

REDACTED - FOR
PUBLIC INSPECTION

CONFIDENTIAL FINANCIAL INFORMATION-SUBJECT
TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-
135, 05-337, 03-109, 14-58 CC DOCKET NO. 01-92, 96-45, GN
DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE
THE FEDERAL COMMUNICATIONS COMMISSION

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Attachments

Five-Year Network Improvement Plan and Progress Report
For Millington Telephone Company

In its *USF/ICC Transformation Order* and subsequent Orders, the Federal Communications Commission (“FCC” or “Commission”) required Eligible Telecommunications Carriers (“ETCs”) to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(ii) of the Commission’s Rules by July 1, 2014 and to submit annual progress reports thereafter.¹ In its *March 5, 2013 Order*, the FCC specified that for rate-of-return carriers, the five-year plans “should describe the carrier’s network improvement plan, which should provide greater visibility into current plans to extend broadband service to unserved locations in rate-of-return service territories.”² Millington Telephone Company, Inc. (“Shortened Millington Telephone” or the “Company”) is a rate-of-return carrier ETC and hereby submits its annual progress report covering any progress made during the first half of 2015 on the initial five-year network improvement plan submitted in 2014 as well as any updates to the plan made since initial submission of the plan.

I. The Company’s Five-Year Network Improvement Plan

When the Commission adopted its five-year plan requirements for FCC-designated ETCs in its *2005 ETC Order*, it set forth the following criteria as to how the ETC is to describe with

¹ See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-61 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*) at Para. 587; *pets. for review denied, Direct Comm. Cedar Valley, et al v. FCC 11-161*, No. 11-9900 www.ca10.uscourts.gov/opinions/11/11-9900.pdf (10th Cir. filed May 23, 2014); see also *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 12-147 (rel. Feb. 12, 2012) at Para. 5 (amending Section 54.313(a)(1) to clarify this requirement); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Third Order on Reconsideration, FCC 12-52 (rel. May 14, 2012) at Para. 10 (changing the filing deadline for the annual reports from April 1 to July 1); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 13-332 (rel. Mar. 5, 2013) (“*March 5, 2013 Order*”) at Para’s. 4, 6-9. Delaying Five-year Plan until July 1, 2014 see WC Docket No. 10-90, Order, DA 13-1115, Para. 8 (released May 16, 2013).

² *March 5, 2013 Order* at Para. 9 citing Section 54.202(a)(1)(ii).

“specificity” the proposed improvements or upgrades to the ETC’s network throughout its service area:

(1) how signal quality, coverage, or capacity will improve due to the receipt of high-cost support throughout the area for which the ETC seeks designation; (2) the projected start date and completion date for each improvement and the estimated amount of investment for each project that is funded by high-cost support; (3) the specific geographic areas where the improvements will be made; and (4) the estimated population that will be served as a result of the improvements.³

In that order, the FCC clarified that service quality improvements in the five-year plan “do not necessarily require additional construction of network facilities.”⁴ Accordingly, the improvements listed in the plan may be projects related to the expansion of the network (one or multiple services), projects related to updating technology to accommodate new services or higher bandwidth or maintenance projects, such as to reduce trouble reports or replace outdated equipment. Additionally, in some cases, the projects may be ones that improve or upgrade the entire network rather than discrete areas within a study area or they may be ones that are ongoing projects that have no specific start and completion dates.

The instructions to the Form 481 state “[r]ecipients may describe where improvements are expected to occur by wire center or census block, as appropriate. To the extent no improvements are planned in specific areas, the five-year plan should so indicate.”⁵ The instructions also require that in subsequent annual progress reports, which must include the total amount of universal support received, this information must be provided “broken out separately by the amount spent on capital expenses and the amount spent on operating expenses.”⁶

³ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“2005 ETC Order”).

⁴ *Id.*

⁵ Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), July 2013, Line 112.

Accordingly, the Company's five-year plan separately provides both capital expenditures and operating expenses.

A. The Company's Major Network Improvement Projects

[REDACTED]

B. How These Projects Will Improve the Network

[REDACTED]

C. Estimated Capital Expenditures and Operating Expenses

The first table in **Appendix B** included herein specifies the capital expenditures (projects) in **Appendix A**, by Part 32 account, along with the respective year in which the expenditures are expected to occur. In the second table of **Appendix B**, the projected operating expenses are provided, including depreciation expense for both embedded plant investment and for capital expenditures, which begins when the capital expenditures are projected to be placed into service.

II. The Company's Progress Report on its Five-Year Network Improvement Plan

⁶ Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), July 2013, Line 112.

⁷ The initial five-year network improvement plan covered calendar years 2015 through 2019.

Because the calendar year 2015 is still under way, Millington Telephone has no progress to report on the network improvement projects planned for 2015. Comprehensive progress made on network improvements in 2015 will be reported by Millington Telephone in its 2016 ETC Annual Report. Millington Telephone hereby provides the following required elements of its progress report to satisfy Form 481 reporting obligations.

