USAC
Universal Service Administrative Company®

CONFIRMATION

Congratulations. Your filing has been successfully certified.

Filing 1 was successfully certified on Tue 7 Jun 16 11:28:47 AM EDT by lmason@smtel.com .

SAC : 482254
498 ID : 143002542
Carrier Name : SOUTHERN MONTANA TEL
Program Year : 2017

A confirmation email will be sent to the email address on record for your user ID. Please email USAC at HCCERTS@USAC.ORG if you do not receive this email within 24 hours.

Please take this quick survey and give us your thoughts! Your feedback will help improve the filing process. Take Survey

Return to 481 Search | Print Confirmation Page

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

<010>	Study Area Code	482254
<015>	Study Area Name	SOUTHERN MONTANA TEL
<020>	Program Year	2017
<030>	Contact Name: Person USAC should contact with questions about this data	Larry Mason
<035>	Contact Telephone Number: Number of the person identified in data line <030>	4066893333 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	lmason@smtel.com
	Form Type	54.313 and 54.422

(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	482254
<015>	Study Area Name	SOUTHERN MONTANA TEL
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Larry Mason
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<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.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 §54.202(a) "5 year plan" filed with the FCC?	(yes / no) ○ ○

If your answer to Line <111> is yes, please 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.

482254MT112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

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

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

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

<010>	Study Area Code	482254
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<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com

<210> For the prior calendar year, were there any reportable voice service outages? No

<220>

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

(300) Unfulfilled Service Request
Data Collection Form

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

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

<300> Unfulfilled service request (voice): 0

<310> Detail on attempts (voice): _____
Name of Attached Document

<320> Unfulfilled service request (broadband): 0

<330> Detail on attempts (broadband): _____
Name of Attached Document

(400) Number of Complaints per 1,000 customers Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	482254
<015>	Study Area Name	SOUTHERN MONTANA TEL
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Larry Mason
<035>	Contact Telephone Number - Number of person identified in data line <030>	4066893333 ext
<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection Form

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

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<035>	Contact Telephone Number - Number of person identified in data line <030>	4066893333 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	482254MT510.pdf

(600) Functionality in Emergency Situations Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	482254
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<030>	Contact Name - Person USAC should contact regarding this data	Larry Mason
<035>	Contact Telephone Number - Number of person identified in data line <030>	4066893333 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	482254MT610.pdf

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

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

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

<701>	Residential Local Service Charge Effective Date	1/1/2016
<702>	Single State-wide Residential Local Service Charge	20.0

<703>

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

-- See attached worksheet

(710) Broadbrand Price Offerings
Data Collection Form

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

<010>	Study Area Code	482254
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<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com

<711>

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

-- See attached worksheet --

(800) Operating Companies Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

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<030>	Contact Name - Person USAC should contact regarding this data	Larry Mason
<035>	Contact Telephone Number - Number of person identified in data line <030>	4066893333 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com

<810>	Reporting Carrier	Southern Montana Telephone Company
<811>	Holding Company	Not Applicable
<812>	Operating Company	Southern Montana Telephone Company

<813>

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

(900) Tribal Lands Reporting Data Collection Form

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

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

<900> Does the filing entity offer tribal land services? (Y/N) No

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

<920> Tribal Government Engagement Obligation

Name of Attached Document

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

		Select Yes or No or Not Applicable
<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions.	
<922>	Feasibility and sustainability planning;	
<923>	Marketing services in a culturally sensitive manner;	
<924>	Compliance with Rights of way processes	
<925>	Compliance with Land Use permitting requirements	
<926>	Compliance with Facilities Siting rules	
<927>	Compliance with Environmental Review processes	
<928>	Compliance with Cultural Preservation review processes	
<929>	Compliance with Tribal Business and Licensing requirements.	

(1000) Voice and Broadband Service Rate Comparability
Data Collection Form

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

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<030>	Contact Name - Person USAC should contact regarding this data	Larry Mason
<035>	Contact Telephone Number - Number of person identified in data line <030>	4066893333 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com

<1000>	Voice services rate comparability certification	Yes
<1010>	Attach detailed description for voice services rate comparability compliance	482254MT1010.pdf Name of Attached Document
<1020>	Broadband comparability certification	Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau
<1030>	Attach detailed description for broadband comparability compliance	Name of Attached Document

(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	482254
<015>	Study Area Name	SOUTHERN MONTANA TEL
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Larry Mason
<035>	Contact Telephone Number - Number of person identified in data line <030>	4066893333 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com

<1100>	Certify whether terrestrial backhaul options exist (Y/N)	Yes
<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	482254
<015>	Study Area Name	SOUTHERN MONTANA TEL
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<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

482254MT1210.pdf

Name of Attached Document

<1220> Link to Public Website HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☑

<1222> Details on the number of minutes provided as part of the plan, ☑

<1223> Additional charges for toll calls, and rates for each such plan. ☑

(2000) Price Cap Carrier Additional Documentation
Data Collection Form
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

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

<010>	Study Area Code	482254
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<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Larry Mason
<035>	Contact Telephone Number - Number of person identified in data line <030>	4066893333 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental 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) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support

<2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support

<2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.

<2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.

<2024A> Round 2 Recipient of Incremental Support?

<2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.

Name of Attached Document Listing Required Information

<2025A> Round 1 or Round 2 Recipient of Incremental Support?

