

LAW OFFICES  
BLOOSTON, MORDKOFKY, DICKENS, DUFFY & PRENDERGAST, LLP  
2120 L STREET, NW  
WASHINGTON, DC 20037

HAROLD MORDKOFKY  
BENJAMIN H. DICKENS, JR.  
JOHN A. PRENDERGAST  
GERARD J. DUFFY  
RICHARD D. RUBINO  
MARY J. SISAK  
D. CARY MITCHELL  
SALVATORE TAILLEFER

(202) 659-0830  
FACSIMILE: (202) 828-5568

AFFILIATED SOUTH AMERICAN OFFICES

ESTUDIO JAUREGUI & ASSOCIATES  
BUENOS AIRES, ARGENTINA

EUGENE MALISZEWSKYJ  
ENGINEERING CONSULTANT

June 29, 2015

ARTHUR BLOOSTON  
1914 – 1999

WRITER'S CONTACT INFORMATION

[gjd@bloostonlaw.com](mailto:gjd@bloostonlaw.com)

202-828-5528

**REDACTED – FOR PUBLIC INSPECTION**

*VIA HAND DELIVERY AND ECFS*

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

**RE: Form 481 – Carrier Annual Reporting Data Collection Form  
WC Docket No. 14-58  
The Chillicothe Telephone Company (SAC 300597)**

Dear Ms. Dortch:

Pursuant to sections 54.313(i) and 54.422(c) of the Commission's Rules and the Commission's *Protective Order*<sup>1</sup> in this proceeding, The Chillicothe Telephone Company ("the Company") hereby submits two copies of its "FCC Form 481 – Carrier Annual Reporting Data Collection Form," which will be timely filed with the Universal Service Administrative Company and the appropriate state commission on or before July 1, 2014, and which includes a Redacted Confidential Document containing proprietary and confidential financial and 5-year service quality improvement plan progress report information that has been obscured.

<sup>1</sup> *In the Matter of Connect America Fund, et al.*, PROTECTIVE ORDER, WC Docket No. 10-90, et al., DA 15-712, released June 17, 2015.

**REDACTED – FOR PUBLIC INSPECTION**

The Company seeks confidential treatment under the *Protective Order* for the financial information included in its report pursuant to §54.313(f)(2). Confidential treatment of this information is appropriate on the grounds that it is commercially sensitive information that is not normally released to the public. The Company is also submitting a copy of its FCC Form 481 (including the Redacted Confidential Document) via the Electronic Comment Filing System.

The Company has submitted a separate letter requesting confidential treatment pursuant to Section 0.459 of the Commission's Rules for proprietary and confidential information contained in its progress report regarding its five-year service quality improvement plan.

Respectfully submitted,

**The Chillicothe Telephone Company**

By:

  
Gerard J. Duffy

Its Attorney

LAW OFFICES  
BLOOSTON, MORDKOFKY, DICKENS, DUFFY & PRENDERGAST, LLP  
2120 L STREET, NW, SUITE 300  
WASHINGTON, DC 20037

HAROLD MORDKOFKY  
BENJAMIN H. DICKENS, JR.  
JOHN A. PRENDERGAST  
GERARD J. DUFFY  
RICHARD D. RUBINO  
MARY J. SISAK  
D. CARY MITCHELL  
SALVATORE TAILLEFER, JR.

(202) 659-0830  
FACSIMILE: (202) 828-5568

AFFILIATED SOUTH AMERICAN OFFICES

ESTUDIO JAUREGUI & ASSOCIATES  
BUENOS AIRES, ARGENTINA

EUGENE MALISZEWSKYJ  
ENGINEERING CONSULTANT

ARTHUR BLOOSTON  
1914 – 1999

June 29, 2015

WRITER'S CONTACT INFORMATION

(202) 828-5528  
gjd@bloostonlaw.com

**REDACTED – FOR PUBLIC INSPECTION**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, SW, Room TW-A325  
Washington, DC 20554

**RE: Rule Section 0.459 Request for Confidential Treatment  
The Chillicothe Telephone Company (SAC 300597)  
WC Docket No. 14-58  
FCC Form 481 – Carrier Annual Reporting Data Collection Form**

Dear Ms. Dortch:

The Chillicothe Telephone Company (“the Company”), by its attorney, hereby requests, pursuant to Section 0.459 of the Commission’s Rules, that the redacted portions of the Company’s “5-Year Plan Progress Report” be withheld from public inspection.

In accordance with Section 0.459(b) of the Commission’s Rules, the Company states:

1. The specific information for which confidentiality is sought is comprised of a report stating the capital investments and operating expenses that the Company made during first year of its 5-Year Plan.
2. This information is submitted in compliance with the requirement in Section 54.313(a)(1) of the Commission’s Rules that recipients of high-cost support submit a progress report on their five-year service quality improvement plans.

**REDACTED – FOR PUBLIC INSPECTION**

3. This information regarding the nature and timing of the Company's construction and network improvement plans, and its capital expenditures and related operating expenses, is proprietary and confidential commercial and financial information that is routinely withheld from public inspection.

4. The voice and broadband services for which the 5-year service improvement plans have been prepared are subject to actual competition from a cable television system operator, as well as potential competition from competitive local exchange carriers, electric power utilities, fixed and mobile wireless service providers, and/or satellite carriers.

