October 14, 2013

BY ELECTRONIC COMMENT FILING SYSTEM

Ms. Marlene H. Dortch, Secretary
Office of the Secretary
Federal Communications Commission
445 12th St., SW, Room TW-A325
Washington, DC 20554

Dear Ms. Dortch:

Re: WC Docket No. 10-90 –
FCC Form 481 due October 15, 2013 -
Kalama Telephone Company (Study Area 522426)

Accompanying this letter for filing with the Federal Communications Commission ("Commission") is an electronic copy of the FCC Form 481, due October 15, 2013, of Kalama Telephone Company, as filed electronically with the United States Administrative Company pursuant to Sections 54.313 and 54.422 of the Commission's rules, 47 C.F.R. §§ 54.313 and 54.422.

Please let us know if the Commission has any questions regarding the accompanying FCC Form 481.

Very truly yours,

Steven D. Hanson
President

Accompanying document:
FCC Form 481 (copy)

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	522426
<015>	Study Area Name	KALAMA TEL CO
<020>	Program Year	2014
<030>	Contact Name: Person USAC should contact with questions about this data	Rick Vitzthum
<035>	Contact Telephone Number: Number of the person identified in data line <030>	360-264-2915
<039>	Contact Email Address: Email of the person identified in data line <030>	rick@scattercreek.net

ANNUAL REPORTING FOR ALL CARRIERS			54.313 Completion Required	54.422 Completion Required
			(check box when complete)	
<100>	Service Quality Improvement Reporting	(complete attached worksheet)	✔	
<200>	Outage Reporting (voice)	(complete attached worksheet)	✔	✔
<210>	✔ <-- check box if no outages to report			
<300>	Unfulfilled Service Requests (voice)	0	✔	
<310>	Detail on Attempts (voice)	(attach descriptive document)	✔	
<320>	Unfulfilled Service Requests (broadband)	0	✔	
<330>	Detail on Attempts (broadband)	(attach descriptive document)	✔	
<400>	Number of Complaints per 1,000 customers (voice)		✔	✔
<410>	Fixed	0.0		
<420>	Mobile			
<430>	Number of Complaints per 1,000 customers (broadband)			
<440>	Fixed	0.0		
<450>	Mobile			
<500>	Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)		
<510>	522426wa510	(attached descriptive document)	✔	✔
<600>	Functionality in Emergency Situations	(check to indicate certification)	✔	✔
<610>	522426wa610	(attached descriptive document)	✔	✔
<700>	Company Price Offerings (voice)	(complete attached worksheet)		
<710>	Company Price Offerings (broadband)	(complete attached worksheet)		
<800>	Operating Companies and Affiliates	(complete attached worksheet)	✔	✔
<900>	Tribal Land Offerings (Y/N)? ○ ●	(if yes, complete attached worksheet)		
<1000>	Voice Services Rate Comparability	(check to indicate certification)		
<1010>		(attach descriptive document)		
<1100>	Terrestrial Backhaul (Y/N)? ● ○	(if not, check to indicate certification)		
<1110>		(complete attached worksheet)		
<1200>	Terms and Condition for Lifeline Customers	(complete attached worksheet)		✔

Price Cap Carriers, Proceed to <u>Price Cap Additional Documentation Worksheet</u>

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>		(check to indicate certification)		
<2005>		(complete attached worksheet)		

Rate of Return Carriers, Proceed to <u>ROR Additional Documentation Worksheet</u>

<3000>		(check to indicate certification)	✔	
<3005>		(complete attached worksheet)	✔	

(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	522426
<015>	Study Area Name	KALAMA TEL CO
<020>	Program Year	2014
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<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

<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, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, 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	☐
<114>	Report how much universal service (USF) support was received	☐
<115>	How (USF) was used to improve service quality	☐
<116>	How (USF)was used to improve service coverage	☐
<117>	How (USF) was used to improve service capacity	☐
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	☐

(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	522426
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<035>	Contact Telephone Number - Number of person identified in data line <030>	360-264-2915
<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

<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

-- See attached worksheet --

(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	522426
<015>	Study Area Name	KALAMA TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Rick Vitzthum
<035>	Contact Telephone Number - Number of person identified in data line <030>	360-264-2915
<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

<701>	Residential Local Service Charge Effective Date	1/1/2013
<702>	Single State-wide Residential Local Service Charge	

<703>

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

(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	522426
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<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Rick Vitzthum
<035>	Contact Telephone Number - Number of person identified in data line <030>	360-264-2915
<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

<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

<010>	Study Area Code	522426
<015>	Study Area Name	KALAMA TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Rick Vitzthum
<035>	Contact Telephone Number - Number of person identified in data line <030>	360-264-2915
<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

<810>	Reporting Carrier	Kalama Telephone Company
<811>	Holding Company	Scatter Creek Limited
<812>	Operating Company	Kalama Telephone Company

<813>

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

-- See attached worksheet --

(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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<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Rick Vitzthum
<035>	Contact Telephone Number - Number of person identified in data line <030>	360-264-2915
<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

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

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

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

		Select (Yes,No, NA)
<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions;	
<922>	Feasibility and sustainability planning;	
<923>	Marketing services in a culturally sensitive manner;	
<924>	Compliance with Rights of way processes	
<925>	Compliance with Land Use permitting requirements	
<926>	Compliance with Facilities Siting rules	
<927>	Compliance with Environmental Review processes	
<928>	Compliance with Cultural Preservation review processes	
<929>	Compliance with Tribal Business and Licensing requirements.	

