

REDACTED - FOR PUBLIC INSPECTION

July 1, 2015

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

ATTENTION: WIRELINE COMPETITION BUREAU

RE: Form 481 ETC filing pursuant to Sections 54.313 and 54.422
SAC 361374, MN, Arrowhead Communications Corporation
Connect America Fund WC Dockets 10-90, 11-42 and 14-58

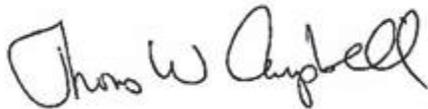
Dear Ms. Dortch:

Pursuant to Sections 54.313 and 54.422 of Commission's Rules, Arrowhead Communications Corporation, MN, SAC 361374 is filing its Form 481 High Cost and Low-Income Annual Report.

Arrowhead Communications Corporation seeks confidential treatment under the Protective Order in this proceeding for Section 54.313(f)(2) financial information in the 481 filing ¹ and for Section 54.202(a) 5 Year Service Quality Improvement Plan portion of the 481 filing pursuant to the Request for Confidential Treatment attached to this filing. Pursuant to the Protective Order, one copy of the confidential document and two copies of the redacted version are provided. The Redacted version is also being filed on the Electronic Comment Filing System.

Please address any correspondence regarding this transmittal to the attention of Tom Campbell at the following address, e-mail or telephone number.

Sincerely,



Tom Campbell
Telecommunications Consultant
tcampbell@otcpas.com
651-621-8511 (v)
651-483-2467 (f)

Enclosures

CC: Mr. Charles Tyler, FCC Telecommunications Access Policy Division (two copies confidential)

¹ See Protective Order 27, WC Docket Nos. 10-90 et al, Rec 14231 rel. November 16 ("Order")

FCC Form 481 - Carrier Annual Reporting
Data Collection Form

<010> Study Area Code	361374
<015> Study Area Name	ARROWHEAD COMM CORP
<020> Program Year	2016
<030> Contact Name: Person USAC should contact with questions about this data	Tom Campbell
<035> Contact Telephone Number: Number of the person identified in data line <030>	6516218511 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	tcampbell@otcpas.com

ANNUAL REPORTING FOR ALL CARRIERS	54.313	54.422
	Completion Required	Completion Required

			(check box when complete)	
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<410> Fixed	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<420> Mobile	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<440> Fixed	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<450> Mobile	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<510> <div style="border: 1px solid black; padding: 2px;">361374mn510.pdf</div>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<610> <div style="border: 1px solid black; padding: 2px;">361374mn610.pdf</div>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	<input checked="" type="radio"/> <input type="radio"/> (if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability Certification	<input type="text" value="Yes"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<1010> <div style="border: 1px solid black; padding: 2px;">361374mn1010.pdf</div>	(attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<1100> Certify whether terrestrial backhaul options exist (Yes or No)	<input checked="" type="radio"/> <input type="radio"/> (if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

<2000> Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**(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 361374

<015> Study Area Name ARROWHEAD COMM CORP

<020> Program Year 2016

<030> Contact Name - Person USAC should contact regarding this data Tom Campbell

<035> Contact Telephone Number - Number of person identified in data line <030> 6516218511 ext.

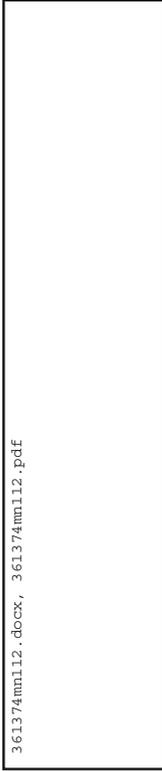
<039> Contact Email Address - Email Address of person identified in data line <030> tcampbell@otcpas.com

<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 "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.



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.	Yes

**(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 361374
 <015> Study Area Name ARROWHEAD COMM CORP
 <020> Program Year 2016
 <030> Contact Name - Person USAC should contact regarding this data Tom Campbell
 <035> Contact Telephone Number - Number of person identified in data line <030> 6516218511 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> tcampbell@ctcpas.com

<910> Tribal Land(s) on which ETC Serves
 Leech Lake Band of Ojibwe

<920> Tribal Government Engagement Obligation
 361374mm920.pdf

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
Yes

- <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	361374
<015>	Study Area Name	ARROWHEAD COMM CORP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Tom Campbell
<035>	Contact Telephone Number - Number of person identified in data line <030>	6516218511 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tcampbell@otcpas.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).