<2025B> Attach geocoded Information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-

Name of Attached Document Listing Required Information

<2015> 2016 and future Frozen Support Certification 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)}

<2017A> Connect America Fund Phase II recipient?

<2017B> Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2015.

Name of Attached Document Listing Required Information

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)

Name of Attached Document Listing Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)

<2020> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)

<2021> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)

<2026> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)

<2027> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)

(3005) Rate Of Return Carrier Additional Documentation
Data Collection Form

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

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Complete the items below to note compliance with 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.

	Progress Report on 5 Year Plan		
(3009)	Carrier certifies to 54.313(f)(1)(iii)	Yes - Attach Certification	
(3010A)	Milestone Certification (47 CFR § 54.313(f)(1)(i))		
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	482254MT3010.pdf
(3012A)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))	Yes - Attach New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	482254MT3012.pdf
(3013)	Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))	(Yes/No) ◉ ○	
(3014)	If yes, does your company file the RUS annual report	(Yes/No) ◉ ○	
	Please check these boxes to confirm that the attached PDF, 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) with 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	482254MT3017.pdf
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No) ○ ○	
	If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	☐	
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	☐	
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.	☐	
	If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	☐	
(3023)	Underlying information subjected to a review by an independent certified public accountant	☐	
(3024)	Underlying information subjected to an officer certification.	☐	
(3025)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	☐	
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	

(3005) 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

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

Financial Data Summary

(3027) Revenue	5608461
(3028) Operating Expenses	3385271
(3029) Net Income	1826607
(3030) Telephone Plant In Service(TPIS)	27792483
(3031) Total Assets	17244786
(3032) Total Debt	8558564
(3033) Total Equity	7279711
(3034) Dividends	1210715

Name of Attached Document Listing Required Information

(4005) Rural Broadband Experiment Additional Documentation Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	482254
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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)
Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year. — Name of Attached Document Listing Required Information _____

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481. — Name of Attached Document Listing Required Information _____

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area. — Name of Attached Document Listing Required Information _____

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

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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: SOUTHERN MONTANA TEL

Signature of Authorized Officer: CERTIFIED ONLINE Date 06/07/2016

Printed name of Authorized Officer: Larry Mason

Title or position of Authorized Officer: General Manager

Telephone number of Authorized Officer: 4066893333 ext.

Study Area Code of Reporting Carrier: 482254 Filing Due Date for this form: 07/01/2016

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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<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Larry Mason
<035>	Contact Telephone Number - Number of person identified in data line <030>	4066893333 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.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. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier

I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.

Name of Reporting Carrier:

Name of Authorized Agent Firm:

Signature of Authorized Agent or Employee of Agent: Date:

Name of Authorized Agent Employee:

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. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

Attachments

PREAMBLE

This document is an integral part of the Company's 2016 Annual Report, as attached to 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 identified in subsequent Reconsideration Orders, as applicable, that were in effect at the time the Annual Report was filed.

Southern Montana Telephone Company ("Southern Montana") carefully developed its improvement plan, concentrating on the delivery and continuation of a robust network which provides, at a minimum, the federally required voice and broadband connectivity as stipulated by regulatory rule. In certain situations the plan may also incorporate specific state requirements and will be noted when appropriate.

Southern Montana advises that its improvement plan was carefully crafted, matching measured network deployment, improvement, and quality service levels with known financial implications of the Transformation Order on the Company's support cash-flows. The uncertainty of such cash flows being received as a result of current and potential regulatory action on rural rate-of-return carriers has resulted in the Company taking a balanced yet realistic approach.

The environment in which the Company operates remains dynamic, not static. 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 implication upon the Company's financial viability in providing the required services and service level quality became known.

Modifications to the network plan may also have been taken due to changes in technology, vendor-driven support, weather, or other emergency related contingencies.

Targets not met or changed since the initial 5 Year Plan filing are identified and reasons are provided for those changes.

UNIVERSAL SERVICE SUPPORT RECEIVED IN 2015

Per the Universal Service Administrative Company (USAC), as of 5/2/16 Southern Montana received a total of $3,041,569 in USF support funds in 2015. The breakdown of the funding for the year was:

- $1,706,422 High Cost Loop Support,
- $264,078 Connect America Fund-Intercarrier Compensation Support
- $952,199 Interstate Common Line Support
- $118,870 Safety Net Additive

Universal Service Support funds are used to: 1) maintain, upgrade, and improve the Company's network and, 2) cover its operating expenses and debt commitments as necessary to permit it to offer a high level of service for both voice and broadband throughout its service area.

USF support will continue to be included in the Company's current revenue accounts and forward-looking projections. Revenues, in the aggregate, are used for both capital expenditures (CAPEX) as well as to cover operating expenses (OPEX) and fixed costs incurred to obtain capital from lenders. The Company does not segregate USF for purposes of capital and operating expenditures; USF is expended in the same proportion as all other Company revenue.

The proportionate share of USF expenditures in 2015 for CAPEX was estimated to be $1,723,680 (57%); for OPEX $1,317,889 (43%).

In the accompanying 2015 project detail (Attachment 3), expenditures for network improvements sometimes involve service quality, coverage and capacity as an integrated improvement project and are not mutually exclusive from one another. In terms of cost, projects involving more than one of these attributes are of equal dollar equivalence. Where a project involves a single attribute, it is so noted.

