MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

WWW.MOSSADAMS.COM
5929 Balcones Drive, Suite 200
Austin, TX 78731
T (512) 343-2544 F (512) 343-0119

REDACTED – FOR PUBLIC INSPECTION

VIA ECFS

June 19, 2015

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

RE: **REQUEST FOR CONFIDENTIAL TREATMENT**
WC Docket No. 14-58 - ETC Annual Reports and Certifications

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan Progress Report included in FCC Form 481

Confidential Financial Information – Subject to Protective Order in WC Docket Nos. 10-90, 07-135, 05-337, 03-109, 14-58, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Before the Federal Communications Commission

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, XIT Rural Telephone Cooperative, Inc. (the Cooperative), Study Area Code 442170 is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket No. 14-58. The Cooperative, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan progress report and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan progress report is being made pursuant to Section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's June 17, 2015 *Protective Order* in WC Docket

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

No. 10-90 *et al*. These attachments contain competitively sensitive data that XIT Rural Telephone Cooperative maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Cooperative.

Five-Year Service Quality Improvement Plan Progress Report

Pursuant to Section 0.459 of the Commission's rules and Exemption 4 of FOIA, XIT Rural Telephone Cooperative requests that the text and data extracted from its five-year service quality improvement plan progress report be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Cooperative keeps confidential. Public availability of this information would have a substantial negative impact on the Cooperative.

In accordance with Section 0.459 of the Commission's rules, the following information is provided in support of this request:

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

Attachment to Line 112 of FCC Form 481 – Five-Year Service Quality Improvement Plan Progress Report. Specifically, confidential treatment is sought for all information in the five-year plan progress report related to the Cooperative's access line counts, existing broadband capabilities, and current and planned financial investments in its network that will improve service quality, service coverage, and/or service capacity for its customers.

(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 was submitted in WC Docket No. 14-58 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a progress report on its five-year service quality improvement plan, pursuant to 47 C.F.R. §54.313(a)(1).

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

The five-year service quality improvement plan progress report contains granular information on the Cooperative's access line counts and/or existing broadband capabilities as well as recent and planned capital investments in its network to improve service quality, service coverage, and/or service capacity. It also contains a map of the Cooperative's service area detailing progress toward meeting broadband

deployment targets at the wire center level. This is closely guarded, privileged information that the Cooperative does not make publicly available.

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

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider, such as a larger cable company, who will typically seek to "cherry pick" the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.

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

Disclosure of the information contained in the five-year plan progress report would provide competitors with detailed, granular information regarding the Cooperative's access line count, its existing broadband capabilities, and its recent and planned network investments that improve service quality, coverage, and/or capacity for subscribers. This would give competitors invaluable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Cooperative.

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Cooperative has continually treated the extracted information in its five-year plan progress report as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to 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:

The redacted information in the five-year plan progress report is not available to the public, and third-party access is limited as described in (6) above.

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

The Cooperative requests that the extracted information be withheld from public inspection indefinitely. The information in the five-year plan progress report details the Cooperative's most recent network upgrades in relation to its previously submitted service quality improvement plan. It may also contain upcoming planned network improvements during the five-year period ending 2019. This information would provide a very useful baseline for competitors for several years beyond that period.

(9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

Financial Annual Report

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the company's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). XIT Rural Telephone Cooperative seeks confidential treatment of its financial annual report pursuant to the June 17, 2015 *Protective Order* in WC Docket No. 10-90, *et al.*[1] The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

XIT Rural Telephone Cooperative is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the five-year service quality improvement plan progress report confidential submission bears the legend, "CONFIDENTIAL – NOT FOR PUBLIC DISCLOSURE."

Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL FINANCIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, 14-58, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

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[1] *Connect America Fund et al.*, WC Docket No. 10-90 *et al.*, Protective Order, DA 15-712 (rel. June 17, 2015).

MOSS-ADAMS LLP

Two copies of the Form 481 filing in redacted form and an accompanying cover letter are also being provided with the confidential filing. Each page of the redacted filing and accompanying cover letter is marked "REDACTED – FOR PUBLIC INSPECTION."

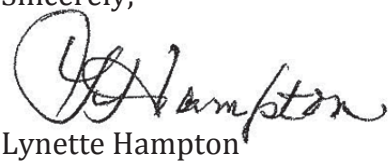
Two copies of this cover letter and the Form 481 filing with the confidential information are also being delivered to Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau.

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,



Lynette Hampton
Authorized Representative for
XIT Rural Telephone Cooperative, Inc.

LH/pjf

Enclosures

cc: Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission, (2 hardcopies of non-redacted submission)

Mr. Darrell Dennis, XIT Rural Telephone Cooperative, Inc.