5. Again, even if the Company did not have an active competitor, there are numerous potential competitors and the nature and scheduling of the Company's network upgrades and the size and timing of its related capital and operating expenditures constitute very valuable competitive intelligence that can greatly assist the planning of any entity that may be contemplating entry into one or more portions of the Company's service area.

6. The Company limits internal access to its 5-year service improvement plan and progress reports to its key employees and consultants who need the information for planning, reporting and management purposes. The plan and progress reports are not posted on any Company website, or included in any Company press releases, reports or other documents that are available to the general public or to unrestricted portions thereof.

7. The Company does not make its 5-year service improvement plan or progress reports available to the public, and has not previously disclosed its plan or reports to third parties.

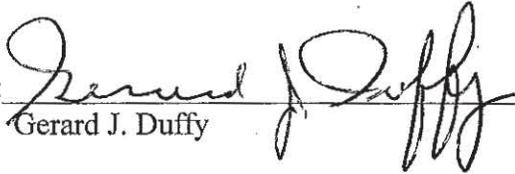
8. The Company requests that the individual annual charts included in the plan and the annual progress reports not be available for public disclosure until at least the end of the next full calendar year following the calendar year to which they apply. Competitors and potential competitors should not be able to see the Company's network deployment plans and actual expenditures for a particular year prior to the year, during the year, or during the year following the year (particularly because weather and other factors can cause construction delays). After that period, projects are generally completed, and competitors are able to observe directly or read published reports of what the Company actually did to improve its network and services.

**REDACTED – FOR PUBLIC INSPECTION**

The Company notes that it is also redacting and claiming confidential treatment, pursuant to the Bureau's *Protective Order*, DA 15-712, released June 17, 2015, for the financial information submitted in compliance with the requirements of Section 54.313(f)(2) of the Commission's Rules.

Respectfully submitted,  
**The Chillicothe Telephone Company**

By:

  
Gerard J. Duffy

Its Attorney

FCC Form 484 - Carrier Annual Reporting Data Collection Form		FCC Form 484 OMB Control No. 3045-0046/OMB Control No. 3045-0049 10/2012
---	--	--

<010> Study Area Code	300597
<015> Study Area Name	THE CHILLICOTHE TEL
<020> Program Year	2016
<030> Contact Name: Person USAC should contact with questions about this data	Jeff Blevins
<035> Contact Telephone Number: Number of the person identified in data line <030>	7407728327 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	jeff.blevins@horizontal.com

ANNUAL REPORTING FOR ALL CARRIERS		Completion Required	Completion Required
-----------------------------------	--	---------------------	---------------------

		(check box when complete)	
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> ← check box if no outages to report		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	[Redacted] (attach descriptive document)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	31	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	300597oh330.pdf (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	0.12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> [Redacted]	300597oh510.pdf (attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> [Redacted]	300597oh610.pdf (attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability Certification	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010> [Redacted]	300597oh1010.pdf (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Certify whether terrestrial backhaul options exist (Yes or No)	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet			
<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

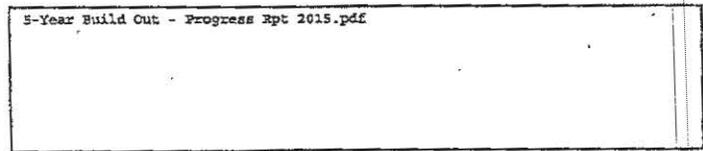
(100) Service Quality Improvement Reporting Data Collection Form  
 FCC Form 311  
 OMB Control No. 3030-0086/OMB Control No. 3030-0089  
 July 2015

<010> Study Area Code 300597  
 <015> Study Area Name THE CHILLICOTHE TEL  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Jeff Blevins  
 <035> Contact Telephone Number - Number of person identified in data line <030> 7407728327 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> jeff.blevins@horizontal.com

<110> Has your company received its ETC certification from the FCC? (yes / no)    
 If your answer to Line <110> is yes, do you have an existing §54.202(a) "5  
 <111> 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.



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

Yes
Not Applicable









(900) Tribal Lands Reporting Data Collection Form	FCC Form 491 OMB Control No. 3060-0325/OMB Control No. 3040-0049 July 2013
--	--

<010> Study Area Code	300597
<015> Study Area Name	THE CHYLICOTHE TEL
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035> Contact Telephone Number - Number of person identified in data line <030>	7407728337 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontel.com

<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:

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

Select Yes or No or Not Applicable

1100) No. Terrestrial Backhaul Reporting  
 Data Collection Form

FCC Form 481  
 OMB Control No. 3060-0936/OMB Control No. 3060-0349  
 July 2013

<010>	Study Area Code	300597
<015>	Study Area Name	THE CHILLICOOTHE TEL
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035>	Contact Telephone Number - Number of person identified in data line <030>	7407728327 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontal.com

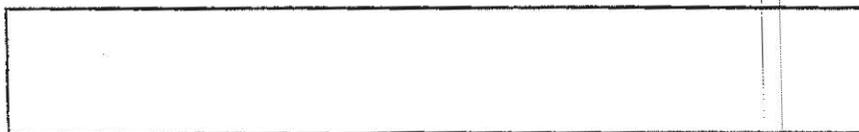
<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<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).