PROGRESS REPORT

2015

Squaw Creek CO, #1, #2, and #3 Hoop Rural Fiber Project: In 2015 Southern Montana used operating cash flow to deploy Fiber to the Home (FttH) in four rural hoops of its Wisdom exchange. This project moved two hoops (CO and #3) originally scheduled for upgrade in 2016 into 2015. Attachment 1 is a map of the affected area.

The Squaw Creek CO, #1, #2, and #3 cost $1,292,500 and was completed in November 2015. The project involved placement of 26 route miles of fiber to 39 subscribers previously served over copper. These 39 subscribers now have 10MB upload and 1MB download broadband speeds available.

2014 Project Completed in 2015: Inclement weather halted the Company's 2014 construction project before completion (Attachment 2). Work resumed in 2015 and was completed in November 2015 at a total cost of $3,024,400.

Wisdom Exchange Engineering: In 2014 the Company began to engineer certain portions of its Wisdom exchange as FttH. Four hoops were completed in 2014 and the remaining ten were completed in 2015 at a cost of $175,000.

Switching (Genband C15 Software Upgrade): Although recognizing that support for switching investment is declining as a result of the Transformation Order, the Company, as the carrier of last resort and an Eligible Telecommunications Carrier, has an obligation to provide traditional services to its subscribers. Therefore, in order to maintain an appropriate technology platform and to improve efficiencies in its voice network, the Company expected to upgrade

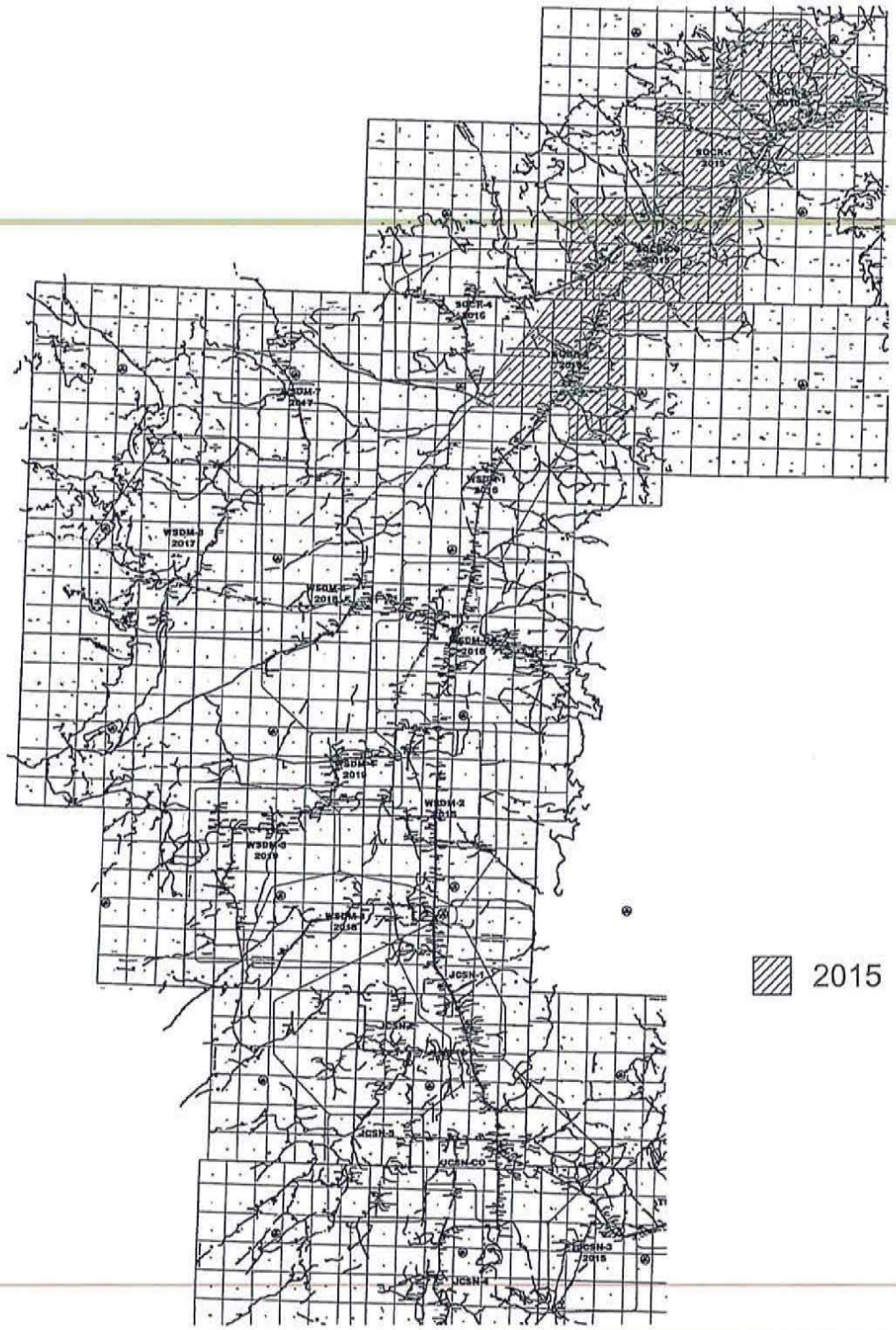
certain software in its C15 Host switch in 2015. This upgrade, originally expected to cost $75,000 with no additional support or return on the Company's investment was not necessary. However, the Company did find it necessary to spend $3,600 on Power and Common equipment for which it will receive no support.