FCC Form 481 - Carrier Annual Reporting Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name: Person USAC should contact with questions about this data	Catherine Taylor
<035>	Contact Telephone Number: Number of the person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	ctaylor@xitcomm.net

ANNUAL REPORTING FOR ALL CARRIERS

			54.313 Completion Required	54.422 Completion Required
			(check box when complete)	
<100>	Service Quality Improvement Reporting	(complete attached worksheet)	✓	
<200>	Outage Reporting (voice)	(complete attached worksheet)	✓	✓
<210>	✓ <-- check box if no outages to report		✓	
<300>	Unfulfilled Service Requests (voice)	0		
<310>	Detail on Attempts (voice)	(attach descriptive document)		
<320>	Unfulfilled Service Requests (broadband)	0	✓	
<330>	Detail on Attempts (broadband)	(attach descriptive document)		
<400>	Number of Complaints per 1,000 customers (voice)			
<410>	Fixed	0.0	✓	✓
<420>	Mobile	0.0		
<430>	Number of Complaints per 1,000 customers (broadband)		✓	
<440>	Fixed	0.0		
<450>	Mobile	0.0		
<500>	Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	✓	✓
<510>	442170tx510.pdf	(attached descriptive document)	✓	✓
<600>	Functionality in Emergency Situations	(check to indicate certification)	✓	✓
<610>	442170tx610.pdf	(attached descriptive document)	✓	✓
<700>	Company Price Offerings (voice)	(complete attached worksheet)	✓	
<710>	Company Price Offerings (broadband)	(complete attached worksheet)	✓	
<800>	Operating Companies and Affiliates	(complete attached worksheet)	✓	✓
<900>	Tribal Land Offerings (Y/N)? ○ ●	(if yes, complete attached worksheet)	✓	
<1000>	Voice Services Rate Comparability Certification	Yes	✓	
<1010>	442170tx1010.pdf	(attach descriptive document)	✓	
<1100>	Certify whether terrestrial backhaul options exist (Yes or No) ● ○	(if not, check to indicate certification)	✓	
<1110>		(complete attached worksheet)		
<1200>	Terms and Condition for Lifeline Customers	(complete attached worksheet)		✓

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

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

<2000>		(check to indicate certification)		
<2005>		(complete attached worksheet)		

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>		(check to indicate certification)	✓	
<3005>		(complete attached worksheet)	✓	

(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	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<110>	Has your company received its ETC certification from the FCC?	(yes / no) ○ ●
<111>	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, then you are required to 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.

<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.

442170tx112.pdf

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.

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

(200) Service Outage Reporting (Voice)
Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<220>

<a> NORS Reference Number	<b1> Outage Start Date	<b2> Outage Start Time	<b3> Outage End Date	<b4> Outage End Time	<c1> Number of Customers Affected	<c2> Total Number of Customers	<d> 911 Facilities Affected (Yes / No)	<e> Service Outage Description (Check all that apply)	<f> Did This Outage Affect Multiple Study Areas (Yes / No)	<g> Service Outage Resolution	<h> Preventative Procedures

(700) Price Offerings including Voice Rate Data
Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<701>	Residential Local Service Charge Effective Date	1/1/2015
<702>	Single State-wide Residential Local Service Charge	

<703>

<a1>	<a2>	<a3>	<b1>	<b2>	<b3>	<b4>	<b5>	<c>
State	**Exchange (ILEC)**	**SAC (CETC)**	**Rate Type**	**Residential Local Service Rate**	**State Subscriber Line Charge**	**State Universal Service Fee**	**Mandatory Extended Area Service Charge**	**Total per line Rates and Fees**

-- See attached worksheet --

(710) Broadband Price Offerings
Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<711>

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	**Exchange (ILEC)**	**Residential Rate**	**State Regulated Fees**	**Total Rate and Fees**	**Broadband Service - Download Speed (Mbps)**	**Broadband Service - Upload Speed (Mbps)**	**Usage Allowance (GB)**	**Usage Allowance Action Taken When Limit Reached {*select*}**

-- See attached worksheet --

(800) Operating Companies
Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<810>	Reporting Carrier	XIT RURAL TEL CO-OP
<811>	Holding Company	Not Applicable
<812>	Operating Company	XIT Rural Telephone Cooperative, Inc.

<813>

<a1>	<a2>	<a3>
Affiliates	**SAC**	**Doing Business As Company or Brand Designation**

-- See attached worksheet --

(900) Tribal Lands Reporting
Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

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

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

		Select Yes or No or Not Applicable
<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.	