(1100) No Terrestrial Backhaul Reporting Data Collection Form

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

<010>	Study Area Code	522426
<015>	Study Area Name	KALAMA TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Rick Vitzthum
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<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box 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	522426
<015>	Study Area Name	KALAMA TEL CO
<020>	Program Year	2014
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<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

522426wa1210

Name of attached document (.pdf)

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached PDF, 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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification {47 CFR § 54.313(b)(1)} ☐
<2011> 3rd Year Certification {47 CFR § 54.313(b)(2)} ☐

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

<2012> 2013 Frozen Support Certification ☐
<2013> 2014 Frozen Support Certification ☐
<2014> 2015 Frozen Support Certification ☐
<2015> 2016 and future Frozen Support Certification ☐

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification Support Used to Build Broadband ☐

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017> 3rd year Broadband Service Certification ☐
<2018> 5th year Broadband Service Certification ☐
<2019> Interim Progress Certification ☐
<2020> Please check the box to confirm that the attached PDF , on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐
<2021> Interim Progress Community Anchor Institutions — Name of Attached Document Listing Required Information _____

(3000) Rate Of Return Carrier Additional Documentation

Data Collection Form

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

<010>	Study Area Code	522426
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CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan

(3010)	Milestone Certification {47 CFR § 54.313(f)(1)(i)} Please check this box to confirm that the attached PDF , on line 3012,	Name of Attached Document Listing Required Information	☐
(3011)	contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.		
(3012)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	Name of Attached Document Listing Required Information	
(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)	PDF of 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	522426wa3017
(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		☐
(3020)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		☐
(3021)	Management letter 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)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		☐
(3026)	Attach the worksheet listing required information	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

<010>	Study Area Code	522426
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<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

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:	KALAMA TEL CO		
Signature of Authorized Officer:	CERTIFIED ONLINE	Date	10/14/2013
Printed name of Authorized Officer:	Rick VItzthum		
Title or position of Authorized Officer:	Chief Financial Officer		
Telephone number of Authorized Officer:	360-264-2915		
Study Area Code of Reporting Carrier:	522426	Filing Due Date for this form:	10/15/2013

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

<010>	Study Area Code	522426
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<020>	Program Year	2014
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<035>	Contact Telephone Number - Number of person identified in data line <030>	360-264-2915
<039>	Contact Email Address - Email Address of person identified in data line <030>	rick@scattercreek.net

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 or Employee of Agent:

Signature of Authorized Agent or Employee of Agent: Date:

Printed name of Authorized Agent or Employee of Agent:

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

(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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<810>	Reporting Carrier	Kalama Telephone Company
<811>	Holding Company	Scatter Creek Limited
<812>	Operating Company	Kalama Telephone Company

<813>

<a1>	<a2>	<a3>
Affiliates	**SAC**	**Doing Business As Company or Brand Designation**
Tenino Telephone Company	522446	
Kalama Paging, Inc		Scatter Creek InfoNet
TenKal Company		Scatter Creek Communications

Kalama Telephone Company
FCC Form 481 (October 2013), Line 510
Description of Processes and Procedures to Ensure Compliance with Service Quality Standards and Consumer Protection Rules Per Instructions for Completing FCC Form 481

This document details the processes and procedures that Kalama Telephone Company (the "Company") follows to ensure compliance with service quality standards and consumer protections rules as set forth in the Instructions for Completing FCC Form 481.

For service quality standards that are affected by plant issues, the Company engineers and installs its plant and other facilities in such a way as to ensure, to the greatest extent possible, compliance with service quality standards that exist at the time that the plant and facilities are constructed. Plant is augmented, upgraded and/or reconfigured as service needs evolve.

In addition, Company employees are periodically briefed on issues involving service quality standards and consumer protection rules. In particular, if any set of issues appear to be prevalent, employees are given briefings on how to handle such issues. A recent example is the call completion problems that have arisen and the customer calls that are generated as a result. Although this is not a service quality problem caused by the Company, it does affect customers of the Company and, therefor, deserves the attention of the Company employees.

