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July 22, 2016

VIA COURIER

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20534

Ms. Suzanne Yelen
Industry Analysis and Technology Division, Wireline Competition Bureau
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20534

Re: In the Matter of Connect America Fund, et al., WC Docket Nos. 10-90, 14-58,
07-135, 14-192

Dear Ms. Dortch and Ms. Yelen:

In conjunction with its pending waiver request from the Federal Communication Commission's ("Commission") national average cost per loop (NACPL) decision, Gila River Telecommunications, Inc. ("GRTI") hereby submits financial information concerning GRTI's historical and projected telecommunications revenues and expenses.¹ Pursuant to 47 C.F.R. §§ 0.457, 0.459, GRTI requests confidential treatment for the company-specific, commercial information in the attached exhibit. The confidential information has been redacted from the versions of the exhibit electronically filed with the Commission ("Commission").

¹ GRTI submitted its initial waiver request on July 6, 2015. See Gila River Telecommunications, Inc. Petition for Expedited Waiver of the Commission's National Average Cost Per Loop Freeze Decision, WC Docket Nos. 10-90 (available at <https://ecfsapi.fcc.gov/file/60001333561.pdf>). The Commission adopted the NACPL freeze as part of its 2014 Connect America Fund Order. *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, 29 FCC Rcd. 15644, 15684, para. 112 (2014) (*2014 NACPL Freeze Order*).

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Consistent with the requirements outlined by the Commission for its review in considering whether a waiver should be granted,² GRTI is providing audited financial statements from the past three years (2013-2015); information on services provided and the end-user rates charged for such services, compensation information for the ten most highly paid employees of GRTI, and a summary of the size and nature of the payments made to affiliated companies.³ As the Commission noted in the *Fifth Order on Reconsideration*, carriers filing waiver requests may seek confidential treatment pursuant to Commission rules.⁴

As discussed herein, the data being submitted by GRTI consists of information on its financial condition, including its overhead and operating costs, which is some of its most commercially sensitive information.⁵ The information is being provided voluntarily to the Commission to assist the Commission in making its determination on GRTI's petition for waiver and would not be provided if it were subject to public disclosure. This financial information is treated as confidential by GRTI and is not released by GRTI to the public and significantly, its disclosure would deter GRTI and others from providing such information to the Commission in the future given the sensitive nature of the information. Moreover, disclosure of GRTI's confidential information would place GRTI at a significant competitive disadvantage.

For these reasons, GRTI is claiming protection from disclosure for the information submitted herewith pursuant to exemption 4 of the Freedom of Information Act ("FOIA"), and the Commission's rules, and requests that such information be withheld from public inspection.⁶ Specifically, pursuant to the Commission's decision in *Examination of Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, GC Docket No. 96-55, Report and Order, FCC 98-184, 13 FCC Rcd 24816, (rel. Aug. 4, 1998) ("*Confidential Information Order*") and in accordance with FOIA and the Commission's Rules related to public information and inspection of records, *e.g.* 47 C.F.R. §§ 0.457 and 0.459, GRTI hereby submits this request for confidential treatment of all of the information submitted herewith to the Commission.

² *Connect America Fund et al.*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, 10-208, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, WT Docket No. 10-208; Fifth Order on Reconsideration, 27 FCC Rcd. 14549, 14557-14558, paras. 22-23 (2012) (*Fifth Order on Reconsideration*).

³ See *Fifth Order on Reconsideration*, 27 FCC Rcd. at 145558, para. 22.

⁴ *Id.* at 14559, para. 24.

⁵ See *National Parks & Conservation Association v. Morton*, 498 F.2d 765, 770 (D.C.Cir.1974); *Critical Mass Energy Project v. Nuclear Regulatory Comm'n*, 975 F.2d 871 (D.C.Cir. 1992) (en banc).

⁶ 5 U.S.C. § 552(b)(4); 47 C.F.R. § 0.457(d) (exempting from disclosure "[t]rade secrets and commercial or financial information obtained from any person and privileged or confidential").

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Statement pursuant to 47 C.F.R. § 0.459(b)

(1) Identification of the specific information for which confidential treatment is sought.