(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	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<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

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

442170tx1210.pdf

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	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental Connect America Phase I support, frozen 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}

<2011a> 3rd Year Certification {47 CFR § 54.313(b)(1)ii}

<2011b> Attachment {47 CFR § 54.313(b)(1)ii}

Name of Attached Document(s) Listing Required Information

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

<2012> 2013 Frozen Support Calculation {47 CFR § 54.313(c)(1)}

<2013> 2014 Frozen Support Calculation {47 CFR § 54.313(c)(2)}

<2014> 2015 Frozen Support Calculation {47 CFR § 54.313(c)(3)}

<2015> 2016 and future Frozen Support Calculation {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)}

<2017> 3rd year Broadband Service Certification

<2018> 5th year Broadband Service Certification

<2019> Interim Progress Certification

<2020> Please check the box to confirm that the attached document(s), on line 2021,contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document(s) Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation

Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

CHECK the boxes below to note compliance on its 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.

(3010) **Progress Report on 5 Year Plan**
Milestone Certification {47 CFR § 54.313(f)(1)(i)}

442170tx3010.pdf

Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ✓

(3012) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}

442170tx3012.pdf

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 document(s), 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) for 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 ✓

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

(3021) Management letter and 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

442170tx3026.pdf

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation (Continued)

Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

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

[redacted]

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

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:

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.

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

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) Hampton **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: Hampton

Name of Reporting Carrier: XIT RURAL TEL CO-OP

Signature of Authorized Officer: CERTIFIED ONLINE Date: 06/19/2015

Printed name of Authorized Officer: Darrell Dennis

Title or position of Authorized Officer: General Manager

Telephone number of Authorized Officer: 8063843311 ext.

Study Area Code of Reporting Carrier: 442170 Filing Due Date for this form: 07/01/2015

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: XIT RURAL TEL CO-OP

Name of Authorized Agent or Employee of Agent: Hampton

Signature of Authorized Agent or Employee of Agent: CERTIFIED ONLINE Date: 06/18/2015

Printed name of Authorized Agent or Employee of Agent: Hampton

Title or position of Authorized Agent or Employee of Agent Authorized Representative

Telephone number of Authorized Agent or Employee of Agent: 5126527725 ext.

Study Area Code of Reporting Carrier: 442170 Filing Due Date for this form: 07/01/2015

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

(700) Price Offerings including Voice Rate Data
Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<701>	Residential Local Service Charge Effective Date	1/1/2015
<702>	Single State-wide Residential Local Service Charge	

<703>

<a1>	<a2>	<a3>	<b1>	<b2>	<b3>	<b4>	<b5>	<c>
State	Exchange (ILEC)	SAC (CETC)	Rate Type	Residential Local Service Rate	State Subscriber Line Charge	State Universal Service Fee	Mandatory Extended Area Service Charge	Total per line Rates and Fees
TX	BUNKERHILL		FR	16.0	0.0	0.53	0.0	16.53
TX	COLDWATER		FR	16.0	0.0	0.53	0.0	16.53
TX	KERRICK		FR	16.0	0.0	0.53	0.0	16.53
TX	LAUTZ		FR	16.0	0.0	0.53	0.0	16.53
TX	MIDDLEWATER		FR	16.0	0.0	0.53	0.0	16.53
TX	STEVENS		FR	16.0	0.0	0.53	0.0	16.53
TX	TEXLINE		FR	12.5	0.0	0.53	3.5	16.53

(710) Broadband Price Offerings
Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<711>

<a1> State	<a2> Exchange (ILEC)	<b1> Residential Rate	<b2> State Regulated Fees	<c> Total Rates and Fees	<d1> Broadband Service - Download Speed (Mbps)	<d2> Broadband Service -Upload Speed (Mbps)	<d3> Usage Allowance (GB)	<d4> Usage Allowance Action Taken When Limit Reached {select}
TX	ALL	49.0	0.0	49.0	6.0	1.0	999999	Other, No limit on usage allowance
TX	ALL	69.0	0.0	69.0	12.0	2.0	999999	Other, No limit on usage allowance
TX	ALL	89.0	0.0	89.0	20.0	2.0	999999	Other, No limit on usage allowance

(800) Operating Companies
Data Collection Form

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

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<810>	Reporting Carrier	XIT RURAL TEL CO-OP
<811>	Holding Company	Not Applicable
<812>	Operating Company	XIT Rural Telephone Cooperative, Inc.

<813>

<a1>	<a2>	<a3>
Affiliates	**SAC**	**Doing Business As Company or Brand Designation**
XIT Telecommunicatinos & Technology, LTD	449002	XIT Communications

LINE 112 – FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN PROGRESS REPORT

[redacted]

The Cooperative received $1,180,493 in Universal Service Fund ("USF") support during the period January through April 2015. It projects that it will receive $589,976 in USF support during the period May-June 2015. The Cooperative therefore projects that its total USF support for the first half of 2015 (Jan.-Jun.) will be $1,770,469.