**(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	361374
<015>	Study Area Name	ARROWHEAD COMM CORP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	
<035>	Contact Telephone Number - Number of person identified in data line <030>	Tom Campbell 6516218511 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tcampbell@otcpas.com

<1210>	Terms & Conditions of Voice Telephony Lifeline Plans			
<1220>	Link to Public Website	HTTP		



Name of Attached Document

"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 351374

<015> Study Area Name AKROWHEAD COMM CORP

<020> Program Year 2016

<030> Contact Name - Person USAC should contact regarding this data Tom Campbell

<035> Contact Telephone Number - Number of person identified in data line <030> 6516246511 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> tcampbell@otcpas.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))

- <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

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 361374
 <015> Study Area Name ARROWHEAD COMM CORP
 <020> Program Year 2016
 <030> Contact Name - Person USAC should contact regarding this data Tom Campbell
 <035> Contact Telephone Number - Number of person identified in data line <030> 6516218511 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> tcampbell@ot-cbas.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))
 361374mn3010.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.
 361374mn3012.pdf
 Name of Attached Document Listing Required Information

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

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))
 (3014) If yes, does your company file the RUS annual report
 361374mn3012.pdf
 Name of Attached Document Listing Required Information (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
 361374mn3026.pdf
 Name of Attached Document Listing Required Information (Yes/No) (Yes/No)

(3018) If the response is no on line 3014, is your company audited?
 If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:
 (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
 361374mn3026.pdf
 Name of Attached Document Listing Required Information

(3026) Attach the worksheet 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 361374
 <015> Study Area Name ARROWHEAD COMM CORP
 <020> Program Year 2016
 <030> Contact Name - Person USAC should contact regarding this data Tom Campbell
 <035> Contact Telephone Number - Number of person identified in data line <030> 6516218511 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> tcampbell1@otcpas.com

Financial Data Summary	
(3027) Revenue	682428
(3028) Operating Expenses	983953
(3029) Net Income	-126550
(3030) Telephone Plant In Service(TPIS)	5823859
(3031) Total Assets	761325
(3032) Total Debt	0
(3033) Total Equity	620525
(3034) Dividends	0

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	361374
<015>	Study Area Name	ARROWHEAD COMM CORP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Tom Campbell
<035>	Contact Telephone Number - Number of person identified in data line <030>	6516218511 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tcampbell@otcpas.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:	
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
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<010>	Study Area Code	361374
<015>	Study Area Name	ARROWHEAD COMM CORP
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Tom Campbell
<035>	Contact Telephone Number - Number of person identified in data line <030>	6516218511 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tcampbell@otcpas.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) <u>Tom Campbell</u> 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:	Tom Campbell
Name of Reporting Carrier:	ARROWHEAD COMM CORP
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 06/26/2015
Printed name of Authorized Officer:	Staci Malinkowski
Title or position of Authorized Officer:	Chief Financial Officer
Telephone number of Authorized Officer:	2183468498 ext.
Study Area Code of Reporting Carrier:	361374 Filing Due Date for this form: 07/01/2015
<small>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.</small>	

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:	ARROWHEAD COMM CORP
Name of Authorized Agent or Employee of Agent:	Tom Campbell
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 06/25/2015
Printed name of Authorized Agent or Employee of Agent:	Tom Campbell
Title or position of Authorized Agent or Employee of Agent:	Consultant
Telephone number of Authorized Agent or Employee of Agent:	6516218511 ext.
Study Area Code of Reporting Carrier:	361374 Filing Due Date for this form: 07/01/2015
<small>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.</small>	

Attachments

Arrowhead Comm Corp
PROGRESS REPORT ON SERVICE QUALITY IMPROVEMENT PLAN

OVERVIEW

This document contains the required responses for Section (100) Service Quality Improvements Reporting within the FCC Form 481. It is in compliance with 54.313(a)(1) adopted in the FCC's USF/ICC Transformation Order (11-161) and incorporates all further clarifications in subsequent Reconsideration Orders, as applicable, that were in effect at the time the Annual Report was due by Rule, to the requisite regulatory authorities.

Per the Frequently Asked Question and Response for filing Form 481 on the USAC website No. 48 "The progress report this year will cover 2015 up to the filing date. Next year's progress report, due July 1, 2016, will address calendar year 2015. The year after that, for the filing due July 1, 2017, the progress report would address calendar year 2016, etc. Though not required, carriers may note revisions to their plan for years 2016-2019 as part of the current progress report being submitted."

The Company operates in a dynamic, not static environment. As a result, certain network targets identified in its initial 5 Year Network Improvement Plan filed in 2014, may be modified in response to regulatory decisions that have been subsequently adopted, and as their implications upon the Company's financial viability in providing the required services and service level quality become known.

Targets not met or changed since the initial 5 Year Plan filing are identified and reasons provided for those changes. It has been noted where projects that require outside construction have not been started due to the winter/spring construction conditions for operating companies in the Midwest.

In order to support the reporting requirements for State Public Utilities Commission's the Company has included a summary attachment that reflects the actual not projected capital additions, operating expenses, and universal support that includes information for 2014 in a format previous provided.