All of the information provided in Attachment A and redacted in the public version is confidential commercial information under Exemption 4 of the FOIA, 47 U.S.C. § 552(b)(4). Accordingly, pursuant to Section 0.456(a) of the Commission's Rules, GRTI requests that such information not be made available for public inspection. The information includes, *inter alia*, information regarding GRTI's historical telecommunications revenues and expenses, pricing information, and compensation information.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission.

The information is being provided to the Commission in conjunction with a petition for waiver in the proceeding referenced in the caption of this letter request.

(3) Explanation of the degree to which the information contains trade secrets or is commercial or financial, or contains a trade secret or is privileged.

The data contains GRTI's audited financial information, including revenue and expenses, as well as pricing information and compensation information. This information is of the kind that has been found by courts to be commercial or financial information.⁷ Additionally, this information is treated by GRTI as confidential information, given that it contains commercially sensitive historical financial information (including information regarding telecommunications revenues and expenses, pricing information, and compensation information).

(4) Explanation of the degree to which the information concerns a service that is subject to competition; and

The records being provided to the Commission involve telecommunications services provided by GRTI in competition with other carriers and service providers. Telecommunications is a highly competitive industry, and GRTI's services are subject to competition. The presence of such competition and the likelihood of competitive injury threatened by release of the information provided to the Commission by GRTI should compel the Commission to withhold the information from public disclosure. *CNA Financial Corp. v. Donovan*, 830 F.2d 1132, 1152

⁷ See *Washington Post Co. v. HHS*, 690 F.2d 252, 266 (D.C.Cir. 1982).

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(D.C. Cir. 1987); *Frazee v. U.S. Forest Service*, 97 F.3d 367, 371 (9th Cir. 1996); *Gulf & Western Indus. v. U.S.*, 615 F.2d 527, 630 (D.C. Cir. 1979).

(5) Explanation of how disclosure of the information could result in substantial competitive harm.

Exemption 4 requires a federal agency to withhold from public disclosure confidential or privileged commercial or financial information of a person unless there is an overriding public interest reason requiring disclosure, and the Commission has a longstanding policy of protecting the confidential commercial information of its regulatees under FOIA Exemption 4.

Two lines of cases have evolved for determining whether agency records fall within Exemption 4. Under *Critical Mass*, commercial information that is voluntarily submitted to the Commission must be withheld from public disclosure if such information is not customarily disclosed to the public by the submitter.⁸ For materials not subject to *Critical Mass*, *National Parks* establishes a two part test for determining if information qualifies for withholding under Exemption 4.⁹ The first prong asks whether disclosing the information would impair the government's ability to obtain necessary information in the future. The second prong asks whether the competitive position of the person from whom the information was obtained would be impaired or substantially harmed. If the information meets the requirements of either prong, it is exempted from disclosure under Exemption 4. Whether under *Critical Mass* or *National Parks*, the information provided by GRTI falls within Exemption 4.

The data being provided to the Commission are not customarily released to the public, are maintained on a confidential basis, and are not ordinarily disclosed to parties outside GRTI. Disclosure would subject GRTI to substantial competitive harm.

The data being provided to the Commission consists of information pertaining to GRTI's historical telecommunications revenues and expenses, pricing information and compensation information and thus represent confidential commercial information that should not be released under the FOIA. Competitors could use the confidential information to assist in their valuation of GRTI's assets and services that would not otherwise be available. Such information could help competitors target their service offerings and enhance their competitive positions, to the detriment of the competitive position of GRTI. *See, e.g., GC Micro Corp. v. Defense Logistics Agency*, 33 F.3d 1109 (9th Cir. 1994).

⁸ *Critical Mass Energy Project v. NRC*, 975 F.2d 871, 879 (D.C. Cir. 1992).

⁹ *National Parks & Conservation Assoc. v. Morton*, 498 F.2d 765.

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(6) Identification of any measures taken to prevent unauthorized disclosure.

GRTI routinely treats the redacted information as highly confidential and exercises significant care to ensure that such information is not disclosed to its competitors or the public.

(7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties.

GRTI does not make the redacted information available to the public, and this information has not been previously disclosed to third parties.

(8) Justification of the period during which the submitting party asserts that the material should not be available for public disclosure.

GRTI requests that the redacted information be treated as being confidential on an indefinite basis as it cannot identify a date certain on which this information could be disclosed without causing competitive harm to GRTI.