[redacted]

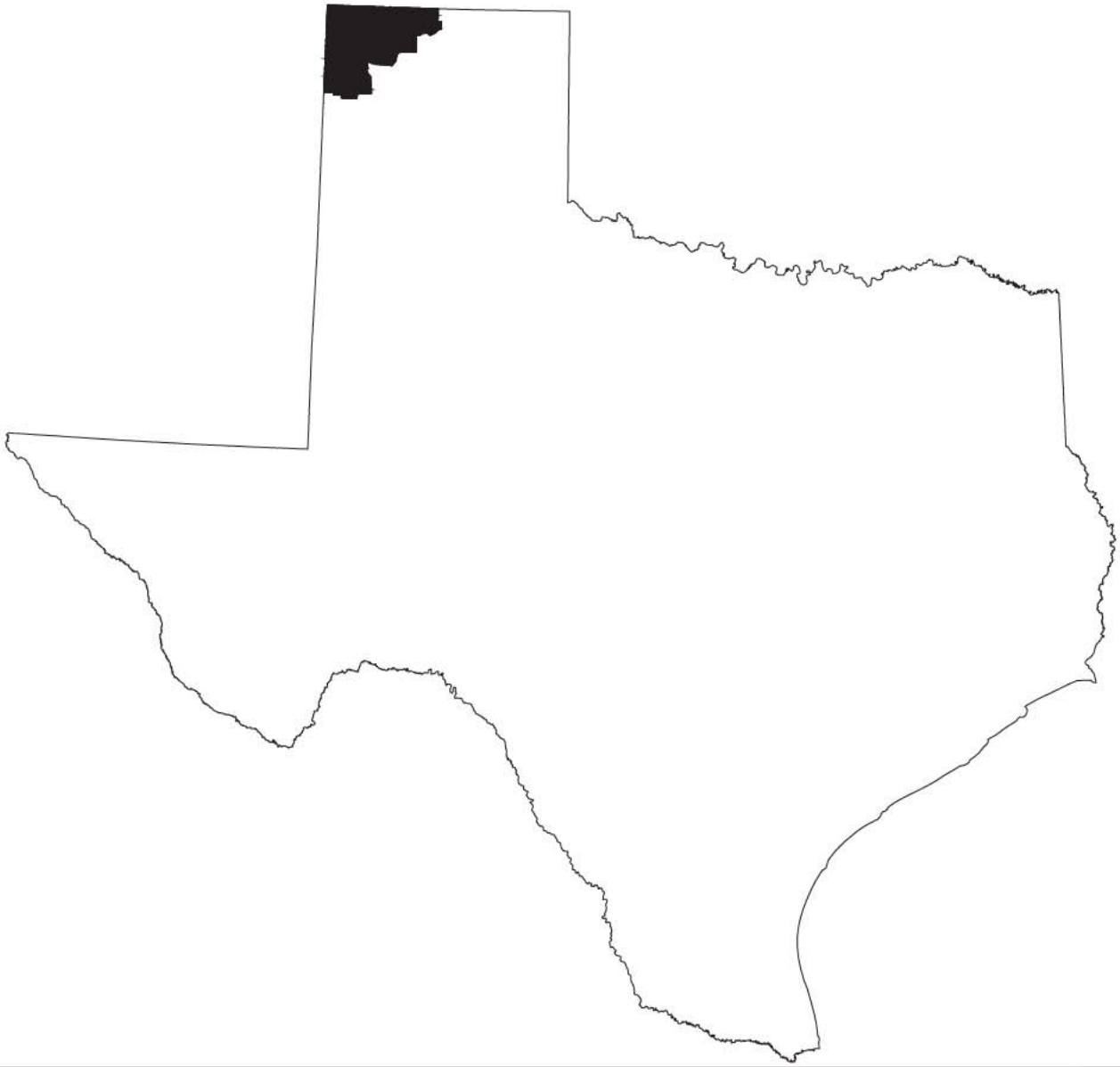
Service Quality Improvement Plan – Progress Report

Exchange	Description of Improvement	2015 Forecast	2015 Progress (Jan.-Jun.)
[redacted]			

2015 Progress Report Description

[redacted]

REDACTED - FOR PUBLIC INSPECTION



LEGEND

XIT Rural Telephone Service Area

DATE CREATED: 05/21/2015

DATE REVISED: 05/29/2015

DRAWN BY: KP

N

SCALE: NTS

COMPANY:
XIT Rural Telephone Cooperative, Inc.