Transport Backhaul Network: The Company added electronics to its transport network in order to accommodate various wireless carriers' backhaul needs. The Company spent $30,600 installing this equipment in 2015. This project was not foreseen in the original improvement plan.

Vehicles: In 2015 the Company replaced three service trucks, one purchased in 2010, one in 2011, and one in 2012. One of these vehicles was originally scheduled for replacement in 2017. Because the Company's service area is so large, by necessity significant miles (an average of 25,000 annually) are put on service trucks in order to serve subscribers. To ensure the safety of employees as well as ensuring serviceable vehicles, the Company replaces most fleet vehicles every four-five years. Two vehicles replaced in 2015 were $48,800 each and one was $60,700 for a total of $158,300.

Unbudgeted Projects: The Company spent $30,000 in unbudgeted projects. These consisted of fiber drops plowed to new homes ($15,100) and Transport Network upgrades ($14.900).

General Expenditures: The Company found it necessary to spend $9,500 in computer equipment and $5,000 for a new Firewall for a total of $14,500 in unbudgeted General Expenditures.



DATE	REVISIONS
3/26/15	Square Creek CO, J1, J2, and J3

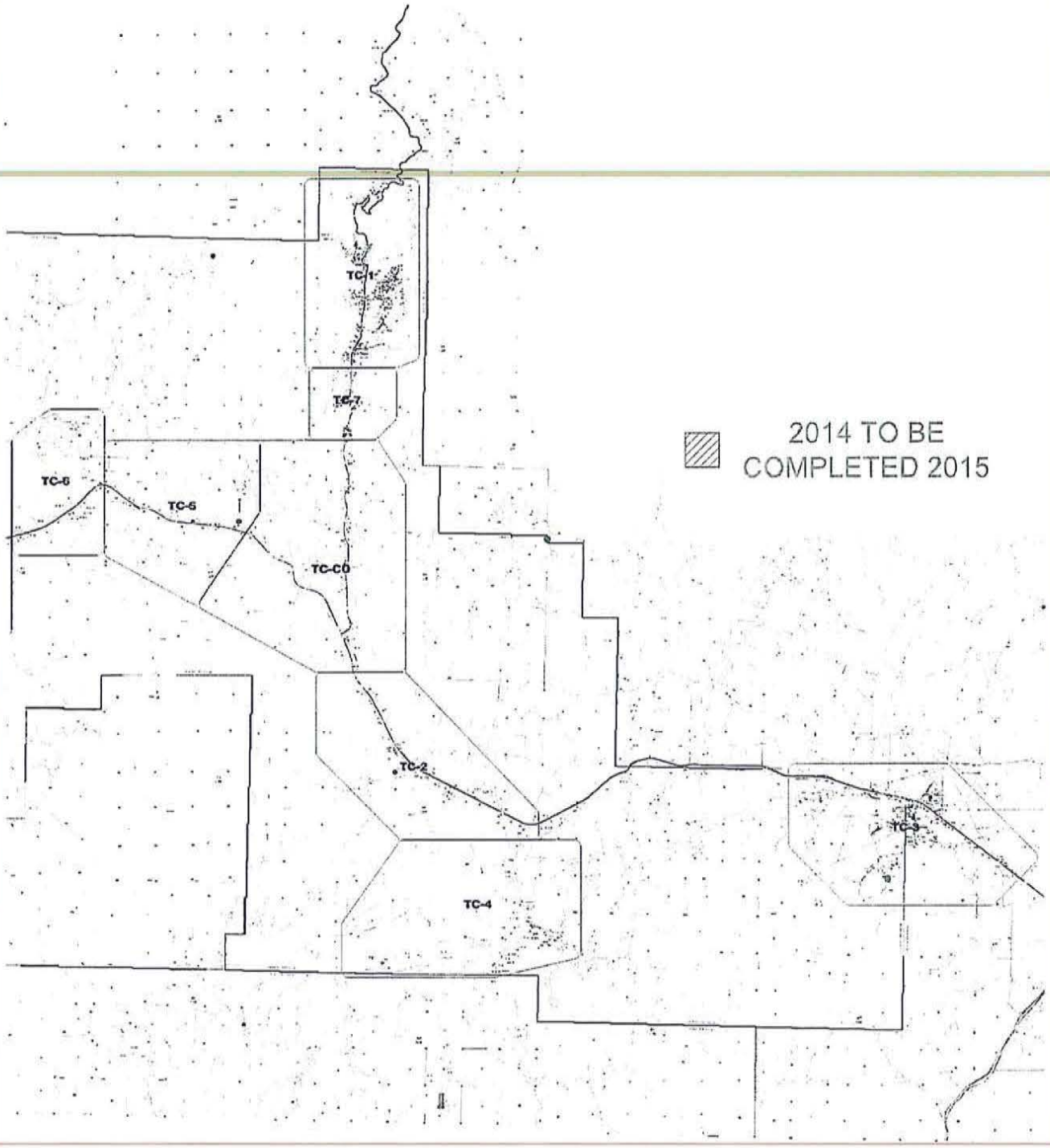
SOUTHERN MONTANA TELEPHONE COOP.
IMPROVEMENT PLAN
2015 - 2019