1209) Terms and Conditions for Lifeline Customers Lifeline Data Collection Form	FCC Form 434 OMB Control No. 3060-0935/OMB Control No. 3060-0815 July 2013
---	--

<010> Study Area Code	300597
<015> Study Area Name	THE CHALICOTHE TEL
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035> Contact Telephone Number - Number of person identified in data line <030>	7407728327 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontal.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans



Name of Attached Document

<1220> Link to Public Website

HTTP [www.horizontal.com](http://www.horizontal.com)

"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 Issuing Office of Federal Circuit Judges Affiliated with the Federal Communications Commission	FCC Form 488 OMB Control No. 3067-0075 OMB Control No. 3068-0019 July 2015
---	--

<010>	Study Area Code	
<015>	Study Area Name	300597
<020>	Program Year	THE CHALLENGERS TEL
<030>	Contact Name - Person USAC should contact regarding this data	2016
<035>	Contact Telephone Number - Number of person identified in data line <030>	JEFF BLIVINS
<039>	Contact Email Address - Email Address of person identified in data line <030>	760726327@ATT JEFF.BLIVINS@SPRINTNEXTEL.COM

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)}

- <2015> 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	ES Form 424
Data Collection Form	OMB Control No. 2050-0089/OMB Reporting No. E0300-010
	July 2013

<010> Study Area Code **300587**

<015> Study Area Name **THE CHILLICOTHE TEL**

<020> Program Year **2015**

<030> Contact Name - Person USAC should contact regarding this data **Jeff Blevins**

<035> Contact Telephone Number - Number of person identified in data line <030> **740728327 ext.**

<036> Contact Email Address - Email Address of person identified in data line <030> **jeff.blevins@horizontal.com**

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)(ii))

5-Year Build Out - Progress Rpt 2015.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))

Name of Attached Document Listing Required Information

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

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

(3012) 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

300597oh3026.pdf

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

Model 100 Form, Carry Forward Information (Continued) OMB Control No. 1545-0047  
 Date of this Report OMB Control No. 1545-0047  
 City, State OMB Control No. 1545-0047

<010> Study Area Code	300597
<015> Study Area Name	THE CHILLICOTHE TEL
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035> Contact Telephone Number - Number of person identified in data line <030>	7407738327 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontel.com

Financial Data Summary

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

Certification Reporting Carrier  
Data Collection Form

USAC Form 2500  
OMB Control No. 3045-0166  
Date: 07/2015

<010>	Study Area Code	300597
<015>	Study Area Name	THE CHILLICOTHE TEL
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035>	Contact Telephone Number - Number of person identified in data line <030>	7407728327 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontel.com

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

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	THE CHILLICOTHE TEL
Signature of Authorized Officer:	CERTIFIED ONLINE Date 06/23/2015
Printed name of Authorized Officer:	Pete Holland
Title or position of Authorized Officer:	CFO
Telephone number of Authorized Officer:	7407728547 ext.
Study Area Code of Reporting Carrier:	300597 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.	

Verification Agent/Carrier  
Data Collection Form

Form No. 101  
OMB Control No. 3008-0086/OMB Control No. 3008-0086  
July 2018

<010> Study Area Code	300597
<015> Study Area Name	THE CHILLICOTHE TEL
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035> Contact Telephone Number - Number of person identified in data line <030>	740728327 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontal.com

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

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. 55 502, 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	
As agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent or Employee of Agent:	
Signature of Authorized Agent or Employee of Agent:	Date:
Printed name of Authorized Agent or Employee of Agent:	
Title or position of Authorized Agent or Employee of Agent:	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. 55 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments







June 15, 2015

Unfulfilled Broadband Service Requests Resolution

Horizon's customer care department tracks customer's requests for services the Company does not currently offer in the customer's area. In addition, Horizon's engineering department maintains a "Box Evaluation Maintenance" database which identifies exchange, box location, build date, build-out cost, work order number, and other data relevant to expanding broadband services.

The custom care department periodically sends a list of requesting customers to the engineering department. Engineering adds the customer data to its database and ticks a box for "customer request." As the customers serving area is upgraded for broadband and the broadband meets the customer's request (assuming the request was reasonable), engineering will send an updated customer request for service list back to customer care.

Customer care will make a "warm" call and notify the customer has upgraded services in their area and inquire if they would like to purchase a new or upgraded broadband package.

Respectfully,

A handwritten signature in black ink, appearing to read "P. Holland", written over a horizontal line.

Pete Holland  
The Chillicothe Telephone Company  
68 E Main St.  
Chillicothe, OH 45601  
(740) 772-8547



June 10, 2015

The Company complies with applicable federal and Ohio service quality standards and consumer protection rules with respect to its basic local exchange services and Lifeline services, including requirements regarding contractual terms and conditions, rates, rate increases, lists of features and services, deposits, directories, billing periods, late payment fees, repair commitments, out-of-service credits, disconnection and reconnection.

Respectfully,

A handwritten signature in black ink, appearing to read "P. Holland", written over a horizontal line.

Pete Holland  
The Chillicothe Telephone Company  
68 E Main St.  
Chillicothe, OH 45601  
(740) 772-8547



June 10, 2015

The Company has examined the ability of its network to remain functional in the event of the occurrence of the types of emergency situations likely to impact its central Ohio service area (e.g., severe snow and ice storms, lightning storms, tornados, earthquakes, forest fires, nuclear power plant accidents). On the basis of its risk assessments, the Company has determined that it has available a reasonable amount of back-up power to ensure the functionality of its affected exchanges for at least 4 days without an external power source. The Company also has concluded from its risk assessments that its network has reasonable and sufficient options for routing traffic around the facilities most likely to be damaged in the relevant emergencies, and that its network has sufficient capacity to manage most traffic spikes resulting from such emergencies.