SYSTEM:
FCC ETC 5 Year Plan 2015 Update

MAP:
XIT Rural Telephone Service Area

1 OF 1

CHR Solutions

REDACTED - FOR PUBLIC INSPECTION

LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

XIT Rural Telephone Cooperative, Inc. complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Cooperative operates are outlined in its member services tariff, which is approved by the Public Utility Commission of Texas ("Texas PUC"). The tariff contains provisions regarding the Cooperative's customer service and protection practices.

Service quality standards for voice service are established by the state commission. The Cooperative consistently meets or exceeds those standards and provides reports to the state commission, in accordance with the state commission's rules.

With regard to broadband service, the Cooperative provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a "best effort" service and are dependent upon a number of variables, many of which are outside the control of the Cooperative.

The Cooperative complies with any and all consumer protection obligations under state law.

The Cooperative also complies with the following consumer best practices: (1) the Cooperative discloses its rates and terms of service to customers; (2) the Cooperative provides specific disclosures in its advertising; (3) the Cooperative separately identifies carrier charges from taxes on its billing statements; (4) the Cooperative provides ready access to customer service; (5) the Cooperative promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Cooperative abides by policies for protection of consumer privacy.

Finally, the Cooperative has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Cooperative's compliance with CPNI rules and a description of the Cooperative's operating procedures that ensure compliance are filed annually with the FCC.

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

XIT Rural Telephone Cooperative, Inc. is able to function in emergency situations for both voice and broadband service. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

LINE 1010 – VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is $47.48, which includes the federal subscriber line charge ("SLC").[1]

In the exchanges served by XIT Rural Telephone Cooperative, the highest single-line residential local rate, including any mandatory extended area service charge, is $16.00. When the federal SLC and the state universal service fee are added, the total is below the reasonable comparability benchmark of $47.48.

[1] *Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes*, WC Docket No. 10-90, DA 15-470 (rel. April 16, 2015), p. 1.

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

XIT Rural Telephone Cooperative (the Cooperative) offers qualified Lifeline subscribers a discount of $12.75 (comprised of the federal discount of $9.25 and a state discount of $3.50) to a stand-alone residential local exchange service line rate.

In all exchanges served by the Cooperative, the Lifeline rate for single-line residential voice service, including any mandatory extended area service charge and the federal subscriber line charge, is $9.75 ($22.50 less the $12.75 discount).

The local exchange service rate includes an unlimited number of local calling minutes. Additional charges for toll calls associated with the residential local exchange service are billed at the rates of the long distance carrier chosen by the subscriber. Lifeline customers may subscribe to packages and custom calling features at the standard rates offered to all customers, in which case the Lifeline discounts will apply to the portion of the package that is for a stand-alone basic local exchange service line. The attached pages from the Cooperative's Member Services Tariff include the terms and conditions for Lifeline Service.

MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

IV. LIFELINE PROGRAM

The Lifeline Program is a retail local service offering designed to make telephone service available at reduced rates to qualifying low-income customers.

A. General

1. A qualifying low-income customer subscribing to the Lifeline Program shall receive federal and state reductions to their monthly tariffed residential local exchange access line rate.

2. Nothing in this section shall prohibit a customer who is otherwise eligible for the Lifeline Program from obtaining and using telecommunications equipment and services designed to aid such customer in utilizing qualifying telecommunications services.

3. Lifeline Program reductions do not apply to surcharges, taxes, long distance service, 976 and other information related telecommunications services, and optional services such as custom calling features. Customers may obtain these services, where available, at their discretion.

4. The Lifeline Program rate reductions do not apply to service connection charges. D

D

MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

IV. LIFELINE PROGRAM (Continued)

A. General (Continued)

5. The Cooperative may not disconnect the service of a Lifeline Program customer for the non-payment of toll charges. However, the Cooperative reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills. The Cooperative will inform the customer, by direct mail, of this change to their service due to the customer's non-payment of toll charges. Upon the customer's payment of all outstanding toll charges, the Cooperative shall remove mandatory toll blocking at no charge.

6. Upon subscribing to the Lifeline Program, a customer will be offered a subscription, at no charge, to toll blocking service (in exchanges where technically available) which denies the customer access to the long distance telecommunications network; however, the customer is under no obligation to accept the subscription to toll blocking.

7. The Lifeline Program rate reductions will not be available on a retroactive basis unless approved by the Public Utility Commission of Texas or the Low-Income Discount Administrator (LIDA).