Montana 526
Southern Montana Telephone Company
Wisdom, Montana

Haberly and Associates — 615 1st Street West, Suite A — Havre, Montana

Drawn by:	Date:	CAD Dwg Name:	Layout Name:	Scale =
JRB	3/26/2015	2015_5yr_progress.dwg	2015	-

3/26/2015 10:11 AM Z:\Telephone\SMTC\EXCHANGES\C1_Sawhill_Drawings_Maps\2015_5yr_progress 2015.dwg Brodeur



DATE	REVISIONS
3/27/15	Grasshopper 2014 to be completed 2015

SOUTHERN MONTANA TELEPHONE COOP.
CONTINUING PLAN
2014 TO BE COMPLETED 2015
Montana 320
Southern Montana Telephone Company
Wisdom, Montana

JRB	3/26/2015	2015 Not Completed	2014 Not

Southern Montana Telephone Company
Capital Expenditure Projects Summary
2016 Annual Report Submission
482254MT112.pdf Attachment 3

Wire Center and CLLI	Project Description	Purpose	Cost Estimate	Actual Cost	Regulated % Allocation	Amount in USF Support Area	% Voice	% Broadband	Area Impacted	Subscribers Impacted	Targeted Completion	Actual Completion	Notes
Wisdom-WSDMMTXCDS0	Squaw Creek CO Hoop, Hoop #1, #2 and #3: 25.62 Route Miles, FttH	Service Quality, Capacity	$ -	$ 1,292,500	100%	$ 1,292,500	50%	50%	70.24 sq miles	39	Q-4 2015	Nov-15	
	2014 Project Completed in 2015	Service Quality, Capacity	$ -	$ 3,024,400	100%	$ 3,024,400	50%	50%		295	Q-4 2015	Dec-15	
	Wisdom Exchange Engineering	Service Quality, Capacity	$ -	$ 175,000	100%	$ 175,000	50%	50%	247.34 sq miles	108	Q-4 2015	Jun-15	
	Transport Backhaul Network Upgrade	Service Quality, Capacity	$ -	$ 30,600	100%	$ 30,600	100%	0%		917	Q-4 2015	Dec-15	
	Replace 1 Vehicles	General	$ 47,000	$ 60,700	100%	$ 60,700	50%	50%		917	Q-4 2016	May-15	(2)
	General Expenditures	General	$ -	$ 14,500	100%	$ 14,500	50%	50%		917	Q-4 2015	Dec-15	
	Unbudgeted	Service Quality, Capacity	$ -	$ 30,000	100%	$ 30,000	50%	50%		917	Q-4 2015	Sep-15	
	Squaw Creek Hoop #1 and Hoop #2: 19.8 Route Miles, FttH	Service Quality, Capacity	$ 1,089,000	$ -	100%	$ -	50%	50%	29.21 sq miles	26	Q-4 2015	n/a	(1)
	C15 Host Switch Upgrades	Service Quality, Capacity	$ 75,000	$ 3,600	100%	$ 3,600	100%	0%		917	Q-4 2015	Dec-15	
	Replace 2 Vehicles	General	$ 86,000	$ 97,600	100%	$ 97,600	50%	50%		917	Q-4 2015	May-15	
			$ 1,297,000	$ 4,728,900									

(1) This project has been expanded from the initial improvement plan to include two additional hoops initially scheduled for upgrade in 2016.
(2) This vehicle was scheduled for replacement in 2017 in the initial improvement plan.

Consumer Protection

Southern Montana Telephone Company complies with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft. A manual for each of those programs is in place and is part of the employees' handbook. Employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

Service Quality Standards

Southern Montana Telephone Company complies with the service standards of the State of Montana as promulgated in the Montana Administrative Rule 38.5 subchapter 33, Telecommunications Service Standards.

Back-up Power

Southern Montana Telephone Company has the following back-up power capabilities:

Switches – stand alone and/or host

Southern Montana Telephone Company's Host Switch has a 36 KW propane powered generator with a 500 gallon fuel supply tank. Approximate run time is 48 hours with no maintenance.

Central Office batteries are rated at 1,120 AH capable of 55 amp draw for approximately 8 hours.

Remote Central Offices

Most remote central offices are equipped with 12.5 KW propane powered generators with a 500 gallon fuel supply tank. Approximate run time is 48 hours with no maintenance.

Southern Montana Telephone Company has two 15 KW trailer mounted mobile gasoline powered generators for remote central offices without stationary backup power, each with fuel capacity to run approximately 8 hours. These are stored at the host central office site.

Remote central office batteries are rated at 456 AH capable of 20 amp draw for approximately 8 hours.

Subscriber carrier (DLC, AFC, OPM, etc.)

Carrier huts are equipped with external connections for use with mobile generators. Hut batteries are rated at 96 AH capable of 23.4 amp draw for approximately 8 hours.

Southern Montana Telephone Company uses both Purcell and Calix brand DLC batteries. Purcell brand DLC cabinet batteries are rated at 180 AH capable of 22 amp draw for 8 hours. Calix brand DLC cabinet batteries are rated at 38 AH capable of 4.5 amp draw for approximately 8 hours.

Network Interface Devices (NIDs)

Southern Montana Telephone Company has 230 customers with metallic (copper) connections to the Central Office and their NIDs are powered from the Central Office.

Southern Montana Telephone Company has 687 customers with non-metallic (fiber optic) connections to the Central Office. These customers' NIDs are battery powered in case of emergency. The batteries are rated to last 10 hours with no use and 6 hours with constant use.