Commission precedent has clearly found this type of information to be competitively sensitive and withholdable under Exemption 4.¹⁰ Specifically, the Commission has recognized that competitive harm can result from the disclosure of confidential business information that gives competitors insight into a company's costs, pricing plans, market strategies, and customer identities. *See In re Pan American Satellite Corporation*, FOIA Control Nos. 85-219, 86-38, 86-41, (May 2, 1986).¹¹ The protective procedures established by the Commission and other

¹⁰ *See e.g. In Matter of Pacific Bell Telephone Company Petition for Pricing Flexibility for Special Access and Dedicated Transport Services*, CCB/CPD No. 00-23, DA 00-2618, November 20, 2000 (supporting confidentiality for collocation data); *Local Exchange Carrier's Rates, Terms and Conditions for Expanded Interconnection Through Virtual Collocation for Special Access and Switched Transport: Southwestern Bell Telephone Company*, 13 FCC Rcd 13615 (1998) (keeping administrative operating expenses confidential because it would provide insight into business strategies); *AT&T/McCaw Merger Applications* 9 FCC Rcd 2610 (1994) (keeping confidential accounting records showing account balance information); *NAACP Legal Defense Fund on Request for Inspection of Records*, 45 RR 2d 1705 (1979) (keeping confidential records that contained employee salary information); *Mercury PCS II, LLC (Request for Inspection of Records) Omnipoint Corporation (Request for Confidential Treatment of Documents)*, FCC 00-241 (July 17, 2000) (keeping confidential marketing plans and strategy information).

¹¹ Further, the Commission has ruled that not only should such data be protected, but also that information must be protected through which the competitively sensitive information can be determined. *Allnet Communications Services, Inc. Freedom of Information Act Request*, FOIA Control No. 92-149, Memorandum Opinion and Order (released August 17, 1993) at p. 3. The Commission's decision was upheld in a memorandum opinion of the U.S. Court of Appeals for the D.C. Circuit, which affirmed a U.S. District Court decision protecting

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governmental agencies recognize the need to keep such information confidential to the maximum extent possible. The Commission has provided assurances that it recognizes the importance of avoiding “unnecessary disclosure of information that might put its regulatees at a competitive disadvantage.”¹² Accordingly, GRTI requests that the information submitted herewith be withheld from public inspection.

If you have any questions concerning the foregoing, please contact the undersigned at 202-887-4565.

Sincerely,

Gregory W. Guice, Esq.

Enclosures

the information. *Allnet Communications Services, Inc. v. FCC*, Case No. 92-5351 (memorandum opinion issued May 27, 1994, D.C. Cir.).

¹² *Confidential Information Order* at ¶8.



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For your information
2016 USF HCL expense adjustment revised estimate

June 29, 2016

TO: General and USF contacts at RLEC companies

USF filing

On March 30, the FCC released the USF Reform Order, significantly reforming high cost universal service support for rate-of-return carriers. Among other changes, the Order reduced the authorized rate of return used in calculating high cost loop support from 11.25 percent to 9.75 percent over a six year transition period, with the first step of reduction from 11.25 percent to 11.00 percent effective July 1, 2016. Using the amounts you reported to us for 2016 payments, including any optional quarterly updates, we have developed revised loop costs and projected expense adjustment amounts. The projected expense adjustment amounts continue to be based on the use of the frozen NACPL (\$647.87) and a pro rata adjustment necessary to satisfy the annual HCLS funding cap for 2016.

Your estimated expense adjustment is attached

Your revised expense adjustment estimate based on an 11.00 percent rate of return for the balance of 2016 using the frozen NACPL of \$647.87 is attached. The pro rata adjustment necessary to satisfy the overall cap in funding for the second half of 2016 is 0.871430. Your expense adjustment may change during the balance of the year due to data corrections and other adjustments.

Because the reduction in the rate of return produces lower study area loop costs for most companies, the overall unadjusted expense adjustment requirement is not as high when compared to the 2016 HCLS funding cap. As a result, some study areas will see an increase in support despite the rate-of-return reduction.

The attached estimated study area expense adjustment payment amounts may be subject to further adjustments, including the FCC's rate floor adjustment, the \$3,000 annual support limitation on combined High Cost Loop Support/Broadband Loop Support payments, and a potential budget control adjustment to limit high cost support payments to rural rate-of-return study areas to \$2 billion annually.