LINE 113 – MAPS DETAILING PROGRESS TOWARDS MEETING PLAN TARGETS

See Attached PDF DOCUMENT of SERVICE AREA MAP

LINE 114 thru 117 UNIVERSAL SERVICE

I. The Company Has Used and Will Use Universal Service Support Only For the Intended Purposes

Section 254(e) of the Communications Act of 1934, as amended requires ETCs to use Universal Service support (“USF”) “only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.”¹ Pursuant to Section 54.314 of the FCC’s rules, in order for state-designated ETCs to receive USF for the coming year, states must annually file certifications by July 1 stating that all federal high-cost support provided to such carriers within the state “was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.”² ETCs not designated by a state must file similar certifications with the FCC.³

In its *USF/ICC Transformation Order*, the FCC clarified that prior to making the Section 254(e) certifications, states should conduct a “rigorous examination of the factual information” contained in the annual Section 54.313 reports, of which the five year network improvement plan and annual progress reports are a part, in determining whether they can certify that carriers’ support has been used and will be used only for the purpose for which the support was intended.⁴ The FCC said that it would also use the reports to verify certifications filed by ETCs that are not state-designated.⁵ In this context, the Commission stated, “[i]n light of the public interest obligations we adopt in this Order, a key component of this [Section 254(e)] certification will now be that support is

¹ 47 U.S.C. § 254(e).

² 47 C.F.R. § 54.314(a).

³ 47 C.F.R. § 54.314(b).

⁴ See *USF/ICC Transformation Order* at Para. 612.

⁵ *Id.*

being used to maintain and extend modern networks capable of providing voice and broadband service.”⁶

Accordingly, given the critical role the network improvement plan and the progress reports will have in the annual Section 254(e) certification process, the Company’s plan and progress reports will demonstrate not only how the Company has used and will use USF not only for improvements and upgrades, but also for the provision and maintenance of the facilities and services to which the support was intended.

As explained under Section I above, in addition to improvements and upgrades, the Company uses USF as it was intended for the provision and maintenance of its network. Essentially, under the existing rules and processes, the federal USF received by the Company and other incumbent rural telephone companies are, in fact, an integral part of the recovery of expenditures of rural incumbent local exchange carriers incurred in the provision, maintenance and upgrading of their provision of facilities and services for which the USF is intended. The Company depends upon its receipt and utilization of federal universal service support to provide rural telephone customers with affordable and quality voice and broadband services. Accordingly, in addition to the capital expenditures listed above, the Company also has operational expenditures, which are associated with the provision, and maintenance of the facilities and services for which it uses USF as provided for in Section 254(e).

Per the Universal Service Administrative Company (USAC) instructions and frequently asked questions, this report provides the USF as available for the period up to this filing. The total amount received in USF support funds and breakdown of the funding to this point is:

	Universal Service Support Received	Universal Service Support was Used for and to Improve					
Wire Center	1-1-15 to FCC form 481 Submission Date	Capital Expenses			Operating Expenses		
		Service	Capacity	Coverage	Service	Capacity	Coverage
Bena	42,065.58	645.00	-	-	41,420.40	-	-
Cotton	112,719.42	1,729.00	-	-	110,990.60	-	-
Total	154,785.00	2,374.00	-	-	152,411.00	-	-

⁶ *Id.* (emphasis supplied).

LINE 118 – EXPLANATION OF NETWORK IMPROVEMENT TARGETS PROGRESS REPORT

2015 PLAN YEAR PROGRESS REPORT BY WIRE CENTER

Wire Center 1:

Project #	Wire Center	Description of Capital Improvement	Estimated Population Served by Improvement	Unserviced Areas See Census Block Map	Start Date	Completion Date	5 Year Plan	Y-T-D Actual
							2015	2015
1	Bena	Broadband Edge Equipment	65		January	December	\$ 1,731	\$ -
2	Bena	Blanket Switching, Transmission or Subscriber	103		January	December	\$ 5,497	\$ 485
3	Bena	Network Transport Equipment	51		January	December	\$ 6,248	\$ -
4	Bena	Outside Plant	21		January	December	\$ 14,052	\$ 160
							\$ 27,528	\$ 645
Project Detail:								
1 Upgrade existing legacy ATM DSLAM equipment and voice ports to current combined voice & broadband technology								
2 Replace legacy switching equipment and TDM transport equipment with next generation Ethernet-based equipment capable of both voice and								
3 Upgrade all Sonet & TDM transport equipment with high capacity Ethernet-based fiber transport network								
4 Placing service drops to increase new growth, regular maintenance, and local mainline extensions for voice and or broadband customers								

Update:

The Company is in the early stages of their construction season for 2015, currently the Company has invested \$645 on material and electronics for the projects identified as part of the five year network improvement plan. The Company currently expects to complete projects within a reasonable timeframe, current costs are subject to change based on labor and material costs associated with each project.