Ability to reroute traffic around damaged facilities

Southern Montana Telephone Company has in place redundant ERPS and SONET rings to reroute traffic in the event of a transport fiber cut or equipment failure.

Capability to manage traffic spikes resulting from emergency situations

Southern Montana Telephone Company has 917 customers, switching capacity of 10,000 simultaneous calls, and transport capacity for 64 simultaneous calls. **Southern Montana Telephone Co.** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations.

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

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

<010>	Study Area Code	482254
<015>	Study Area Name	SOUTHERN MONTANA TEL
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Larry Mason
<035>	Contact Telephone Number - Number of person identified in data line <030>	4066893333 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com

<701>	Residential Local Service Charge Effective Date	1/1/2016
<702>	Single State-wide Residential Local Service Charge	20.0

<703>

<a1> State	<a2> Exchange (ILEC)	<a3> SAC (CETC)	<b1> Rate Type	<b2> Residential Local Service Rate	<b3> State Subscriber Line Charge	<b4> State Universal Service Fee	<b5> Mandatory Extended Area Service Charge	<c> Total per line Rates and Fees
MT	All		FR	20.0	0.0	0.0	0.0	20.0

(710) Broadband Price Offerings
Data Collection Form

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

<010>	Study Area Code	482254
<015>	Study Area Name	SOUTHERN MONTANA TEL
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Larry Mason
<035>	Contact Telephone Number - Number of person identified in data line <030>	4066893333 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	lmason@smtel.com

<711>

<a1> State	<a2> Exchange (ILEC)	<b1> Residential Rate	<b2> State Regulated Fees	<c> Total Rates and Fees	<d1> Broadband Service - Download Speed (Mbps)	<d2> Broadband Service -Upload Speed (Mbps)	<d3> Usage Allowance (GB)	<d4> Usage Allowance Action Taken When Limit Reached {select}
MT	All	71.15	0.0	71.15	5.0	1.0	999999	Other, No Limit

482254MT1010.pdf

As evidenced by the data provided in lines 702 and 703 of this Form 481, **Southern Montana Telephone Company's** voice service pricing is, in fact, **less than** the national average urban rate ($41.07) for voice service as announced by the Wireline Competition Bureau in April 2016 (DA 16-362) and therefore, by definition, is no more than 2 standard deviations above that published rate.

LIFELINE ASSISTANCE FORM

☐ Initial Lifeline Enrollment ☐ Re-Certification of Lifeline Enrollment

Lifeline subscribers receive the same residential service as a regular subscriber, but at a reduced monthly recurring rate. All SMTC subscribers, including Lifeline subscribers, have unlimited local calling privileges at no additional charge. A Lifeline subscriber, as with any SMTC subscriber, is free to choose their own long distance through carriers that serve SMTC locations.

The information you provide on this form is strictly confidential and will only be used to assess your eligibility for Lifeline Assistance. Any documentation received will not be kept, shared or stored by Southern Montana Telephone Company.

PERSONAL INFORMATION

First Name: _____ Middle Initial:____ Last Name: _____

Birth Date: _____ E-mail Address: _____

Phone Number: _____ Last 4 Digits of Social Security Number: ___ ___ ___ ___

Residential Address:

Physical Address (no PO Boxes, must be your 9-1-1 address): _____

Billing Address (PO Box allowed): _____

City: _____ State: _____ Zip Code: _____

This address is:

☐ Permanent ☐ Temporary ☐ Multi-household

Do you share this address with any other person over the age of 18? ☐ Yes ☐ No (If yes, please complete the Household Worksheet on Page 3)

ELIGIBILITY

ARE YOU CURRENTLY PARTICIPATING IN ANY OF THE FOLLOWING PROGRAMS? (Check all that apply)

☐ Food Stamps (SNAP) ☐ Federal Housing Assistance (Section 8) ☐ Temporary Assistance for Needy Families

☐ Supplemental Security Income (SSI) ☐ National School Lunch (Free Program Only) ☐ Medicaid

☐ Low Income Home Energy Assistance Program

IS YOUR INCOME AT OR BELOW 135% OF THE FEDERAL POVERTY GUIDELINES ☐ Yes ☐ No

If yes, how many people are in your household? _____

Qualifying income per person:

(1) $15,890 (2) $21,506 (3) $27,122 (4) $32,738 (5) $38,354 (Add $4,160 for each additional person.)

IS ANYONE ELSE IN YOUR HOUSEHOLD CURRENTLY RECEIVING ANY LOW-INCOME ASSISTANCE FROM ANY OTHER WIRELINE OR WIRELESS TELEPHONE PROVIDER? ☐ Yes ☐ No