Questions?

If you have questions, please contact your member service team.

Sincerely,

A handwritten signature in black ink that reads "Carol A. Brennan". The signature is written in a cursive, flowing style.

Carol A. Brennan

Attachment(s)

cc: Authorized consultants

**UNIVERSAL SERVICE FUND
HIGH COST LOOP SUPPORT**

**Expense Adjustment Projection for July through December 2016
Data as of May 31, 2016 (applying the 11.00% ROR)**

<u>Company Name</u>	<u>Study Area</u>	<u>NECA Region</u>
GILA RIVER TELECOM.	452179	WESTERN
USF Unseparated Revenue Requirement		██████████
USF Loops		3,584
Study Area Cost Per Loop		██████████
Preliminary Estimated Annual Expense Adjustment (applying the frozen NACPL)		██████████
Estimated Pro Rata Adjustment Factor		.871430
Estimated Annual Expense Adjustment * (applying the pro rata adjustment factor)		██████████

National Average Cost Per Loop (NACPL) Trend		
Payment Year	Filed View	Latest View
2012	\$502.69	\$517.69
2013	\$551.06	\$567.80
2014	\$596.17	\$603.79
2015	\$632.93	\$647.56
2016 (frozen)	\$647.87	\$647.87

* This amount represents the annualized expense adjustment applicable to the second half of 2016. This estimate excludes any potential effects of the FCC's rate floor adjustment, the \$3,000 annual support limitation on combined High Cost Loop Support/Broadband Loop Support payments, and a potential budget control adjustment to limit high cost support payments to rate-of-return study areas to \$2 billion annually. This estimate is provided for informational purposes only. Actual support may differ.

Redacted - For Public Inspection

GILA RIVER TELECOMMUNICATIONS, INC.
 STATEMENT OF NET POSITION
 December 31, 2013

	<u>GRTI</u>
Current Assets:	
Cash and cash equivalents	\$ []
Telecommunications accounts receivable	[]
Other receivables	[]
Materials and supplies	[]
Prepayments	[]
Affiliate receivable	[]
Total Current Assets	[]
Capital Assets:	
Plant in service	[]
Plant under construction	[]
Nonregulated property	[]
Total Capital Assets	[]
Less: Accumulated depreciation	[]
Net Capital Assets	[]
Noncurrent Assets:	
Investment in cellular partnership	[]
Certificate of deposit	[]
Other noncurrent assets	[]
Investment in NTS	[]
Investment in GRAM	[]
Investment in Alluvion	[]
Total Noncurrent Assets	[]
Total Assets	\$ []
Current Liabilities:	
Current maturities of long-term debt	\$ []
Accounts payable	[]
Advance billing	[]
Other current liabilities	[]
Affiliate payable	[]
Total Current Liabilities	[]
Long-Term Debt, Less Current Maturities	[]
Total Liabilities	[]
Net Position:	
Investment in capital assets, net of related debt	[]
Common stock	[]
Other	[]
Total Net Position	[]
Total Liabilities and Net Position	\$ []

Redacted - For Public Inspection

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
December 31, 2013

	<u>GRTI</u>
Operating Revenues:	
Local network services	\$ []
Network access services	[]
Long distance network services	[]
Miscellaneous	[]
Uncollectibles	[]
 Total Operating Revenues	 []
Operating Expenses:	
Plant specific operations	[]
Plant nonspecific operations	[]
Depreciation and amortization	[]
Customer operations	[]
Corporate operations	[]
 Total Operating Expenses	 []
Operating Income	[]
Nonoperating Income (Expense):	
Equity in earnings of subsidiary	[]
Interest income	[]
Share of cellular partnership income	[]
Other nonoperating expense	[]
 Total Nonoperating Income (Expense)	 []
Income Before Fixed Charges	[]
Fixed Charges:	
Interest on long-term debt	[]
Capitalized interest	[]
 Total Fixed Charges	 []
Income Before Distributions	[]
Distributions to Shareholder	[]
Change in Net Position	[]
Total Net Position at Beginning of Year	[]
Total Net Position at End of Year	\$ []

Redacted - For Public Inspection

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF CASH FLOWS
December 31, 2013