Wire Center 2:

Project #	Wire Center	Description of Capital Improvement	Estimated Population Served by Improvement	Unserviced Areas See Census Block Map	Start Date	Completion Date	5-Year Plan	Y-T-D Actual
							2015	2015
1	Cotton	Broadband Edge Equipment	194		January	December	\$ 4,639	\$ -
2	Cotton	Blanket Switching, Transmission or Subscriber	276		January	December	\$ 14,730	\$ 1,301
3	Cotton	Network Transport Equipment	152		January	December	\$ 16,741	\$ -
4	Cotton	Outside Plant	55		January	December	\$ 37,653	\$ 428
							\$ 73,764	\$ 1,729
Project Detail:								
1 Upgrade existing legacy ATM DSLAM equipment and voice ports to current combined voice & broadband technology								
2 Replace legacy switching equipment and TDM transport equipment with next generation Ethernet-based equipment capable of both voice and								
3 Upgrade all Sonet & TDM transport equipment with high capacity Ethernet-based fiber transport network								
4 Placing service drops to increase new growth, regular maintenance, and local mainline extensions for voice and or broadband customers								

Update:

The Company is in the early stages of their construction season for 2015, currently the Company has invested \$1,729 on material and electronics for the projects identified as part of the five year network improvement plan. The Company currently expects to complete projects within a reasonable timeframe, current costs are subject to change based on labor and material costs associated with each project.



40 mi

Duluth

Hibbing

Grand Rapids



Arrowhead Comm Corp

361374

Google earth

Image NOAA

Image Landsat

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SAC: 361374

State: MN

Arrowhead Comm Corp

Form 481 Line No. 510 Compliance with Service Quality Standards and Consumer Protection

As required by MN. Rule “7812.0700 Minnesota General Service Quality Requirements. Subpart 1” the local services provided by Arrowhead Comm Corp are provided under internal company operating procedures and publically available tariffs which are in compliance with applicable Minnesota Public Utility Commission orders and rules including:

7810.0100 DEFINITIONS.

7810.0200 SCOPE.

7810.0300 STATUTORY AUTHORITY.

RECORDS AND REPORTS

7810.0400 RETENTION OF RECORDS.

7810.0500 DATA TO BE FILED WITH THE COMMISSION.

7810.0600 REPORT TO COMMISSION ON SERVICE DISRUPTION.

7810.0900 LOCATION OF RECORDS.

CUSTOMER RELATIONS

7810.1000 INFORMATION AVAILABLE TO CUSTOMER AND PUBLIC.

7810.1100 COMPLAINT PROCEDURES.

7810.1200 RECORD OF COMPLAINT.

CUSTOMER BILLING; DEPOSIT AND GUARANTEE REQUIREMENTS

7810.1400 CUSTOMER BILLING.

7810.1500 DEPOSIT AND GUARANTEE REQUIREMENTS.

7810.1600 DEPOSIT.

7810.1700 GUARANTEE OF PAYMENT.

DISCONNECTION OF SERVICE; SERVICE DELAY

7810.1800 PERMISSIBLE SERVICE DISCONNECTIONS WITH NOTICE.

7810.1900 PERMISSIBLE SERVICE DISCONNECTIONS WITHOUT NOTICE.

7810.2000 NONPERMISSIBLE REASONS TO DISCONNECT SERVICE.

7810.2100 MANNER OF DISCONNECTION.

7810.2200 RECONNECTION OF SERVICE.

7810.2300 NOTICE REQUIREMENTS.

7810.2400 BILL DISPUTES.

7810.2500 ESCROW PAYMENTS.

7810.2600 WAIVING RIGHT TO DISCONNECT; EMERGENCY STATUS.

7810.2800 DELAY IN INITIAL SERVICE OR UPGRADE.

DIRECTORIES

7810.2900 CONTENT OF DIRECTORIES.

7810.3000 DIRECTORY ASSISTANCE.

7810.3100 CHANGES OR ERROR OF LISTED NUMBER.

ENGINEERING

7810.3200 CONSTRUCTION OF TELEPHONE PLANT.

7810.3300 MAINTENANCE OF PLANT AND EQUIPMENT.

7810.3900 EMERGENCY OPERATIONS.

SAC: 361374

State: MN

Arrowhead Comm Corp

Form 481 Line No. 510 Compliance with Service Quality Standards and Consumer Protection

INSPECTIONS, TESTS, SERVICE REQUIREMENTS

7810.4100 ACCESS TO TEST FACILITIES.

7810.4300 ACCURACY REQUIREMENTS.

7810.4900 ADEQUACY OF SERVICE.

7810.5000 UTILITY OBLIGATIONS.

7810.5100 TELEPHONE OPERATORS.

7810.5200 ANSWERING TIME.

7810.5300 DIAL SERVICE REQUIREMENTS.

7810.5400 INTEROFFICE TRUNKS.

7810.5500 TRANSMISSION REQUIREMENTS.

7810.5800 INTERRUPTIONS OF SERVICE.

7810.5900 CUSTOMER TROUBLE REPORTS.

7810.6000 PROTECTIVE MEASURES.

7810.6100 SAFETY PROGRAM.

Arrowhead Comm Corp is in compliance with Federal CPNI rules, Red Flag Rules and other Federal and State requirements governing the protection of Customer's privacy.