CERTIFICATIONS

- I understand that Lifeline is a federal benefit and that willfully making false statement to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.
- I understand only one Lifeline service is available per household and understand that a household is not permitted to receive Lifeline benefits from multiple providers.
- I understand that a household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses.
- I understand that violation of the one-per-household limitation constitutes a violation of the Federal Communication Commission's rules and will result in my de-enrollment from the program.
- I certify that no other individual in my household is currently receiving Lifeline-supported service and understand that violation of this requirement will result in de-enrollment from the program and could result in criminal prosecution.
- I understand that Lifeline is a non-transferable benefit and I may not transfer my benefit to any other person.
- I agree to notify my telecommunications provider within 30 days if I no longer meet the income-based or program based criteria for receiving Lifeline support or if I find that I am receiving more than one Lifeline benefit or another member of my household is receiving a Lifeline benefit. I may be subject to penalties if I fail to do so.
- I agree to notify my telecommunications provider within 30 days if I move to a new address.
- I agree to provide documentation of my eligibility when required to do so and understand that failure to do so may result in de-enrollment.
- I understand that I may be required to re-certify my eligibility for Lifeline at any time and failure to re-certify my continued eligibility will result in de-enrollment and termination of Lifeline benefits.
- By participating in this government program, I agree to allow my personal information to be added to the national database. I understand that failure to comply will deny me the Lifeline benefit.
- I have read the information on this certification form and understand that I must meet the qualifications listed on this form to receive assistance from the program.
- I certify under penalty of perjury that I meet the eligibility criteria and the information that I populated in the Eligibility section of this form is correct.
- I understand completion of this certification form does not constitute immediate acceptance into the Lifeline program.

Signature: _____ Date: _____

Submit your completed form using one of the following methods. Lifeline subscribers will receive a re-certification form annually and must return that form within 30 days to ensure the continuation of Lifeline assistance benefits.

In-person or U.S. Postal Service:
Southern Montana Telephone Company
P.O. Box 205
Wisdom, MT 59761

Fax: 406-689-3959

Email: SMTC@smtel.com

SOUTHERN MONTANA TELEPHONE COMPANY USE ONLY

Date Form and Document Received: _____ Customer Acct No.: _____

Specific Documentation Provided by Customer Supporting Eligibility: _____

_____

HOUSEHOLD WORKSHEET

If you share an address with another person who may have, or be eligible for Lifeline services, you must complete this Worksheet. This other person may not be a part of your household. Please answer the questions below to determine whether there is more than one household residing at your address.

1. Does your spouse or domestic partner (that is, someone you are married to or in a relationship with) already receive a Lifeline-discounted phone? (*check no if you do not have a spouse or partner*) _____**YES** _____**NO**
   - If you checked **YES**, you may not sign up for Lifeline because someone in your household already receives Lifeline. Only ONE Lifeline discount is allowed per household.
   - If you checked **NO**, please answer question #2.
2. Other than a spouse or partner, do other adults (people over the age of 18 or emancipated minors) live with you at your address?
   - A. A parent _____**YES** _____**NO**
   - B. An adult son or daughter _____**YES** _____**NO**
   - C. Another adult relative (such as a sibling, aunt, cousin, grandparent, grandchild, etc.) _____**YES** _____**NO**
   - D. An adult roommate _____**YES** _____**NO**
   - E. Other _____ Other _____
   - If you checked **NO** for each statement above, you do not need to answer the remaining questions. Please initial line B, below, and sign and date the worksheet.
   - If you checked **YES** for any statement above, please answer question #3.
3. Do you share living expenses (bills, food, etc.) and share income (either your income, the other person's income or both incomes together) with at least one of the adults listed above in question #2? _____**YES** _____**NO**
   - If you checked **NO**, then your address includes **more than one household.** Please initial lines A and B below, and sign and date the worksheet.
   - If you checked **YES**, then your address includes only **one household.** You may not sign up for Lifeline if someone in your household already receives Lifeline.

A. _____*I certify that I live at an address occupied by multiple households.*
B. _____*I understand that violation of the one-per-household requirement is against the Federal Communication Commission's rules and may result in me losing my Lifeline benefits, and potentially, prosecution by the United States government.*

SIGNITURE

By signing below I certify that all information contained on this worksheet is true and correct. I understand that if I knowingly provide false information in order to obtain Lifeline benefits I will be guilty of perjury which is punishable by fines or imprisonment up to five years.

Signature: _____ Date: _____

482254MT3010.pdf

Southern Montana Telephone
Local Connection, Global Reach

P.O. Box 205
Wisdom, MT 59761
(406) 689-3333
Fax (406) 689-3959
www.smtel.com

July 1, 2016

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

Re: WC Docket No. 14-58, 2015 Annual Report, Form 481 for High-Cost Recipient 54.313(f)(1) "Milestone Certification"

Dear Ms Dortch:

In compliance with the filing requirements associated with, and attached to Form 481, we wish to advise the Commission that Southern Montana Telephone Company provides High Speed Internet service to its customers and:

- Has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream;
- Provides broadband service with latency suitable for real-time applications including VoIP and usage capacity which is reasonably comparable to those in urban areas and;
- That reasonable requests for service are met within a reasonable timeframe.

If there are questions, I may be contacted at (406) 689-3333.