	<u>GRTI</u>
Cash Flows from Operating Activities:	
Collections from customers and settlements	\$ []
Cash paid to suppliers of goods and services	[]
Net Cash Provided by Operating Activities	[]
Cash Flows from Non-Capital Financing Activities:	
Nonoperating payments	[]
Distributions paid to shareholder	[]
Net Cash (Used in) Provided by Non-Capital Financing Activities	[]
Cash Flows from Capital and Related Financing Activities:	
Construction and acquisition of plant	[]
Salvage, net of cost of removal	[]
Interest paid on long-term debt, net	[]
Payments of long-term debt	[]
Net Cash (Used In) Provided by Capital and Related Financing Activities	[]
Cash Flows from Investing Activities:	
Interest received	[]
Partnership distributions	[]
Advances to subsidiary	[]
Net Cash Provided by (Used in) Investing Activities	[]
Net Increase in Cash and Cash Equivalents	[]
Cash and Cash Equivalents at Beginning of Year	[]
Cash and Cash Equivalents at End of Year	\$ []

Redacted - For Public Inspection

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF CASH FLOWS
December 31, 2013

	<u>GRTI</u>
Reconciliation of Net Income to Net Cash	
Provided by Operating Activities:	
Earnings from operating income	\$ []
Adjustments to reconcile operating	[]
income to net cash provided	[]
by operating activities:	[]
Depreciation and amortization	[]
Change in assets and liabilities:	[]
Accounts receivable	[]
Prepayments	[]
Accounts payable and accruals	[]
Total Adjustments	[]
Net Cash Provided by	
Operating Activities	\$ []

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF NET POSITION
December 31, 2014

	<u>GRTI</u>
Current Assets:	
Cash and cash equivalents	\$ []
Telecommunications accounts receivable	[]
Other receivables	[]
Materials and supplies	[]
Prepayments	[]
Affiliate receivable	[]
Total Current Assets	[]
Capital Assets:	
Plant in service	[]
Plant under construction	[]
Nonregulated property	[]
Total Capital Assets	[]
Less Accumulated depreciation	[]
Net Capital Assets	[]
Noncurrent Assets:	
Investment in cellular partnership	[]
Net pension asset	[]
Other noncurrent assets	[]
Investment in NTS	[]
Investment in GRAM	[]
Investment in Alluvion	[]
Total Noncurrent Assets	[]
Total Assets	[]
Deferred Outflows of Resources:	
Contributions and Other Pension	[]
Plan Related Items	[]
Total Assets and Deferred Outflows	\$ []

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF NET POSITION
December 31, 2014

	<u>GRTI</u>
Current Liabilities:	
Current maturities of long-term debt	\$ []
Accounts payable	[]
Advance billing	[]
Other current liabilities	[]
Affiliate payable	[]
Total Current Liabilities	[]
Long-Term Debt, Less Current Maturities	[]
Other Liabilities:	
Other deferred credits	[]
Total Liabilities	[]
Net Position:	
Investment in capital assets, net of related debt	[]
Common stock	[]
Other	[]
Total Net Position	[]
Total Liabilities and Net Position	\$ []

Redacted - For Public inspection

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
December 31, 2014

	<u>GRTI</u>
Operating Revenues:	
Local network services	\$ []
Network access services	[]
Long distance network services	[]
Miscellaneous	[]
Uncollectibles	[]
Total Operating Revenues	[]
Operating Expenses:	
Plant specific operations	[]
Plant nonspecific operations	[]
Depreciation and amortization	[]
Customer operations	[]
Corporate operations	[]
Total Operating Expenses	[]
Operating Income	[]
Nonoperating Income (Expense):	
Equity in earnings of subsidiary	[]
Interest income	[]
Share of cellular partnership income	[]
Other nonoperating expense	[]
Total Nonoperating Income (Expense)	[]
Income Before Fixed Charges	[]
Fixed Charges:	
Interest on long-term debt	[]
Capitalized interest	[]
Total Fixed Charges	[]
Income Before Distributions	
Distributions to Shareholder	[]
Change in Net Position	[]
Total Net Position at Beginning of Year	[]
Total Net Position at End of Year	\$ []

Redacted - For Public Inspection

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF CASH FLOWS
December 31, 2014