SAC: 361374

State: MN

Arrowhead Comm Corp

Form 481 Line No. 610 Description of Functionality in Emergency Situations

Arrowhead Comm Corp pursuant to MN Rule “7810.390 Emergency Operations” has:

- Established reasonable provisions to meet emergencies resulting from failures of lighting or power service, sudden and prolonged increases in traffic, illness of operators or from fire, storm, or acts of God including provisions for emergency power that meet or exceed the rule requirement to provide:
 - A minimum of four hours of battery service in each central office.
 - A permanently installed power unit in exchanges exceeding 5000 lines.
 - Mobile power units that can be delivered on short notice and which can be readily connected in offices without installed emergency power facilities.

- Has informed employees as to the procedures to be followed, including reasonable rerouting of traffic around damaged facilities and the deployment of emergency power, in the event of emergency in order to prevent or mitigate interruption or impairment of telecommunications service.

REDACTED – FOR PUBLIC INSPECTION

SAC: 361374

State: MN

Arrowhead Comm Corp

Form 481, Line No. 920, Tribal Government Engagement Obligation

Arrowhead Comm Corp serves the Leech Lake Band of Ojibwe with phone and internet services. Copies of the compliance filing associated with Federal dockets related to serving tribal areas was sent to the Leech Lake Band of Ojibwe.

SAC: 361374

State: MN

Arrowhead Comm Corp

Form 481 Line No. 1010 Descriptive document for Voice Services Rate Comparability

Line 1010 – Description of Voice Services Rate Comparability: Provide a detailed description of how your pricing of fixed voice services is no more than two standard deviations above the applicable national average urban rate for voice service, as published annually by the Wireline Competition Bureau, as required in 47 C.F.R. § 54.313(a)(10).

On April 16, 2015 the Wireline Competition Bureau announced results of the Urban Rate Survey for Voice Services as part of FCC Public Notice DA 15-470. Referenced in this public notice are the results required to meet the rate comparability as noted:

“Based on the survey results, the reasonable comparability benchmark for voice services is \$47.48.³

³ Id. at 17694, para. 84.”

As required Arrowhead Comm Corp hereby certifies that its current fixed voice services for residential subscribers as defined in the USF/ICC Transformation Order is below \$47.48.

SAC: 361374
State: MN
Arrowhead Comm Corp
Form 481 Line No. 1210 Lifeline Plans Terms and Conditions

Arrowhead Comm Corp does adhere to all Federal Lifeline eligibility rules and regulations as well as Minnesota Administrative Rule “7817.0400 - Eligibility for Telephone Assistance Credits” which states:

Minnesota Administrative Rule 237 Chapter 7817.0400

Subpart 1. Information provided. Each local service provider shall annually mail a notice of the availability of the telephone assistance plan to each residential subscriber in a regular billing. If a subscriber has chosen to receive the regular billing other than through U.S. mail, the local service provider shall send the notice in a regular billing using the delivery method chosen by the subscriber for delivery of the regular billing. The notice must state the following: YOU MAY BE ELIGIBLE FOR ASSISTANCE IN PAYING YOUR TELEPHONE BILL IF YOU RECEIVE BENEFITS FROM CERTAIN LOW-INCOME ASSISTANCE PROGRAMS OR MEET CERTAIN INCOME LIMITS. FOR MORE INFORMATION OR AN APPLICATION FORM PLEASE CONTACT

 (local service provider) . On request, the local service provider shall mail to a person an application form developed by the commission and the Department of Commerce, and a brochure that describes the telephone assistance plan’s eligibility requirements and application process.

Subpart 2. Application process. On completing and signing the application certifying under penalty of perjury that the information provided by the applicant is true and that the statutory criteria for eligibility are satisfied, the applicant must return it to the local service provider for enrollment in the telephone assistance plan. An application may be made by the subscriber, the subscriber’s spouse, or a person authorized by the subscriber to act on the subscriber’s behalf.

Subpart 4. Eligibility criteria. To be eligible for a telephone assistance credit the applicant must:

- A. be a subscriber who resides in Minnesota or has moved to Minnesota and intends to remain; and
- B. be eligible for the federal Lifeline telephone service discount.

Subpart 7. Applicant and recipient responsibilities. Each applicant and each recipient shall provide current information to the local service provider about permanent changes that affect the applicant’s or recipient’s eligibility.

Subpart 8. Local service provider responsibilities.

- A. A local service provider shall begin providing telephone assistance credits to an applicant in the earliest possible billing cycle but not later than the second billing cycle following submission of a completed application demonstrating eligibility. If certified, the local service provider shall notify the applicant by, for example, placing telephone assistance credits on the bill.
- B. If an applicant is denied eligibility, the local service provider shall notify the applicant in writing of the reasons for the denial, of the right to appeal, and of the right to reapply.