Sincerely,

Larry Mason
General Manager

H:\FCC\54.313 Report\2016\Milestone Certification for Line 3010.docx

ANCHOR INSITUTIONS WITHIN SOUTHERN MONTANA TELEPHONE COMPANY'S TERRITORY

Access to broadband services was available prior to 2014 to all known anchor institutions. All requests for broadband services, and speed, were fulfilled in 2014. Southern Montana Telephone Company continues to monitor customer demand and technological innovation, planning to size its network in anticipation of requests for higher speed broadband services.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER NAME Southern Montana Telephone Company (Prepared with Audited Data)	
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2015	BORROWER DESIGNATION MT0526

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.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII
(Check one of the following)

[X] All of the obligations under the RUS loan documents have been fulfilled in all material respects

[ ] There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Repor

Larry Mason — 3/16/2016
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	1,166,181	1,334,359	25. Accounts Payable	152,530	135,835
2. Cash-RUS Construction Fund	476	466	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	22,196	19,297
a. Telecom, Accounts Receivable	94,899	116,207	28. Customer Deposits	1,330	1,320
b. Other Accounts Receivable			29. Current Mat. L/T Debt	1,009,944	975,141
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	378,494	443,050	33. Other Taxes Accrued	108,322	129,695
c. Notes Receivable			34. Other Current Liabilities	202,794	145,223
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	1,497,116	1,406,511
6. Material-Regulated	99,910	108,670	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes	8,358,209	8,558,564
8. Prepayments	9,521	25,659	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	1,749,481	2,028,411	39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	330,116	340,106	46. Total Long-Term Debt (36 thru 45)	8,358,209	8,558,564
13. Nonregulated Investments	223,218	226,328	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	553,334	566,434	50. Total Other Liabilities and Deferred Credits (47 thru 49)	0	0
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	23,218,251	27,792,483	51. Cap. Stock Outstand. & Subscribed	6,100	6,100
19. Property Held for Future Use			52. Additional Paid-in-Capital	3,290	3,290
20. Plant Under Construction	2,647,793	7,950	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	11,649,715	13,150,492	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	14,216,329	14,649,941	56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	6,654,429	7,270,321
			58. Total Equity (51 thru 57)	6,663,819	7,279,711
	16,519,144	17,244,786	59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	16,519,144	17,244,786

Total Equity = 42.21% % of Total Assets

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS INSTRUCTIONS- See RUS Bulletin 1744-2	BORROWER DESIGNATION MT0526 PERIOD ENDING December, 2015

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	240,897	252,535
2. Network Access Services Revenues	4,728,161	5,237,950
3. Long Distance Network Services Revenues	114,386	113,364
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues	704	5,256
6. Uncollectible Revenues	1,622	644
7. Net Operating Revenues (1 thru 5 less 6)	5,082,526	5,608,461
8. Plant Specific Operations Expense	548,490	532,398
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	368,305	391,474
10. Depreciation Expense	1,448,736	1,549,394
11. Amortization Expense	8,750	8,750
12. Customer Operations Expense	157,153	146,700
13. Corporate Operations Expense	629,005	756,555
14. Total Operating Expenses (8 thru 13)	3,160,439	3,385,271
15. Operating Income or Margins (7 less 14)	1,922,087	2,223,190
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes	193,837	234,101
20. Total Operating Taxes (17+18+19)	193,837	234,101
21. Net Operating Income or Margins (15+16-20)	1,728,250	1,989,089
22. Interest on Funded Debt	361,387	329,689
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction	13,082	63,148
26. Total Fixed Charges (22+23+24-25)	348,305	266,541
27. Nonoperating Net Income	271,535	172,831
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	(37,194)	(68,772)
31. Total Net Income or Margins (21+27+28+29+30-26)	1,614,286	1,826,607
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	5,876,588	6,654,429
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)	836,445	1,210,715
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)]	6,654,429	7,270,321
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)	0	0
44. Annual Debt Service Payments	1,257,668	1,311,066
45. Cash Ratio [(14+20-10-11) / 7]	0.3732	0.3675
46. Operating Accrual Ratio [(14+20+26) / 7]	0.7285	0.6929
47. TIER [(31+26) / 26]	5.6347	7.8530
48. DSCR [(31+26+10+11) / 44]	2.7194	2.7850

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION MT0526 PERIOD ENDED December, 2015
INSTRUCTIONS – See help in the online application.	

	PART I – STATEMENT OF CASH FLOWS	
1.	**Beginning Cash (Cash and Equivalents plus RUS Construction Fund)**	1,166,657
	CASH FLOWS FROM OPERATING ACTIVITIES	
2.	**Net Income**	1,826,607
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation	1,549,394
4.	Add: Amortization	8,750
5.	Other (Explain)	
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	(85,864)
7.	Decrease/(Increase) in Materials and Inventory	(8,760)
8.	Decrease/(Increase) in Prepayments and Deferred Charges	(16,138)
9.	Decrease/(Increase) in Other Current Assets	0
10.	Increase/(Decrease) in Accounts Payable	(16,695)
11.	Increase/(Decrease) in Advance Billings & Payments	(2,899)
12.	Increase/(Decrease) in Other Current Liabilities	(36,198)
13.	**Net Cash Provided/(Used) by Operations**	3,218,197
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	0
15.	Increase/(Decrease) in Notes Payable	0
16.	Increase/(Decrease) in Customer Deposits	(10)
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	165,552
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	0
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	0
20.	Less: Payment of Dividends	(1,210,715)
21.	Less: Patronage Capital Credits Retired	0
22.	Other (Explain)	
23.	**Net Cash Provided/(Used) by Financing Activities**	(1,045,173)
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)	(1,934,389)
25.	Other Long-Term Investments	(13,100)
26.	Other Noncurrent Assets & Jurisdictional Differences	0
27.	Other (Explain) Reconcile Amount	(57,367)
28.	**Net Cash Provided/(Used) by Investing Activities**	(2,004,856)
29.	**Net Increase/(Decrease) in Cash**	168,168
30.	**Ending Cash**	1,334,825