	<u>GRI</u>
Cash Flows from Operating Activities:	
Collections from customers and settlements	\$ []
Cash paid to suppliers of goods and services	[]
Net Cash Provided by (Used in) Operating Activities	[]
Cash Flows from Non-Capital Financing Activities:	
Nonoperating payments	[]
Distributions paid to shareholder	[]
Net Cash Used in Non-Capital Financing Activities	[]
Cash Flows from Capital and Related Financing Activities:	
Construction and acquisition of plant	[]
Salvage, net of cost of removal	[]
Loss on retirement of assets	[]
Payments of long-term debt	[]
Net Cash Used In Capital and Related Financing Activities	[]
Cash Flows from Investing Activities:	
Interest received	[]
Partnership distributions	[]
Advances to subsidiary	[]
Cash received from Tribe for LPTV costs	[]
LPTV costs paid to Tribe	[]
Changes in certificates of deposit, net	[]
Net Cash Provided by (Used in) Investing Activities	[]
Net Increase (Decrease) in Cash and Cash Equivalents	
Cash and Cash Equivalents at Beginning of Year	[]
Cash and Cash Equivalents at End of Year	\$ []

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF CASH FLOWS
December 31, 2014

	<u>GRTI</u>
Reconciliation of Net Income to Net Cash	
Provided by Operating Activities:	
Earnings from operating income	\$ []
Adjustments to reconcile operating	[]
income to net cash provided	[]
by operating activities:	[]
Depreciation and amortization	[]
Change in assets and liabilities:	[]
Accounts receivable	[]
Prepayments	[]
Net pension asset	[]
Deferred outflows	[]
Accounts payable and accruals	[]
Total Adjustments	[]
Net Cash Provided by (Used in) Operating Activities	\$ []

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF NET POSITION
December 31, 2015

	<u>GRTI</u>
Current Assets:	
Cash and cash equivalents	\$ []
Telecommunications accounts receivable	[]
Other receivables	[]
Materials and supplies	[]
Prepayments	[]
Affiliate receivable	[]
Total Current Assets	[]
Capital Assets:	
Plant in service	[]
Plant under construction	[]
Nonregulated property	[]
Total Capital Assets	[]
Less Accumulated depreciation	[]
Net Capital Assets	[]
Noncurrent Assets:	
Investment in cellular partnership	[]
Net pension asset	[]
Other noncurrent assets	[]
Investment in NTS	[]
Investment in GRAM	[]
Investment in Alluvion	[]
Investment in GRBC	[]
Total Noncurrent Assets	[]
Total Assets	[]
Deferred Outflows of Resources:	
Plan Related Items	[]
Total Assets and Deferred Outflows	\$ []

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF NET POSITION
December 31, 2015

	<u>GRTI</u>
Current Liabilities:	
Current maturities of long-term debt	\$ []
Accounts payable	[]
Advance billing	[]
Other current liabilities	[]
Affiliate payable	[]
Total Current Liabilities	[]
Net Position:	
Investment in capital assets, net of related debt	[]
Common stock	[]
Other	[]
Total Net Position	[]
Total Liabilities and Net Position	\$ []

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
December 31, 2015

	<u>GRTI</u>
Operating Revenues:	
Local network services	\$ []
Network access services	[]
Long distance network services	[]
Miscellaneous	[]
Uncollectibles	[]
Total Operating Revenues	[]
Operating Expenses:	
Plant specific operations	[]
Plant nonspecific operations	[]
Depreciation and amortization	[]
Customer operations	[]
Corporate operations	[]
Total Operating Expenses	[]
Operating Income	[]
Nonoperating Income (Expense):	
Equity in earnings of subsidiary	[]
Interest income	[]
Share of cellular partnership income	[]
Other nonoperating expense	[]
Total Nonoperating Income (Expense)	[]
Income Before Fixed Charges	[]

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
December 31, 2015

GRTI

Fixed Charges:	
Interest on long-term debt	[]
Capitalized interest	[]
Total Fixed Charges	[]
Income Before Distributions	[]
Distributions to Shareholder	[]
Change in Net Position	[]
Total Net Position at Beginning of Year	[]
Total Net Position at End of Year	\$ []

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF CASH FLOWS
December 31, 2015