SAC: 361374
 State: MN
 Arrowhead Comm Corp
 Form 481 Line No. 1210 Lifeline Plans Terms and Conditions

Rates

Arrowhead Comm Corp’s Local service rates that serve as its Lifeline Plans are filed in Compliance with the regulatory requirements of Minn. Rules Ch. 7810 and Minn. Rules pt. 7812.0600 as follows:

A. The tariffs or price lists of local exchange carriers must offer the following services to all customers pursuant to Minn. Rules pt. 7812.0600 (basic service requirements):

- single party voice-grade service and touch-tone capability;
- 911 or enhanced 911 access;
- 1 + intraLATA and interLATA presubscription and code-specific equal access to interexchange carriers subscribing to its switched access service;
- access to directory assistance, directory listings, and operator services;
- toll and information service-blocking capability without recurring monthly charges
- one white pages directory per year for each local calling area, which may include more than one local calling area, except where an offer is made and explicitly refused by the customer;

- a white pages and directory assistance listing, or, upon customer request, a private listing that allows the customer to have an unlisted or unpublished telephone number;

- call-tracing capability according to chapter 7813;
 - (i) call Trace provisions in tariff mirror Commission’s tariff templates.
- blocking capability according to the Commission's ORDER ESTABLISHING CONDITIONS FOR THE PROVISION OF CUSTOMER LOCAL AREA SIGNALING SERVICES, Docket No. P999/CI-92-992 (June 17, 1993) and its ORDER AFTER RECONSIDERATION, Docket No. P999/CI-92-992 (December 3, 1993).
- telecommunications relay service capability or access necessary to comply with state and federal regulations.

B. A Separate flat rate service offering is required pursuant to Minn. Rules pt. 7812.0600, subpt. 2. At a minimum, each local service provider (LSP) shall offer the services identified in Minn. Rules pt. 7812.0600, subpt. 1 as a separate tariff or price list offering on a flat rate basis. An LSP may also offer basic local service on a measured rate basis or in combination with other services. An LSP may impose separate charges for the services set forth in subpart 1 only to the extent permitted by applicable laws, rules, and commission orders.

SAC: 361374
State: MN
Arrowhead Comm Corp
Form 481 Line No. 1210 Lifeline Plans Terms and Conditions

C. Service area obligations under Minn. Rules pt. 7812.0600, subpt. 3: An LSP shall provide its local services on a nondiscriminatory basis, consistent with its certificate under part 7812.0300 or 7812.0350, to all customers who request service and whose premises fall within the carrier's service area boundaries or, for an interim period, to all requesting customers whose premises fall within the operational areas of the local service provider's service area under part 7812.0300, subpart 4, or 7812.0350, subpart 4. The obligation to provide resale services does not extend beyond the service capability of the underlying carrier whose service is being resold. The obligation to provide facilities-based services does not require an LSP that is not an eligible telecommunications carrier (ETC) to build out its facilities to customers not abutting its facilities or to serve a customer if the local service provider cannot reasonably obtain access to the point of demarcation on the customer's premises.

The flat rate services, offered pursuant to Minn. Rules pt. 7812.0600, subpt. 2., include unlimited local service minutes of use. The local services offerings do not include any toll minutes of use. The rates for any toll usage are determined by the rate plans of the Toll Provider(s) that end users are selected by lifeline by end users.

The specific Company terms and conditions for the Companies Lifeline Plans are set forth in the tariff pages included in Exhibit 1, attached.

SAC: 361374
State: MN
Arrowhead Comm Corp
Form 481 Line No. 1210 Lifeline Plans Terms and Conditions

LOCAL EXCHANGE SERVICE

The rates for Local Exchange Service are subject to the conditions set forth herein and the General Regulations governing provision of service. The General Regulations are set forth in Section 2 of this tariff book.

Local Exchange Service

- A. The Local Exchange Service Rates in this section are for service only and do not include any terminal equipment beyond the point of demarcation.
- B. The rates applicable to Local Exchange Service are composed of a Line Access Rate component plus (where applicable) an Extended Area Service component.
- C. Extended Area Service
 - 1) Establishment and discontinuance of EAS will be contingent upon Commission authorization.
 - 2) Extended Area Service rate component.
 - a) EAS is a premium-type service offering made by the Company to certain exchanges, under specific conditions.
 - b) The Extended Area Service rate component, where applicable, is included in the Local Exchange Service Rate.
- D. Taxes
 - 1) Applicable taxes levied by state, county and local taxing authorities are in addition to the rates set forth in this tariff. (See also General Regulations, Section 2).