Respectfully,

A handwritten signature in black ink, appearing to read "Pete Holland", written over a horizontal line.

Pete Holland  
The Chillicothe Telephone Company  
68 E Main St.  
Chillicothe, OH 45601  
(740) 772-8547



June 19, 2015

Description of Voice Services Rate Compatibility

Horizon's voice pricing is no more than two standard deviations above the applicable national average urban rate floor for voice services. Per DA 15-470, released April 16, 2015, the Wireline Competition Bureau announced the results of the 2015 rate floor for ILECs in urban areas is \$21.22.

In compliance with WC Docket No. 15-75, "In the Matter of Material to be Filed in Support of 2015 Annual Access Tariff Filings", released April 14, 2015, "For switched access services, ILECs regulated pursuant to sections 61.38 and 61.39 of the Commission's rules must complete the ARC spreadsheets." On June 16, 2015, Horizon submitted the ARC spreadsheets which contain the detail for voice pricing. Horizon's rate ceiling is 28.70 with federal subscriber line charge. The following table is a snapshot of the data filed with the Commission.

**Table 1 – ARC TRP with Voice Rates**

Filing Date: 6/16/2015  
 Holding Company: Horizon Telcom  
 Filing Name: The Chillicothe Telephone Company

ARC-CAF-1

Study Area	EXCHANGES	RESIDENCE/ NP / BRU / SLB (excluding Lifeline)							State	Federal	Total Cmt Yr Rate Ceiling w/o ARC	Max Total Rate Ceiling Since 2012	Maximum Rate Ceiling to date
		Stand-alone RI rate	Mandatory EAS	Mandatory		E911	TRB	USF					
				Zone Charges	State SLC								
Ohio	Chillicothe	\$ 22.00	\$ -	\$ -	\$ -	\$0.20	\$0.00	\$0.00	\$6.50	\$28.70	\$28.70	\$28.70	
Ohio	Bainbridge	\$ 22.00	\$ -	\$ -	\$ -	\$0.20	\$0.00	\$0.00	\$6.50	\$28.70	\$28.70	\$28.70	
Ohio	Bourenville	\$ 22.00	\$ -	\$ -	\$ -	\$0.20	\$0.00	\$0.00	\$6.50	\$28.70	\$28.70	\$28.70	
Ohio	Clarksburg	\$ 22.00	\$ -	\$ -	\$ -	\$0.20	\$0.00	\$0.00	\$6.50	\$28.70	\$28.70	\$28.70	
Ohio	Frankfort	\$ 22.00	\$ -	\$ -	\$ -	\$0.20	\$0.00	\$0.00	\$6.50	\$28.70	\$28.70	\$28.70	
Ohio	Hallsville	\$ 22.00	\$ -	\$ -	\$ -	\$0.20	\$0.00	\$0.00	\$6.50	\$28.70	\$28.70	\$28.70	
Ohio	Kingston	\$ 22.00	\$ -	\$ -	\$ -	\$0.20	\$0.00	\$0.00	\$6.50	\$28.70	\$28.70	\$28.70	
Ohio	Londonderry	\$ 22.00	\$ -	\$ -	\$ -	\$0.20	\$0.00	\$0.00	\$6.50	\$28.70	\$28.70	\$28.70	
Ohio	Massville	\$ 22.00	\$ -	\$ -	\$ -	\$0.20	\$0.00	\$0.00	\$6.50	\$28.70	\$28.70	\$28.70	
Ohio	Richmond Dale	\$ 22.00	\$ -	\$ -	\$ -	\$0.20	\$0.00	\$0.00	\$6.50	\$28.70	\$28.70	\$28.70	

Respectfully,

Pete Holland  
 The Chillicothe Telephone Company  
 68 E Main St.  
 Chillicothe, OH 45601  
 (740) 772-8547

REDACTED – FOR PUBLIC INSPECTION



**5-Year Plan**  
**Progress Report**  
Improvements and Upgrades

---

Horizon Chillicothe Telephone Company

---

## CONTENTS

---

Original Reporting Requirements	2
Progress Report	2
Coverage Targets	2
Year 1 Progress Report	2
USF Support Improves Service Coverage and Capacity	3
Year 1 Progress Report	3

## Original Reporting Requirements

The Five-year service quality improvement plan (5-year Plan) was filed July 1, 2014 pursuant to 47 C.F.R. § 54.202 "Additional requirements for Commission designation of eligible telecommunications carriers". Specifically, § 54.202(a)(1) requires a carrier to demonstrate that it complies with the service requirements applicable to the support that it receives.

The Commission required that all rate-of-return ETCs receiving support are taking reasonable steps to offer broadband service meeting the new deployment minimum standards of the 4 Mbps/1 Mbps established throughout their service area, and that requests for such service are met within a reasonable amount of time. The 5-year Plan document established that Horizon was planning to meet its obligation to provide 4 Mbps/1 Mbps broadband service and use all federal high cost support to meet such obligations. In addition, per WC Docket No. 10-90, released December 18, 2014, if a reasonable request is made for 10 Mbps /1 Mbps, Horizon will provide the service.