B. Designated Lifeline Program Services

The Cooperative shall offer voice telephony services that provide the following functionalities as designated Lifeline Program services: T

1. Voice grade access to the public switched network or its functional equivalent
2. Minutes of use for local service provided at no additional charge to the customer
3. Access to emergency services
4. Toll blocking service T

MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

IV. LIFELINE PROGRAM (Continued)

C. Eligibility Requirement

1. Qualifying Low-Income (Eligible) Customer Criteria

An eligible customer shall be defined as an individual whose annual household income is at or below 150% of the federal poverty guidelines or in whose household resides a person who receives or has a child who receives benefits from at least one of the following programs:

a. Medicaid
b. Food Stamps (Supplemental Nutrition Assistance Program T
c. Supplemental Security Income (SSI) T
d. Federal Public Housing Assistance (FPHA)
e. Low-Income Heat and Energy Assistance Program (LIHEAP)
f. Health benefits coverage under the state Children's Health Insurance Program (CHIP)
g. National School Lunch Program's Free Lunch Program N
h. Temporary Assistance for Needy Families N

The Lifeline Program rate reductions will be provided to each eligible customer. The Low-Income Discount Administrator (LIDA) will provide a list of eligible customers to the Cooperative each month.

2. Obligations of the Customer

a. Customers whose annual household income is at or below 150% of the federal poverty guidelines or who participate in FPHA or LIHEAP programs may self-enroll for Lifeline Program benefits by completing an application form and returning it to LIDA. LIDA will send a blank application upon customer request. LIDA can be reached at 1-866-4LITEUP. Current customers receiving benefits under Medicaid, Food Stamps, SSI or CHIP will be subject to the Lifeline Program automatic enrollment procedures as provided by the LIDA unless they provide a written request to the LIDA to be excluded from the Lifeline Program.

b. A customer who is eligible for the Lifeline Program, but does not have telephone service at the time LIDA provides its eligibility list to the Cooperative, shall be responsible for initiating a request for the Lifeline Program from the Cooperative.

MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

IV. LIFELINE PROGRAM (Continued)

C. Eligibility Requirement (Continued)

3. Obligations of the Cooperative

a. LIDA will provide a list of eligible customers to the Cooperative on a monthly basis. Upon receipt of the list, the Cooperative shall begin reduced billing for those customers within 30 days. T

4. Discontinuance of Service

a. Discontinuance of Lifeline Discounts for customers automatically enrolled. The eligibility period for automatically enrolled customers is the length of their enrollment in Texas Health and Human Services Commission (THHSC) benefits plus a period of 60 days for renewal. Automatically enrolled customers will have an opportunity to renew their THHSC benefits or self-enrollment with LIDA upon the expiration of their automatic enrollment.

b. Discontinuance of Lifeline Discounts for customers who have self-enrolled. Individuals not receiving benefits through THHSC programs, but who have met Lifeline income qualifications, are eligible to receive the Lifeline Discount for seven months, which includes a period of 60 days during which the customer may renew their eligibility with LIDA for an additional seven months.

PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED
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MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

IV. LIFELINE PROGRAM (Continued)

D. **Deposit and Credit Requirements**

1. The Cooperative shall be prohibited from charging a service deposit in order to initiate the Lifeline Program if the eligible customer voluntarily elects to receive toll blocking.

2. The Cooperative may charge a service deposit if the eligible customer denies subscription to toll blocking upon subscribing to the Lifeline Program. T | T

D D

3. In instances where the Cooperative may require a service deposit, the same credit verification procedures and deposit regulations used for all applicants who apply for service with the Cooperative are also applicable to eligible customers for the Lifeline Program.

E. **Service Connection Charges**

1. Service connection charges do not apply to eligible customers with existing, qualifying service converting to the Lifeline Program.

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MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

IV. LIFELINE PROGRAM (Continued)

E. Service Connection Charges (Continued)

2. Service connection charges do apply when:

a. Existing eligible customers request additional non-qualifying services at the time Lifeline program reduced billing is initiated.

b. New customers (those without existing local exchange access service) eligible for the Lifeline Program establish qualifying service.

c. Customers make subsequent moves or changes after initial connection to the Lifeline Program.

D
D

F. Lifeline Program Rate Reduction

1. Implementation

The Cooperative shall provide reduced billing to all Lifeline Program eligible customers within its service area in accordance with the Commission's Substantive rules.

In instances where a customer inquires about participation in the Lifeline Program, the Cooperative shall provide contact information for LIDA.

MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

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PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED
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CONTROL # _____

MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

IV. LIFELINE PROGRAM (Continued)

F. Lifeline Program Rate Reduction (Continued)

2. Amounts

The Cooperative shall apply Lifeline Program rate reductions, per eligible customer, as described below.