LOCAL EXCHANGE SERVICE

Rates

Exchange – Bena

<u>Class of Service</u>	<u>Monthly Rates</u>
BUSINESS:	
One Party	\$ 17.00 (I)
Basic Coin Telephone Service	17.00 (I)
RESIDENCE:	
One Party	\$ 17.00 (I)
Seasonal	17.00 (I)
SCHOOL CLASS ROOM SERVICE: *	
One Party - Access	\$ 17.00 (I)

Exchange – Cotton

<u>Class of Service</u>	
BUSINESS:	
One Party	\$ 22.50
Basic Coin Telephone Service	22.50
RESIDENCE:	
One Party	\$ 17.50
Seasonal	17.50
SCHOOL CLASS ROOM SERVICE: *	
One Party - Access	\$ 17.50

All rates are billed in advance. Payment for service is due when the statement is rendered.

Vacation rate service is available for customers requiring less than 12 months of service per year. The rate for vacation rate service is determined in accordance with Section 5 of this tariff book.

* School classroom service is one party flat rate local exchange access line service offered to public schools that conduct classes within the range of kindergarten through 12th grade pursuant to Minnesota Statute Section 237.065. This additional service is available to ensure access to telephone service from each classroom and other areas within the school, as determined by the school board. Existing service provided to all areas of the school prior to the effective date of this tariff will be billed at the current rates. Upon approval by the school board, this service must be installed in all remaining classrooms within the school and other areas within the school, as determined by the school board, within the time period specified by the company. This service is not available in areas within the school where telephone service is used for business administrative purposes of the schools.

LOCAL EXCHANGE SERVICE

Extended Area Service (EAS)

Exchange

Cotton
Duluth

EAS to Exchange

Duluth
Cotton

SAC: 361374

State: MN

Arrowhead Comm Corp

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

Arrowhead Comm Corp hereby certifies that throughout 2014, it took reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 4 Mbps downstream/1 Mbps upstream, and currently, it is taking reasonable steps to provide upon reasonable request actual speeds of at least 10 Mbps downstream/1 Mbps upstream broadband service at with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas as determined in an annual survey, and that requests for such service are met within a reasonable amount of time.

SAC: 361374

State: MN

Arrowhead Comm Corp

Response to Line 3012 – Progress Report on 5 Year Plan – Community Anchor Institutions (47 CFR §54.313(f)(1)(ii))

Arrowhead Comm Corp has no newly served community anchor institutions that began receiving broadband in the preceding calendar year.

(3005a) Operating Report for Privately-Held Rate of Return Carriers	FCC Form 481
Balance Sheet - Data Collection Form	OMB Control No. 3060-0986
Page 1 of 3	OMB Control No. 3060-0819
	July 2013

<010> 361374

<015> Arrowhead Communications Corporation

<020> 2015

<030> Tom Cambell

<035> 651-321-8511

<039> tcambell@otcpas.com

Filed as reviewed single company

Filed as reviewed consolidated company

Filed as subsidiary of reviewed consolidated company

Filed as audited single company

Filed as audited 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.

Staci Malikowski **June 15, 2015**

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
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable	# 7,839	6,778
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	# 457	449
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable	# (259,372)	(324,628)	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	# 122,852	118,280	32. Income Taxes Accrued		
b. Other Accounts Receivable	# 901	983	33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities	2 2	2
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	# 8,298	7,229
6. Material-Regulated	# 33,552	30,203	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments	# 632	688	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	# (101,435)	(174,474)	39. Funded Debt-Other		
			40. Funded Debt-Rural Develop. Loan		
NONCURRENT ASSETS			41. Premium (Discount) on L/T Debt		
11. Investment in Affiliated Companies			42. Reacquired 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	# 49,920	49,920	OTHER LIAB. & DEF. CREDITS		
13. Nonregulated Investments			47. Other Long-Term Liabilities		
14. Other Noncurrent Assets			48. Other Deferred Credits	# 132,857	133,571
15. Deferred Charges			49. Other Jurisdictional Differences		
16. Jurisdictional Differences			50. Total Other Liabilities and Deferred Credits (47 thru 49)	# 132,857	133,571
17. Total Noncurrent Assets (11 thru 16)	# 49,920	49,920	EQUITY		
			51. Cap. Stock Outstanding & Subscribed	# 6,670	6,670
PLANT, PROPERTY, AND EQUIPMENT			52. Additional Paid-in-Capital	# 69,340	69,340
18. Telecom, Plant-in-Service	# 6,143,342	5,823,859	53. Treasury Stock		
19. Property Held for Future Use			54. Membership and Cap. Certificates		
20. Plant Under Construction	# 4,330	-	55. Other Capital		
21. Plant Adj., Nonop. Plant & Goodwill			56. Patronage Capital Credits		
22. Less Accumulated Depreciation	# 5,207,927	4,937,980	57. Retained Earnings or Margins	# 671,065	544,515
23. Net Plant (18 thru 21 less 22)	# 939,745	885,879	58. Total Equity (51 thru 57)	# 747,075	620,525
24. TOTAL ASSETS (10+17+23)	# 888,230	761,325	59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	888,230	761,325