## Progress Report

Per 47 C.F.R. § 54.313(a)(1), an ETC must submit progress report on its five-year service quality improvement plan pursuant to § 54.202(a), including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year. The information shall be submitted at the wire center level.

---

### Coverage Targets

---

#### Year 1 Progress Report

Year's 1 focus is increasing coverage and capacity. Horizon identified dense household areas which were close to existing fiber routes. The densest areas were targeted for additional equipment installations which would offer of 4 Mbps/1 Mbps or greater broadband service to previously uncovered households. Horizon's new equipment installations are typically 10 Mbps/1 Mbps or greater.

Horizon was able to identify how many new equipment boxes were required by pointing to the center of dense household areas and then drawing a distance reach circle around each pointer. Also, Horizon covers the majority of anchor institutes in its serving area. The red stars in the maps are the anchor

institutes. See Attachment A through D for the target coverage areas, by year, colored blue and stars for anchor institutes.

Horizon met its first year target with increasing capacity in 6 exchanges. In Year 1, the households benefiting from increased coverage and capacity of service covered an estimated [REDACTED] people. Service quality is improved by upgrading equipment and capacity. Table 1 identifies the targeted coverage by exchange and wire center.

**Table 1 – Target Population by Wire Center Year**

<b>Wire Center</b>	<b>Planned Population Target</b>
<b>Year 1</b>	
Bainbridge	[REDACTED]
Bourneville	[REDACTED]
Chillicothe	[REDACTED]
Frankfort	[REDACTED]
Hallsville	[REDACTED]
Richmond Dale	[REDACTED]
<b>Total</b>	[REDACTED]

The projected start date and completion date for year 1 is the preceding calendar year.

---

## USF Support Improves Service Coverage and Capacity

---

### Year 1 Progress Report

In the 5-year Plan, Horizon identified the ongoing capital improvements and supporting expenses associated with the voice and broadband network. The amount of investment for year 1 plan is [REDACTED] in capitalized investment. The total cost of meeting its universal service obligations was \$ [REDACTED]. Table 2 identifies the total costs associated with all loop plant, including year 1 improvements to coverage and capacity.

Table 2 – Year 1 Costs Providing Universal Service Obligations

Wire Center	Annual Capital Upgrades	Capitalized Expenses	Total Capital Costs	Plant Specific Expenses	Other Operating Expenses	Total Costs
<b>Year 1</b>						
Bainbridge						
Bourneville						
Chillicothe						
Frankfort						
Hallsville						
Richmond Dale						
<b>Total</b>						

As required in a progress report update, Horizon has identified how much universal service support was received and used to improve coverage and capacity in year 1. The total USF Support received for the service period year 1 was \$ [REDACTED]. The Company appropriately earmarked its USF Support for capitalized investment and operating costs. The USF Support was appropriated to the two cost pools as identified in Table 3.

Table 3 – Use of Universal Service Support

Wire Center	Total Costs	Total Federal Universal Service Support	USF for Capital Expense	USF for Operating Expense	Costs Meet or Exceed High Costs Program
<b>Year 1</b>					
Bainbridge					
Bourneville					
Chillicothe					
Frankfort					
Hallsville					
Richmond Dale					
<b>Total</b>					

The Company's 5-year Plan for years 2 through 5 are unchanged from the original filed plan. Attachment E is a summary of year 1 through year 5 universal service obligation costs and USF.

REDACTED - FOR PUBLIC INSPECTION

Attachment A

# The Chillicothe Telephone Company The Five Year Service Quality Improvement Plan (Part 54.202)



REDACTED - FOR PUBLIC INSPECTION

Attachment B

# The Chillicothe Telephone Company The Five Year Service Quality Improvement Plan (Part 54.202)



REDACTED - FOR PUBLIC INSPECTION

Attachment C

# The Chillicothe Telephone Company The Five Year Service Quality Improvement Plan (Part 54.202)



# The Chillicothe Telephone Company The Five Year Service Quality Improvement Plan (Part 54.202)



**Table A – Year 1 Build-out Costs and High Cost Support**

Wire Center	Planned Population Target	Service Capacity	New Equipment Cost	Box to Poles Fiber	Annual Capital Upgrades	Total Costs	Total Federal Universal Service Support	USF for Capital Expense	USF for Operating Expense	Costs Meet or Exceed High Costs Program
<b>Year 1</b>										
Bainbridge										
Bourneville										
Chillicothe										
Frankfort										
Hallsville										
Richmond Dale										
<b>Total</b>										

**Table B - Year 2 Build-out Costs and High Cost Support**

Wire Center	Planned Population Target	Service Capacity	New Equipment Cost	Box to Poles Fiber	Annual Capital Upgrades	Total Costs	Total Federal Universal Service Support	USF for Capital Expense	USF for Operating Expense	Costs Meet or Exceed High Costs Program
<b>Year 2</b>										
Bainbridge										
Bourneville										
Chillicothe										
Frankfort										
Hallsville										
Richmond Dale										
<b>Total</b>										

**Table C - Year 3 Build-out Costs and High Cost Support**

Wire Center	Planned Population Target	Service Capacity	New Equipment Cost	Box to Poles Fiber	Annual Capital Upgrades	Total Costs	Total Federal Universal Service Support	USF for Capital Expense	USF for Operating Expense	Costs Meet or Exceed High Costs Program
<b>Year 3</b>										
Bourneville										
Chillicothe										
Frankfort										
Kingston										
Londonderry										
<b>Total</b>										