	Monthly Rate Reduction	
		D D
a. Federal Reduction Applied to Federal Subscriber Line Charge and Residential Local Exchange Access Line Charge	47.C.F.R. Section 54.403	T
b. Maximum State Reduction to Residential Local Exchange Access Line Rate	$3.50	T

LINE 3010 – MILESTONE CERTIFICATION

XIT Rural Telephone Cooperative, Inc. (the “Cooperative”) hereby certifies that the Cooperative has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 4 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 reasonably comparable offerings in urban areas, and that requests for such service are met within a reasonable amount of time.

LINE 3012 – COMMUNITY ANCHOR INSTITUTIONS

XIT Rural Telephone Cooperative, Inc. did not newly deploy broadband service to any community anchor institutions in the preceding calendar year (2014).

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
XIT Rural Telephone Cooperative, Inc. and Subsidiaries
Dalhart, Texas

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of XIT Rural Telephone Cooperative, Inc. (a Texas corporation) and subsidiaries as of March 31, 2014, and the related consolidated statement of operations, comprehensive income, members' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditor's 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 estimates made by management as well as evaluating the overall consolidated financial statement presentation.

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 XIT Rural Telephone Cooperative, Inc. and subsidiaries as of March 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The consolidated financial statements of XIT Rural Telephone Cooperative, Inc. and subsidiaries as of March 31, 2013, were audited by other auditors whose report dated July 15, 2013, expressed an unqualified opinion on those statements.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued a report dated August 21, 2014, on our consideration of XIT Rural Telephone Cooperative, Inc. and subsidiary's internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

Kirkley Austin LLP

Colorado Springs, Colorado
August 21, 2014

XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS

CONSOLIDATED BALANCE SHEETS
March 31, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		
Special construction account		
Temporary investments		
Accounts receivable:		
Due from customers		
Less allowance of [redacted] respectively		
Interexchange carriers		
Other		
Grant funds receivable		
Interest receivable		
Materials and supplies, at average cost		
Inventory, at average cost		
Prepayments		
Escrow - sale of wireless assets		
Other current assets		
OTHER NONCURRENT ASSETS		
Marketable equity securities		
Partnership investments		
Investment in lenders		
Other investments		
Deferred charges		
PROPERTY, PLANT AND EQUIPMENT		
Telephone plant in service		
Video plant in service		
Wireless plant in service		
Less accumulated depreciation		
Plant under construction		
TOTAL ASSETS		

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

XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS

CONSOLIDATED BALANCE SHEETS
March 31, 2014 and 2013

	2014	2013
LIABILITIES AND MEMBERS' EQUITY	[redacted]	[redacted]
CURRENT LIABILITIES	[redacted]	[redacted]
Current portion of long-term debt	[redacted]	[redacted]
Current portion of deferred grant revenue	[redacted]	[redacted]
Accounts payable:	[redacted]	[redacted]
Interexchange carriers	[redacted]	[redacted]
Other	[redacted]	[redacted]
Customer deposits	[redacted]	[redacted]
Accrued income taxes	[redacted]	[redacted]
Accrued taxes	[redacted]	[redacted]
Other accrued liabilities	[redacted]	[redacted]
LONG-TERM DEBT, less current portion	[redacted]	[redacted]
OTHER NONCURRENT LIABILITIES AND DEFERRED CREDITS	[redacted]	[redacted]
Deferred income taxes	[redacted]	[redacted]
Deferred grant revenue, less current portion	[redacted]	[redacted]
Other deferred credits	[redacted]	[redacted]
MEMBERS' EQUITY	[redacted]	[redacted]
Memberships	[redacted]	[redacted]
Patronage capital assignable	[redacted]	[redacted]
Patronage capital assigned	[redacted]	[redacted]
Undistributed earnings of subsidiaries	[redacted]	[redacted]
Accumulated Other Comprehensive Income	[redacted]	[redacted]
Noncontrolling interest	[redacted]	[redacted]
TOTAL LIABILITIES AND MEMBERS' EQUITY	[redacted]	[redacted]

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

XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS

CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended March 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Local network services		
Network access services		
Long distance services		
Internet services		
Video services		
Wireless services		
Nonregulated services		
Grant revenue		
Lease revenue		
Miscellaneous revenue		
OPERATING EXPENSES		
Cost of long distance services		
Cost of internet services		
Cost of video services		
Cost of nonregulated services		
Plant specific operations		
Plant nonspecific operations		
Depreciation and amortization		
Customer operations		
Corporate operations		
General taxes		
OPERATING MARGINS		
OTHER INCOME (EXPENSE)		
Interest and dividend income		
Income from partnerships		
Gain/(loss) on sale of investments		
Loss on disposition of property		
Interest on funded debt		
Other interest deductions		
Other, net		
MARGINS BEFORE INCOME TAXES		
INCOME TAXES		
MARGINS BEFORE NONCONTROLLING INTEREST IN NET INCOME OF SUBSIDIARY		
MINORITY INTEREST IN NET INCOME		
NET MARGINS		