(3005b) Operating Report for Privately-Held Rate of Return Carriers	FCC Form 481
Income Statement - Data Collection Form	OMB Control No. 3060-0986
Page 2 of 3	OMB Control No. 3060-0819
	July 2013

<010> 361374
 <015> Arrowhead Communications Corporation
 <020> 2015
 <030> Tom Cambell
 <035> 651-321-8511
 <039> tcampbell@otcpas.com

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	188,868	143,335
2. Network Access Services Revenues	520,426	523,771
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues	7,872	16,697
6. Uncollectible Revenues	750	1,375
7. Net Operating Revenues (1 thru 5 less 6)	716,416	682,428
8. Plant Specific Operations Expense	251,964	254,843
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	70,956	92,408
10. Depreciation Expense	53,783	111,365
11. Amortization Expense		
12. Customer Operations Expense	59,685	77,843
13. Corporate Operations Expense	470,733	447,494
14. Total Operating Expenses (8 thru 13)	907,121	983,953
15. Operating Income or Margins (7 less 14)	(190,705)	(301,525)
16. Other Operating Income and Expenses	3,767	17,429
17. State and Local Taxes	(23,760)	7,987
18. Federal Income Taxes	(51,111)	(71,089)
19. Other Taxes		
20. Total Operating Taxes (17+18+19)	(74,871)	(63,102)
21. Net Operating Income or Margins (15+16-20)	(112,067)	(220,994)
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense	218	6
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)	218	6
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	15,918	94,450
31. Total Net Income or margins (21+27+28+29+30-26)	(96,367)	(126,550)
32. Total Taxes Based on Income	(74,871)	(63,102)
33. Retained Earnings or Margins Beginning-of-Year	767,431	671,064
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)]	671,064	544,514
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 [(14+20-10-11)/7]	1.0866	1.1862
46. Operating Accrual Ratio [(14+20+26)/7]	1.1620	1.3494
47. TIER [(31+26)/26]	-441.0505	-21090.6667
48. DSCR [(31+26+10+11)/44]	#DIV/0!	#DIV/0!

(3005c) Operating Report for Privately-Held Rate of Return Carriers
 Cash Flow - Data Collection Form
 Page 3 of 3
 FCC Form 481
 OMB Control No. 3060-0986
 OMB Control No. 3060-0819
 July 2013

<010> 361374
 <015> Arrowhead Communications Corporation
 <020> 2015
 <030> Tom Cambell
 <035> 651-321-8511
 <039> tcampbell@otcpas.com

PART C. STATEMENTS OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		(126,550)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
3. Add: Depreciation		111,365
4. Add: Amortization		-
5. Other (Explain)		-
Changes in Operating Assets and Liabilities		
6. Decrease/(Increase) in Accounts Receivable		69,746
7. Decrease/(Increase) in Materials and Inventory		3,349
8. Decrease/(Increase) in Prepayments and Deferred Charges		(56)
9. Decrease/(Increase) in Other Current Assets		-
10. Increase/(Decrease) in Accounts Payable		(1,061)
11. Increase/(Decrease) in Advance Billings & Payments		(8)
12. Increase/(Decrease) in Other Current Liabilities		-
13. Net Cash Provided/(Used) by Operations		56,785
CASH FLOWS FROM FINANCING ACTIVITIES		
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		714
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		714
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		(57,499)
25. Other Long-Term Investments		-
26. Other Noncurrent Assets & Jurisdictional Differences		-
27. Other (Explain)		-
28. Net Cash Provided/(Used) by Investing Activities		(57,499)
29. Net Increase/(Decrease) in Cash		-
30. Ending Cash		-

Arvig Enterprises, Inc.

2014 Audit Exit Memo

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Communication With Those Charged With Corporate Governance Under U.S. Auditing Standards (AU-C Sections 260 and 265)

Our responsibility under U.S. generally accepted auditing standards

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Sensitive accounting estimates

- Rates and allocation bases on affiliate transactions and intercompany cost allocations
- Depreciation and amortization
- Year-end revenue requirement estimates
- Part 64 adjustments
- Fair value of assets acquired through business combinations

Difficulties in performing the audit

None

Corrected and uncorrected misstatements

See attached lists.

Disagreements with management

None

Management representations

We have requested certain representations from management that are included in the management representation letter, dated as of the report date.

Management consultations with other independent accountants

None

Other findings or issues

No material weaknesses. See pages 1-2 of audit exit memo for other observations and recommendations.

Arvig Enterprises, Inc.

2014 Audit Exit Memo

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Governance communication information

Discussed with Staci Malikowski

Date of discussion: May 7, 2015

E-mailed to: David Arvig and Staci Malikowski

Information presented to the board: August 2015