A. The Amount of Universal Service Support Received by the Company

[REDACTED]

[REDACTED]

[REDACTED]

B. How Millington Telephone Company, Inc. Has Used USF to Improve Service Quality, Coverage and Capacity

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.”⁸ 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 October 1st 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.”⁹ ETCs not designated by a state must file similar certifications with the FCC.¹⁰

⁸ 47 U.S.C. § 254(e).

⁹ 47 C.F.R. § 54.314(a).

¹⁰ 47 C.F.R. § 54.314(b).

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.¹¹ The FCC said that it would also use the reports to verify certifications filed by ETCs that are not state-designated.¹² 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 being used to maintain and extend modern networks capable of providing voice and broadband service.”¹³

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. Millington Telephone 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, given the critical role the network improvement plan as updated herein and the progress reports will have in the annual Section 254(e) certification process, Millington Telephone’s plan and progress reports demonstrate how the Company has used and will use USF not only for improvements and upgrades, but also for the provision and

¹¹ See *USF/ICC Transformation Order* at Para. 612.

¹² *Id.*

¹³ *Id.* (emphasis supplied).

maintenance of the facilities and services to which the support was intended. Even though the FCC did not require the Company to include calendar year 2014 as part of the Company's network improvement plan and thus there is no information to report regarding progress during that year, the Company hereby certifies that during that year it used USF solely for which the support was intended.

C. Maps Depicting the Company's Network Progress

Attached to this Five-Year Network Improvement Plan as **Appendix C** is Millington Telephone's maps depicting the extent of the Company's network within its service area and indicating specific geographic areas by broadband deployment.

D. Network Improvement Targets Not Met

Because 2015 is the first year of the Company's network improvement plan, there is no previous year for which to report network improvement targets that have not been fulfilled. The Company will report such information for calendar year 2015 as well as progress towards meeting its targets for that year in its progress report submitted in 2016.

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Study Area Code 290571
Study Area Name MILLINGTON TELEPHONE COMPANY, INC.
Company Contact Name JOHN STRODE
Contact Telephone Number 870.336.2345
Contact Email Address John.Strode@RitterCommunications.com

APPENDIX A - PROJECT LIST FOR 2016-2019

Project	Start Date	Completion	Areas	Population(1)	Total Dollars	Part 32 Account	Voice, Broadband, Both, etc.
[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]	[REDACTED]	[REDACTED]
Totals					\$ 5,752,000		

(1) If population is unknown, please provide JSI with as much information as you can regarding area covered, such as zip codes, census blocks, municipality names, or simple hand-drawn maps with address/area markers, and JSI can assist with population estimates.

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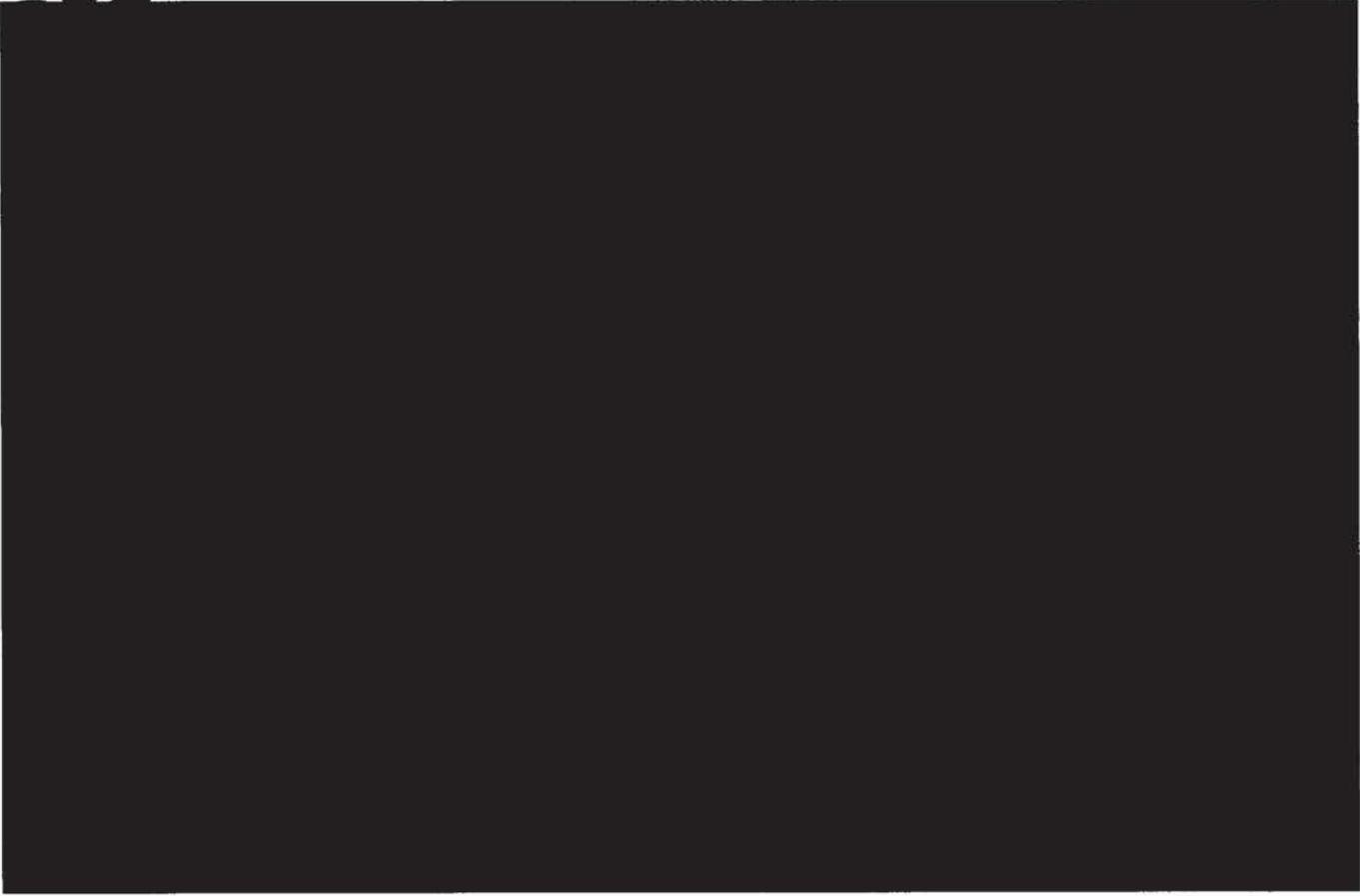
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In establishing this certification in its *2005 ETC Order*,¹ the FCC found that an ETC must make “a specific commitment to objective measures to protect consumers.”² The Commission found that for wireless ETCs, compliance with CTIA’s Consumer Code for Wireless Service would satisfy this requirement” and that the sufficiency of other commitments would be considered on a case-by-case basis.³ In this context, the FCC stated, “to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law. Compliance with such laws may meet our requirement.”⁴