	<u>GRTI</u>
Cash Flows from Operating Activities:	
Collections from customers and settlements	\$ []
Cash paid to suppliers of goods and services	[]
Net Cash Provided by (Used in) Operating Activities	[]
Cash Flows from Non-Capital	
 Financing Activities:	
Nonoperating payments	[]
Distributions paid to shareholder	[]
Net Cash (Used in) Provided by Non-Capital	
 Financing Activities	[]
Cash Flows from Capital and Related	
 Financing Activities:	
Construction and acquisition of plant	[]
Salvage, net of cost of removal	[]
Loss on retirement of assets	[]
Payments of long-term debt	[]
Net Cash (Used In) Provided by Capital and	
 Related Financing Activities	[]
Cash Flows from Investing Activities:	
Interest received	[]
Partnership distributions	[]
Advances to subsidiary	[]
Investment in subsidiaries	[]
LPTV costs paid to Tribe	[]
Net Cash Provided by (Used in) Investing Activities	[]
Net (Decrease) Increase in Cash and Cash Equivalents	[]
Cash and Cash Equivalents at Beginning of year	[]
Cash and Cash Equivalents at End of Year	\$ []

GILA RIVER TELECOMMUNICATIONS, INC.
STATEMENT OF CASH FLOWS
December 31, 2015

	<u>GRTI</u>
Reconciliation of Net Income to Net Cash	
Provided by Operating Activities:	
Earnings from operating income	\$ []
Adjustments to reconcile operating income to	[]
net cash provided by operating activities:	[]
Depreciation and amortization	[]
Change in assets and liabilities:	[]
Accounts receivable	[]
Prepayments	[]
Net pension asset	[]
Deferred outflows	[]
Accounts payable and accruals	[]
Total Adjustments	[]
Net Cash Provided by (Used in)	
Operating Activities	\$ []

3. LOCAL SERVICES

3.1 Local Exchange Telephone Service - Basic Service Rates

These monthly rates apply to all subscribers of the Company. This rate covers the provision of network access to a local customer location, and entitles the customer to local calls (without long distance toll charges) to all local stations connected to a central office of the exchange, or to all local extended local service areas where comprised of more than one exchange.

	<u>Monthly Rate</u>	
Business Access Line	\$36.00	
Residence Access Line	\$18.00	(I)
DID Trunk	\$39.95	

3.11 Universal Service Fund

The Company assesses a fee for funding of the Federal Universal Service Fund (USF), including Lifeline Service Program (LSP). These funds were enacted by the Federal Communications Commission. The amount of the fee may vary as determined by the fund administrator.

3.12 Lifeline Service

The Lifeline Service (Lifeline) program, sponsored by the FCC, is a program designed to maintain and preserve universal service by providing a reduction in the price of basic residential local exchange service to qualifying low-income customers.

A. General

1. Lifeline is a Federal funded reduction of the subscriber line charge (SLC) and a reduction of local service charges. Eligible applicants will receive discounts of up to \$35 per month on basic monthly telephone service.
2. Local service for Lifeline customers may not be disconnected for non-payment of toll charges.
 - (a) Toll Restriction Service will be provided to Lifeline customers at no charge.
 - (b) Lifeline customers are not required to accept Toll Restriction Service as a condition to avoid disconnection of local service for non-payment of toll.

Gila River Telecommunications, Inc.
Chandler, Arizona

Annual Compensation Provided to the Ten Most Highly Paid Employees

Year: 2015

1. Bruce Holdridge – General Manager – []
2. Shawn Manning – Network Operations Manager - []
3. Dino Arriola – Information Technician & Systems Administrator - []
4. Loren Reed – Central Office Supervisor - []
5. Ronald Spencer – VOIP Administrator - []
6. Edith Helper – Outside Plant Supervisor - []
7. Leeanna Paul – Human Resource/Office Manager - []
8. Courtney Hogancamp – Billing & Regulatory Reporting Manager - []
9. Orvan Byler – Customer Service/Marketing Manager - []
10. Daniel Thompson – Accounting Manager - []

Gila River Telecommunications, Inc.
Chandler, Arizona

Size and Nature of Payments made to Affiliated Companies

Year: 2015

Gila River Asset Management, Inc.

- \$[] - Building Lease
- \$[] - Vehicle Lease

Gila River Local Exchange Company

- \$[] - Fiber Lease
- \$[] - Labor Distribution

Native Technology Solutions, Inc.

- \$[] – Intercompany Invoices
- \$[] - Labor Distribution