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

XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2014 and 2013

	2014	2013
NET MARGINS	[redacted]	[redacted]
Other comprehensive income, net of tax:	[redacted]	[redacted]
Unrealized gains on securities:	[redacted]	[redacted]
Unrealized holding gains arising during period, net of tax of [redacted]	[redacted]	[redacted]
Reclassification adjustment for gains (losses) included in net income, net of tax of [redacted]	[redacted]	[redacted]
Other comprehensive income	[redacted]	[redacted]
COMPREHENSIVE INCOME	[redacted]	[redacted]
ADD: COMPREHENSIVE INCOME ATTRIBUTABLE TO THE NONCONTROLLING INTEREST	[redacted]	[redacted]
COMPREHENSIVE INCOME	[redacted]	[redacted]

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

XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS

CONSOLIDATED SATEMENTS OF MEMBERS' EQUITY
Years ended March 31, 2014 and 2013

	Memberships	Patronage Capital Assignable
Balance at March 31, 2012	[redacted]	
Net margins		
Unrealized gains on securities net of income taxes		
Intercompany Dividend Payment		
Patronage capital retired		
2012 capital credits assigned		
Distribution to noncontrolling interest		
Change in memberships		
Balance at March 31, 2013		
Net margins		
Unrealized gains on securities net of income taxes		
Intercompany Dividend Payment		
Patronage capital retired		
2013 capital credits assigned		
Distribution to noncontrolling interest		
Change in memberships		
Balance at March 31, 2014		

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

XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS

CONSOLIDATED SATEMENTS OF MEMBERS' EQUITY
Years ended March 31, 2014 and 2013

Patronage Capital Assigned	Undistributed Earnings of Subsidiaries	Accumulated Other Comprehensive Income	Noncontrolling Interest in Subsidiary	Total Members' Equity
[redacted]				

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

XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES	[redacted]	[redacted]
Net margins	[redacted]	[redacted]
Adjustments to reconcile net margins to net cash provided by operating activities:	[redacted]	[redacted]
Depreciation and amortization	[redacted]	[redacted]
Deferred income taxes	[redacted]	[redacted]
Patronage distributions received from business conducted with cooperatives	[redacted]	[redacted]
Equity income from partnerships	[redacted]	[redacted]
Distributions received from partnerships	[redacted]	[redacted]
Noncontrolling interest in net income of subsidiary	[redacted]	[redacted]
(Gain)/loss on sale of investments	[redacted]	[redacted]
Loss on disposition of property	[redacted]	[redacted]
Changes in assets and liabilities:	[redacted]	[redacted]
(Increase) Decrease in:	[redacted]	[redacted]
Accounts receivable	[redacted]	[redacted]
Inventory	[redacted]	[redacted]
Prepayments and other	[redacted]	[redacted]
Increase (Decrease) in:	[redacted]	[redacted]
Accounts payable	[redacted]	[redacted]
Accrued taxes	[redacted]	[redacted]
Other accrued liabilities	[redacted]	[redacted]
Deferred grant revenue	[redacted]	[redacted]
Net cash provided by operating activities	[redacted]	[redacted]
CASH FLOWS FROM INVESTING ACTIVITIES	[redacted]	[redacted]
Capital expenditures	[redacted]	[redacted]
Purchase of investments	[redacted]	[redacted]
Proceeds from sale of investments	[redacted]	[redacted]
Cost of removing plant, net of salvage	[redacted]	[redacted]
Net cash used in investing activities	[redacted]	[redacted]
CASH FLOWS FROM FINANCING ACTIVITIES	[redacted]	[redacted]
Repayment of long-term debt	[redacted]	[redacted]
Change in special construction account	[redacted]	[redacted]
Patronage capital retired	[redacted]	[redacted]
Distribution to noncontrolling interest	[redacted]	[redacted]
Adjustment to patronage allocation from patonrage investments	[redacted]	[redacted]
Grant funds received	[redacted]	[redacted]
Distribution from escrow - sale of wireless	[redacted]	[redacted]
Change in memberships	[redacted]	[redacted]
Net cash provided by financing activities	[redacted]	[redacted]
Net Increase (Decrease) in Cash and Cash Equivalents	[redacted]	[redacted]
Cash and Cash Equivalents at Beginning of Year	[redacted]	[redacted]
Cash and Cash Equivalents at End of Year	[redacted]	[redacted]

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

XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
Years ended March 31, 2014 and 2013

	2014	2013
SUPPLEMENTAL DISCLOSURES		
Noncash investing and financing transactions:		
Acquisitions of property and equipment	[redacted]	
Change in accounts payable		

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