Millington Telephone Company, Inc. (“Company”) hereby certifies that it is complying with applicable service quality standards and consumer protection rules. The Company is subject to consumer protection obligations under state law. These obligations include, but are not limited to, the following:

(1) filing a Local Exchange Tariff pursuant to the requirements of the Tennessee Regulatory Authority (TRA) which disclose rates, terms and conditions of service to customers;

(2) consumer protection requirements governing telephone providers which require adherence to TRA’s Regulations Governing Service supplied by Telephone Utilities set forth in Chapter 1220-4-2 Regulations for Telephone Companies. The basic

¹ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“*2005 ETC Order*”).

² *Id.* at para. 28.

³ *Id.* The FCC noted that under the CTIA Consumer Code, wireless carriers agree to: “(1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy.” *Id.* at n. 71.

⁴ *Id.* at n. 72.

utility obligations include: (a) Each telephone utility shall provide telephone service to the public in its service area. (b) Each telephone utility has the obligation of continually reviewing its operations to assure the furnishing of adequate service.

(3) Where a telephone utility is generally operated in conjunction with any other enterprise, suitable records shall be maintained so that the results of the of the telephone operation may be determined upon reasonable notice and request by the Authority

(4) Business offices shall be so located and staffed that customers and the public will have convenient access to qualified personnel, including supervisory personnel where warranted, to answer questions relating to services and rates, accept and process applications for service, explain charges on customers' bills, adjust charges made in error and in general, represent the utility to the customer.

(a) Where one business office serves several communities toll-free calling to the business office from such communities shall be provided. By means of directory information or assistance, signs on company buildings and property, newspaper advertising or other methods necessary, the utility shall keep its customers and the public advised as to means of contacting the business office.

(b) Business office services will be available to the customers and the public during the normal hours of the normal work week, excluding holidays and at such other times as may be warranted by circumstances.

(c) It will be the responsibility of the utility to insure that qualified personnel, instructed to be courteous, considerate and efficient, are available to promptly serve those who contact the business office.

(d) The utility shall inform the customer of any service connection charge to be applied to his bill and the monthly charge for the service ordered, with the exception of business customers not requiring this information, prior to undertaking any action to furnish the service ordered. To customers inquiring about new service, the utility shall provide any information and assistance necessary to obtain service conforming to the customer's needs.

Customer billing guidelines are set forth in TRA regulation 1220-4-2-.10 include:

(1) Bills to customers shall be rendered regularly and shall contain a listing of all charges. Utilities shall comply with reasonable customer requests for an itemized statement of charges.

(2) In the event the customer's service is interrupted other than by negligence or willful act of the customer and it remains out of order in excess of twenty-four (24) hours after being reported, appropriate adjustments or refunds shall be made to the customer, upon the customer's request. The refund to the customer shall be the pro rata part of the month's charge for the period of days and that portion of the service and facilities rendered useless or inoperative. The refund may be accomplished by a credit on the subsequent bill for telephone service.

(3) A bill insert should be included in the first bill after the effective date of this rule informing the customer of his/her refund option. When new phone books are printed the Call-Guide will contain a customer refund section