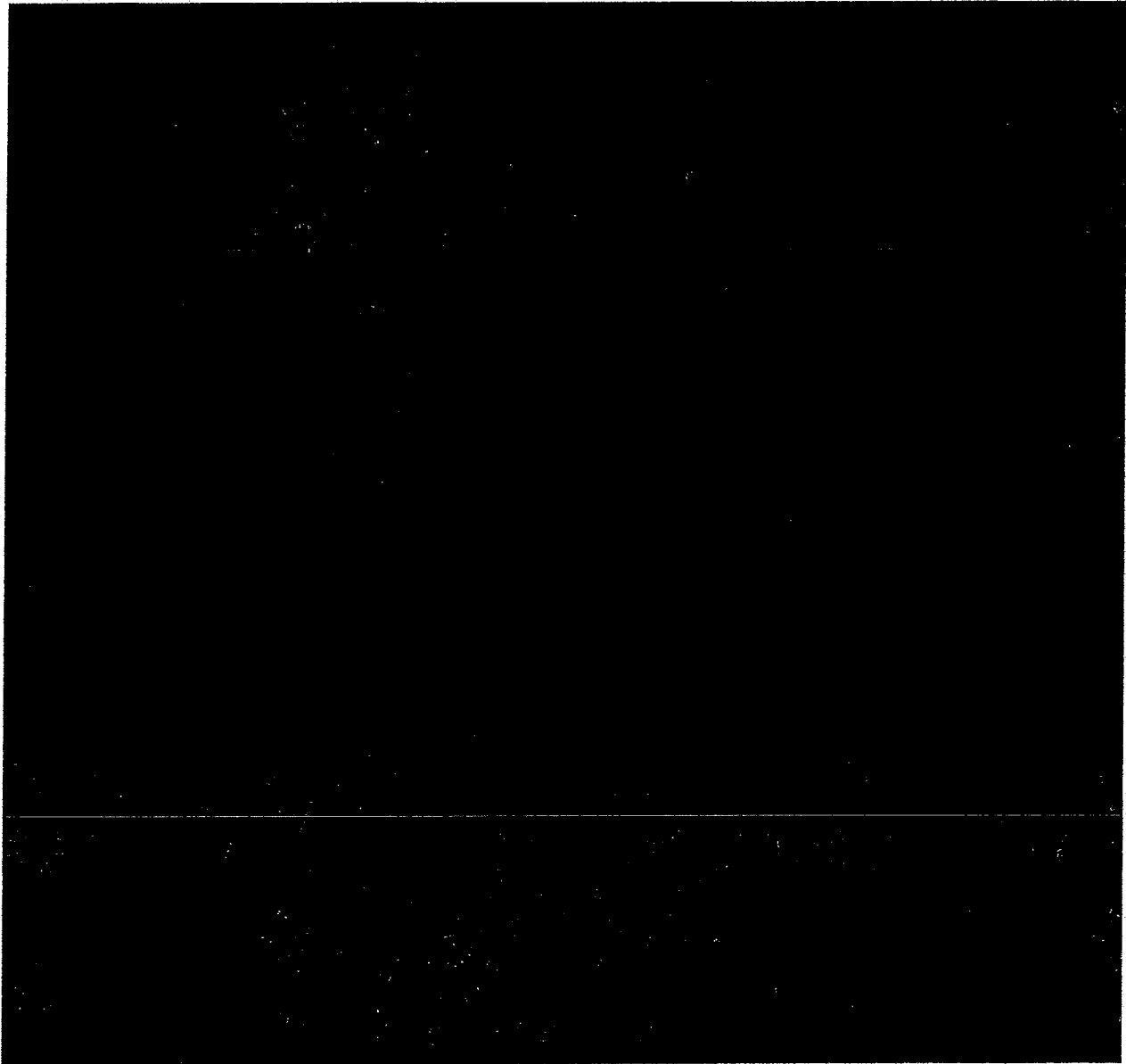
5. Postretirement Benefits



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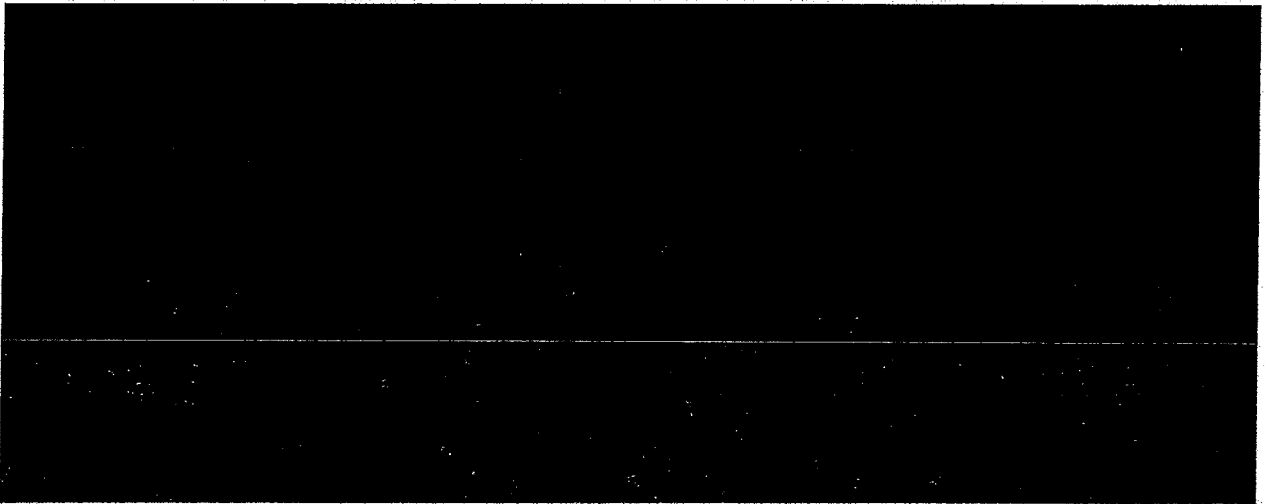
December 31, 2017 and 2016



6. 401(k) Profit Sharing Pension Plan



7. Related Party Transactions



8. Supplemental Disclosure of Cash Flow Information