**Table D - Year 4 Build-out Costs and High Cost Support**

Wire Center	Planned Population Target	Service Capacity	New Equipment Cost	Box to Poles Fiber	Annual Capital Upgrades	Total Costs	Total Federal Universal Service Support	USF for Capital Expense	USF for Operating Expense	Costs Meet or Exceed High Costs Program
<b>Year 4</b>										
Bainbridge										
Bourneville										
Clarksburg										
Frankfort										
Hallsville										
Massieville										
Richmond Dale										
<b>Total</b>										

**Table E - Year 5 Build-out Costs and High Cost Support**

Wire Center	Planned Population Target	Service Capacity	New Equipment Cost	Box to Poles Fiber	Annual Capital Upgrades	Total Costs	Total Federal Universal Service Support	USF for Capital Expense	USF for Operating Expense	Costs Meet or Exceed High Costs Program
<b>Year 5</b>										
Bainbridge										
Bourneville										
Chillicothe										
Clarksburg										
Frankfort										
Kingston										
Londonderry										
Massieville										
Richmond Dale										
<b>Total</b>										

**MOSS-ADAMS** LLP  
Certified Public Accountants | Business Consultants

## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
Horizon Telcom, Inc.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Horizon Telcom, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

**REPORT OF INDEPENDENT AUDITORS (continued)**

---

***Auditor's Responsibility (continued)***

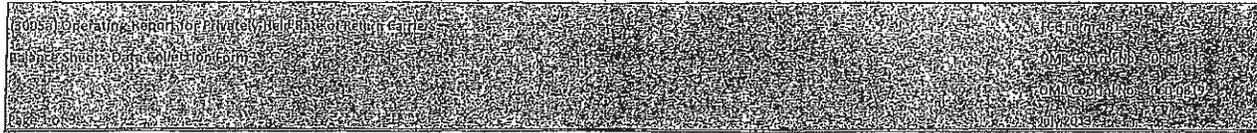
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Horizon Telcom, Inc. and its subsidiaries as of December 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.

*Mass Adams LLP*

Overland Park, Kansas  
March 27, 2015



<010> Study Area Code: 300597  
 <015> Study Area Name: The Chillicothe Telephone Company  
 <020> Program Year: 2014  
 <030> Contact Name - Person USAC should contact regarding this data: Don Barnhart  
 <035> Contact Telephone Number - Number of person identified in data line <030>: 740-772-8348  
 <039> Contact Email Address - Email Address of person identified in data line <030>: don.barnhart@horizontal.com

Filed as reviewed single company  Filed as audited single company   
 Filed as reviewed consolidated company  Filed as audited consolidated company   
 Filed as subsidiary of reviewed consolidated company  Filed as subsidiary of audited consolidated company

**CERTIFICATION**  
 We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

*[Signature]* \_\_\_\_\_ Date \_\_\_\_\_  
 Signature Date

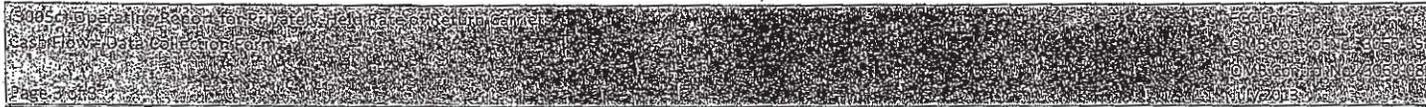
**PART A. BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat. Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTD Notes		
9. Other Current Assets			38. Funded Debt-FFD Notes		
10. Total Current Assets (1 thru 9)			39. Funded Debt-Other		
			40. Funded Debt-Rural Develop. Loan		
<b>NONCURRENT ASSETS</b>			41. Premium (Discount) on L/T Debt		
11. Investment in Affiliated Companies			42. Recquired Debt		
a. Rural Development			43. Obligations Under Capital Lease		
b. Nonrural Development			44. Adv. From Affiliated Companies		
12. Other Investments			45. Other Long-Term Debt		
a. Rural Development			46. Total Long-Term Debt (36 thru 45)		
b. Nonrural Development			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
13. Nonregulated Investments			47. Other Long-Term Liabilities		
14. Other Noncurrent Assets			48. Other Deferred Credits		
15. Deferred Charges			49. Other Jurisdictional Differences		
16. Jurisdictional Differences			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
17. Total Noncurrent Assets (11 thru 16)			<b>EQUITY</b>		
			51. Cap. Stock Outstanding & Subscribed		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			52. Additional Paid-in-Capital		
18. Telecom, Plant-In-Service			53. Treasury Stock		
19. Property Held for Future Use			54. Membership and Cap. Certificates		
20. Plant Under Construction			55. Other Capital		
21. Plant Adj., Nonop. Plant & Goodwill			56. Patronage Capital Credits		
22. Less Accumulated Depreciation			57. Retained Earnings or Margins		
23. Net Plant (18 thru 21 less 22)			58. Total Equity (51 thru 57)		
24. TOTAL ASSETS (10+17+23)			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

(0009) Operating Income to Privately Held Date of Income Statement  
 Income Statement - Date of Collection Form  
 10/1/2014

