

Mt. Angel Telephone Company

PROGRESS REPORT ON SERVICE QUALITY IMPROVEMENT PLAN

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 due by Rule, to the requisite regulatory authorities.

Mt. Angel Telephone Company ("MATC") advises that the environment in which the Company operates is 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 emergency related contingencies.

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

UNIVERSAL SERVICE SUPPORT RECEIVED IN 2015

Per the Universal Service Administrative Company (USAC), as available for the period up to this filing, MATC received a total of \$390,738 in 2015 in USF support funds. The breakdown of the funding to the point of filing is:

- \$ 0 High Cost Loop Support
- \$ 0 Local Switching Support
- \$185,460 Connect America Fund-Intercarrier Compensation Support
- \$205,278 Interstate Common Line Support
- \$ 0 Safety Net Additive

Universal Service Support funds are used to: 1) maintain, upgrade, and improve the Company's network and, 2) cover operating expenses and debt commitments as necessary to permit it to offer a high level of service for both voice and broadband within the authorized serving 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 as well as to cover operating expenses and fixed costs incurred to obtain capital from lenders. The Company does not segregate USF separately for purposes of capital and

operating expenditures; USF is expended in the same proportion as the Company's aggregated revenue amount.

The proportionate share of USF expenditures in 2015 is \$55,431 (14%) for CAPEX and \$335,307 (86%) for OPEX.

In the accompanying 2015 project detail, 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 multiple qualifiers are of equal dollar equivalence. Where a project involves a single qualifier, it is so noted.

PROGRESS REPORT

2015

FTTH (81) Addresses

Estimated cost per original 5 year plan \$329,577. Project pushed back to 2016.

Broadband Router Switch Equipment

Estimated cost per original 5 year plan \$15,000. Purchases and installation pushed back to 2016.

Miscellaneous Capital Improvements

Through 2015 \$216,299 has been spent on small construction projects around town in which both new fiber and new copper has been installed. Also a new heater was installed at the warehouse for \$6,850. Lastly, Adtran equipment was added in the CO for \$20,203.