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June 28, 2012

Ms. Marlene H. Dortch
Office ofthe Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Ms. Karen Majcher
Vice President- High Cost Low Income Division
Universal Service Administrative Company
2000 L Street NW, Suite 200
Washington, D.C. 20036

Mr. Burl Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: WC Docket No. 10-90: Annual Reporting Requirements for High-Cost Recipients
§54.313 (a)(2) through (a)(6) and (h)

Dear Ms. Dortch, Ms. Majcher, and Mr. Haar:

Pursuant to Section 54.313(a)(2) through (a)(6) and (h) of the Federal Communications Commission's rules, enclosed are the 2012 annual reporting requirements and certifications for Callaway Telephone Co., Study Area Code 361365

Should you have any questions, please contact me via email at tcampbell@otcpas.com or by phone at (651) 621-8511.

Sincerely,

Thomas W. Campbell,
Consultant

Enclosures

CC: Callaway Telephone Co.

St. Paul Office | 2675 Long Lake Road | St. Paul, MN 55113-1117 | 651-483-4521 | 651-483-2467 FAX
Minneapolis Office | 300 Prairie Center Dr., Ste. 300 | Minneapolis, MN 55344-7908 | 952-941-9242 | 952-941-0577 FAX | otcpas.com

Annual Reporting Requirements pursuant to § 54.313(a)(2)-(6), (h)
WC Docket No. 10-90

§ 54.313(a)(2) - Outage Reporting

My company collected this information pursuant to state utility commission requirement. A copy of the submitted report is attached.

§ 54.313(a)(3) - Unfulfilled Service Requests

My company collected this information pursuant to state utility commission requirement. A copy of the submitted report is attached.

§ 54.313(a)(4) - Customer Complaints per 1,000 Connections

My company collected this information pursuant to state utility commission requirement. A copy of the submitted report is attached.

§ 54.313(a)(5) - Service Quality Standards and Consumer Protection Rules

I certify that the reporting carrier is in compliance with applicable service quality standards and consumer protection rules.

§ 54.313(a)(6) - Ability to Function in Emergency Situations

I certify that the reporting carrier can function in emergency situations as set forth in 47 CFR §54.202(a)(2). Specifically, the reporting carrier has a reasonable amount of back-up power to ensure functionality without an external power source, is able to re-route traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.

§ 54.313(h) - Local Rate Floor Data

I certify that the reporting carrier receives or is projected to receive High Cost Support in 2012 and has no monthly residential rates (plus charges as defined) less than $10.

I am authorized to make this certification on behalf of the reporting carrier and to the best of my knowledge the information reported on this form is accurate. This certification is for the study area(s) listed below.

Company Name	State	Study Area Code
East Ottertail Telephone Co.	MN	36-1385
Twin Valley-Ulen Telephone Co.	MN	36-1491
Callaway Telephone Co.	MN	36-1365
Midwest Telephone Co.	MN	36-1431
Osakis Telephone Co.	MN	36-1448
Home Telephone Co.	MN	36-1408
The Peoples Telephone Co. of Bigfork	MN	36-1453
Melrose Telephone Co.	MN	36-1430
Redwood County Telephone Co.	MN	36-1472
Clements Telephone Co.	MN	36-1371

[Signature of Corporate Officer]

Date: 6/25/12

Staci Malikowski

[Printed Name of Corporate Officer]

Chief Financial Officer

[Title of Corporate Officer]

BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

REQUEST FOR CERTIFICATION

Callaway Telephone Company is seeking certification of eligibility from the Minnesota Public Utilities Commission (the "Commission") in order to be eligible for support from the federal Universal Service Fund.

The certification required for rural carriers to receive federal universal service support for all four quarters during calendar year 2013 is currently due to be filed with the Federal Communications Commission ("FCC") and the Universal Service Administrative Company ("USAC") on or before October 1, 2012. The certification may be presented to these entities in the form of a letter from the State Commission. The letter must identify which carriers in the State are eligible to receive federal support during the 12-month period and must certify that the carriers listed will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

Callaway Telephone Company is a rural incumbent telephone company that has previously been designated by this Commission as an eligible telecommunications carrier. The Company provides local exchange telephone services, including all of the essential services that are included in the federal definition of universal service, to approximately 240 access lines within its established rural service area in Minnesota.

Based on the information in this filing, Callaway Telephone Company requests that the Commission make the appropriate certification to the FCC and USAC.

Exhibit A provides details as to the expenditures that were incurred by Callaway Telephone Company in 2011 and estimates of the expenditures for years 2012 and 2013 for the

provision, maintenance, and upgrading of facilities and services supported by federal universal service. Consistent with the universal service principles set forth in the federal law and also the FCC orders, Callaway Telephone Company will use federal universal support amounts received in 2012 to offset a portion of 2012 expenditures incurred as shown in Exhibit A. This use of federal universal service support will enable Callaway Telephone Company to: (1) maintain rates for its local exchange services that are affordable and reasonably comparable to rates being charged for the same services in urban areas; and (2) to continue to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service. Specific projects are listed on Attachment 1. The use of federal universal service support for these purposes is clearly consistent with the federal universal service principles.

In Docket P-999/M-05-741 the Commission ordered carriers seeking annual certification for universal service support to comply with the annual filing requirements adopted by the FCC in CC Docket 96-45, FCC 05-46 with the modifications that: (i) a report on a two-year service quality improvement plan is to be used instead of a five year plan; and (ii) information may be filed on a service area basis instead of a wire-center basis. The following information is provided in compliance with this requirement.

Callaway Telephone Company's service quality improvement plan is to continue to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service throughout Callaway Telephone Company's service area. As an incumbent local carrier Callaway Telephone Company upgrades and replaces facilities and equipment as necessary.

Callaway Telephone Company has not provided maps as no changes to our service areas have been made during the current year. The existing maps are on file with the Department of Commerce and the Department of Administration.

Additional information required is provided as follows:

- During the year of 2011 there were no outages that required reporting to the FCC.
- Callaway Telephone Company was able to provide service to all potential customers that requested service during 2011 and at December 31, 2011, we had no unfulfilled requests for service.
- The number of complaints of service quality per 1,000 handsets or lines for 2011 is estimated at less than 1.
- The attached affidavit contains the required certifications as they pertain to an incumbent local exchange carrier.
- Attachment 1 is a listing of the largest projects for the next two years.

Based on the foregoing information, the enclosed Exhibit A and the enclosed Affidavit, Callaway Telephone Company requests that this Commission issue an appropriate certification to the FCC and USAC indicating that Callaway Telephone Company is in compliance with 47 U.S.C. § 254(e) and should receive all federal universal service support determined for distribution to the Company in 2013.