<010> Study Area Code 300597  
 <025> Study Area Name The Chillicothe Telephone Company  
 <020> Program Year 2014  
 <030> Contact Name - Person USAC should contact regarding this data Don Barnhart  
 <035> Contact Telephone Number - Number of person identified in data line <030> 740-772-8348  
 <039> Contact Email Address - Email Address of person identified in data line <030> don.barnhart@horizontel.com

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOY YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins end-of-Period ((31+33+34)-(35+36+37+38))		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio ((1)+20-10-11)/7		
46. Operating Accrual Ratio ((1)+20+26)/7		
47. EFR ((1)+26)/26		
48. DSCR ((31+26+10+11)/44)		



<010> Study Area Code	300597
<015> Study Area Name	The Chillcothe Telephone Company
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Don Barnhart
<035> Contact Telephone Number - Number of person identified in data line <030>	740-772-8348
<039> Contact Email Address - Email Address of person identified in data line <030>	don.barnhart@horizontel.com

PART C. STATEMENTS OF CASH FLOWS	
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
2. Net Income	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3. Add: Depreciation	
4. Add: Amortization	
5. Other (Explain) -	<i>Deferred income tax, pension, and other post-retirement benefits</i>
Changes in Operating Assets and Liabilities	
6. Decrease/(Increase) in Accounts Receivable	
7. Decrease/(Increase) in Materials and Inventory	
8. Decrease/(Increase) in Prepayments and Deferred Charges	
9. Decrease/(Increase) in Other Current Assets	
10. Increase/(Decrease) in Accounts Payable	
11. Increase/(Decrease) in Advance Billings & Payments	
12. Increase/(Decrease) in Other Current Liabilities	
13. Net Cash Provided/(Used) by Operations	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
24. Net Capital Expenditures (Property, Plant & Equipment)	
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain)	
28. Net Cash Provided/(Used) by Investing Activities	
29. Net Increase/(Decrease) in Cash	
30. Ending Cash	



March 27, 2015

Moss Adams LLP  
7285 W. 132<sup>nd</sup> Street, Suite 220  
Overland Park, KS 66213

We are providing this letter in connection with your audits of the consolidated financial statements of Horizon Telecom, Inc., (the "Company"), which comprise the consolidated balance sheets as of December 31, 2014 and 2013 and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the years then ended and the related notes to the consolidated financial statements for the purpose of expressing an opinion as to whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$130,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 27, 2015.

#### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 30, 2014, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal controls which seek to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We are not aware of any uncorrected financial statement misstatements that are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Information Provided

9. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
  - b. Minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared;
  - c. Additional information that you have requested from us for the purpose of the audit;
  - d. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
10. All material transactions have been properly recorded in the accounting records and are reflected in the consolidated financial statements.
11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
12. We have no knowledge of any fraud or suspected fraud that affects the entity and involves—
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others when the fraud could have a material effect on the consolidated financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
14. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
15. We have disclosed to you all known possible or actual litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
16. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
17. Receivables recorded in the consolidated financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
18. We have reviewed long-lived assets for impairment whenever events or changes in circumstances have indicated that the carrying value amount of assets might not be recoverable. We have not identified any impairment that would require adjustment to the carrying values of long-lived assets.
19. The Company has satisfactory title to all owned assets, and there are no material liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed to you and reported in the consolidated financial statements.
20. We acknowledge that we are responsible for the financial statements, including the footnotes, and have the resources to prepare them in-house. We have elected to use Moss Adams to prepare the financial statements and footnotes. We have reviewed and approved the financial statements prepared by Moss Adams.
  - a. We have reviewed the eliminating entries and the amounts are reasonable. We are not aware of any additional transactions that should be eliminated from the financial statements.
21. We have reviewed and approved the tax accrual calculations and acknowledge that we are responsible for the accrual prepared by Moss Adams.
22. We acknowledge our responsibility for presenting the supplementary consolidating balance sheet and consolidating statement of operations in accordance with accounting principles generally accepted in the United States of America and we believe the supplementary information, including

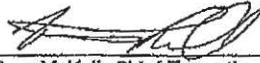
its form and content, is fairly presented, in all material respects, in accordance with such accounting principles. The methods of measurement and presentation of the supplementary information have not changed from those used in prior periods, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

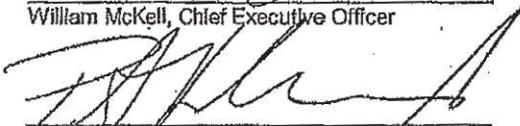
23. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Company vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
24. We have made estimates, based on the best information the Company has, for make ready obligations associated with the Company's fiber-optic network build-out. There will be on-going make ready activities in the years following the balance sheet date. While the Company is contractually obligated to pay for these activities, actual make ready costs are unknown as of December 31, 2014. We believe our estimates for future make ready obligations are reasonable, adequately disclosed, and do not qualify for accrual treatment under accounting standards.
25. We believe adequate provisions have been made to prepare and record access revenue estimates in compliance with rules established by the Federal Communications Commission and the National Exchange Carrier Association (NECA). We are unaware of any items or issues which would cause material true-up adjustments to revenues for the audit period as a result of differences between recorded access revenues based on our estimates and revenues that will result from the filing of the annual cost study with NECA.
26. We believe the allocation of costs between regulated and non-regulated operations is reasonable. NECA and USAC have not objected to the allocations in our regulatory filings and we are not aware of any adverse rulings from either agency that would require a return of revenues that have been earned to date.
27. Related party transactions are priced in accordance with the FCC's rules on affiliate transactions in Part 32.27.
28. We believe the Company has no material unrecorded asset retirement obligations associated with its property, plant, and equipment that are required to be accrued or disclosed.
29. The Company has no significant amounts of idle property and equipment or permanent excess capacity.
30. The Company has future plans to complete work orders that have been temporarily suspended and reclassified from telecommunications plant under construction to other noncurrent assets. Work orders for which the Company has charged to other nonoperating expense represent work orders suspended for which the Company has abandoned and has no plans to complete.
31. Access receivables recorded in the financial statements represent valid claims against interexchange carriers arising on or before the balance sheet date and have been appropriately reduced to their estimated realizable value.
32. Provision, when material, has been made for:
  - a. Losses to be sustained from inability to fulfill any sales commitments.
  - b. Losses to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.
  - c. Losses to be sustained as a result of the reduction of excess or obsolete inventories to their estimated net realizable value.
33. All cash deposits are in institutions whose accounts are insured by an agency of the Federal government.
34. Regarding inventory:

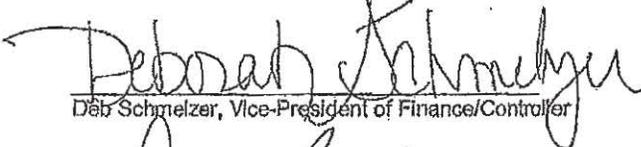
- a. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
  - b. The inventories were recorded and valued in substantially the same manner and on the same basis as the inventories at the close of the preceding year.
  - c. In our opinion, the amount reported on the balance sheet is a fair and proper valuation of the inventories.
35. Required federal and state income tax returns have been filed for previous years on a timely basis. We have informed you of all tax matters coming to our attention which may have a material effect on our financial statements. The Company has no material uncertain tax positions to be accounted for in the financial statements.
36. The calculations of current and deferred tax expense and/or benefit and related current and long-term deferred tax assets and liabilities have been determined based on appropriate provisions of applicable enacted tax laws and regulations.
37. A valuation allowance against deferred tax assets at the balance-sheet date is not considered necessary because it is more likely than not that the deferred tax asset will be fully utilized.
38. The Company has complied with contractual agreements that would have a material adverse effect on the financial statements in the event of noncompliance.
39. The Company is in compliance with all loan covenants associated with debt obligations to Cobank.
40. We are aware of all significant compliance requirements related to our BTOP funding and as of December 31, 2014, we believe that the Company met such requirements which were due as of December 31, 2014.
41. We believe that the deferred revenues recognized on the balance sheets for the BTOP, the Southern Ohio Health Care Network (SOHCN), and Verizon agreements are properly accounted for in accordance with the grant and contractual terms of the agreements.
42. We have evaluated all of the Company's indefeasible right to use (IRU) agreements and we believe that they qualify for operating lease treatment and that the IRUs have been properly accounted for as operating lease arrangements.
43. The assets associated with retirements recorded in our records are no longer used in providing service to our customers.
44. With regard to our defined postretirement benefit plans:
  - a. We agree with the findings of specialists in evaluating the Company's postretirement healthcare liability and pension plan liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
  - b. We believe the accrued postretirement benefit plan information provided by Aon Hewitt in their reports represents a reasonable estimate of the Company's accrued post-employment benefit obligation as of December 31, 2014.
  - c. We believe that the assumptions used by Aon Hewitt to calculate the accrued postretirement benefit plan liabilities at December 31, 2014 are reasonable. These assumptions include, but are not limited to: number of eligible employees, discount rate, expected return on plan assets, probabilities of withdrawals, retirement, and mortality.
  - d. We have disclosed to you all significant postretirement benefits promised and have made available to you all significant summary plan descriptions, benefit communications, and all other relevant information, including plan changes that constitute the plan.
45. Share-based payments have been accounted for in accordance with the provisions of FASB Accounting Standards Codification 718, Compensation - Stock Compensation. The assumptions used to estimate the fair value of employee stock options granted are based on management's best estimate using the most available facts. Included in the determination of the fair value of the stock options is the fair value of the underlying common stock. The Board of Directors' analysis of the

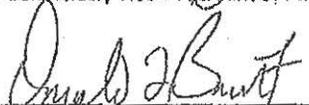
fair value of the common stock on the grant date was based on recent trades of shares of Horizon Telcom, Inc.'s common stock, Horizon Telcom, Inc.'s historical financial performance and its projected financial results, as well as other matters.

46. All contributions to employee benefit plans have been authorized by management and are reflected in the consolidated financial statements.
47. We reached agreement with CoBank for a Second Amended and Restated Credit Agreement, which was effective January 2, 2014. The restated credit agreement is interest-only until January 1, 2016 with all principal due at that time. As a result, there is no current portion of long-term debt reported in the financial statements.
48. We believe that the restructured debt agreement includes interest rates that were the best available in the market place based on the Company's current financial situation. Therefore, we believe the carrying value of the debt approximates its fair value.
49. We are currently in discussions with lenders to refinance our long-term debt obligations beyond January 2, 2016.

  
\_\_\_\_\_  
William McKell, Chief Executive Officer

  
\_\_\_\_\_  
Peter Holland, Chief Financial Officer

  
\_\_\_\_\_  
Deb Schmelzer, Vice-President of Finance/Controller

  
\_\_\_\_\_  
Don Barnhart, Manager of Accounting