The Company also periodically reviews its operating procedures to be sure that those operating procedures are in compliance with service quality standards and that the operating procedures are not in violation of consumer protection rules. If questions arise, legal counsel is sought as needed.

If a complaint pertaining to the Company's compliance with service quality standards or consumer protection rules is received by the Company, the complaint is promptly investigated, the matter tracked and any corrective action noted. This process ensures that issued involved in the matter are addressed and corrections made, if needed. It should be noted that the Company has received no customer complaints in the past five years regarding service quality standards or consumer protection rules as they relate to the service offered by the Company other than call completion issues, which, as noted above, are not caused by the Company.

Kalama Telephone Company
FCC Form 481 (October 2013), Line 610
Statement Describing Ability to Function
in Emergency Situations Per Instructions
for Completing FCC Form 481

At line 600 of FCC Form 481, Kalama Telephone Company (the "Company") certified that it is able to function in emergency situations as set forth in 47 C.F.R § 54.202(a)(2). This means that the Company has a reasonable amount of back-up power to ensure functionality without an external source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations. This statement describes how the Company is prepared to provide continued service in an emergency situation.

The Company has back-up batteries that provide service for its central office during a commercial power outage, with the capacity to function for at least eight hours. In addition, there is a natural gas powered generator available which can operate as long as the natural gas supply is not interrupted. The generator will also operate with propane in case the natural gas supply is interrupted. The generator automatically starts during any power outage or spike in commercial power that powers the central office and business office. Further, the Company has propane generators installed at all but two of its remote sites. The two remote sites that do not have an install generator are supplied with a portable generator in case of a power outage.

The Company has route redundancy and diversity for interexchange access service, E-911 trunking and SS7 signaling circuits.

The Company's outside plant is primarily buried and, thus, protected from most weather events. The Company's central office switch capacity is engineered to accommodate traffic spikes, and its interexchange facilities also have the capacity to provide additional circuits for interexchange carriers should the need arise.

In the case of isolated groups of customers that may suffer damage due to a cable cut, the Company maintains sufficient staff and other resources to be able to put customers back in service in a very short amount of time. The Company's emergency service equipment is located within its exchange and requires very little time to dispatch.

Kalama Telephone Company
FCC Form 481 (October 2013), Line 1210 and
FCC Form 481 (October 2013), Line 1221
Description of Terms & Conditions of Voice Telephony Lifeline Plans and
Description of Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers
Per Instructions for Completing FCC Form 481

***ADVERTISEMENT ***

Kalama Telephone Company has been the local telephone company service in Kalama area since 1904. During the intervening years, we have worked hard to build a telephone system that would provide high quality telecommunications service to the communities we serve. We have done this, notwithstanding the higher cost of serving areas in the State of Washington and when few, if any, other telephone companies are interested in serving our communities.

We have served and intend to continue to serve both residential and business customers in our service area with advanced telecommunications including internet access, high speed data services, special calling features and voice mail.

The basic services offered by Kalama Telephone Company are comprised of several components. At a minimum, these include:

Services offered:	Monthly Charge*	
Single party, voice grade access to the public switched network, Including an unlimited amount of local Usage (basic grade of service)	Residence $13.00	Business $19.00
Dual tone multi-frequency signaling or its functional equivalent (i.e., tone dialing)	no additional charge	
Access to emergency 911 services	There is no additional charge by Kalama Telephone Company to end user customers for the ability to access emergency 911 services. ****	
Access to operator service	There is no additional charge by Kalama Telephone Company for the ability to call the operator. However, the call may involve a charge depending on the service requested and the rates of the company whose operator handles the call.	
Access to interexchange (long distance) services	There is no additional charge by Kalama Telephone Company to end-user customers for the ability to place and receive calls through long distance networks of interexchange carriers that offer service through our network. However, the call may involve a charge from	

	the interexchange (long distance) carrier depending on the type of the call.
Access to directory assistance	There is no additional charge by Kalama Telephone Company to end user customers for the ability to call Directory Assistance However, the call may involve a Directory Assistance charge, the amount of which depends on the area called and the rates of the company whose operators accessed.
Toll limitations service for qualifying low-income customers	There is no additional charge by Kalama Telephone Company to qualifying low income consumers for toll blocking service, qualifying low-income customers are generally those participating in the Lifeline program.
Lifeline and Link-Up Programs	Kalama Telephone Company participates in the federal Lifeline and Link-up programs, as well as the Washington Telephone Assistance Program ("WTAP"). Under these programs, Kalama Telephone Company offers to qualifying low-income customers a discount off of the monthly rate for basic residential exchange service and a discount off of the non-recurring charge to install a basic residential exchange service line. For service on nontribal reservation lands, Kalama Telephone Company current discounted monthly rate for Lifeline residential service is $8.00 while the installation charge for such service may be discounted under the Link-Up program and WTAP by up to $60.00*. Additional discounts may apply for service to qualifying low-income customers on tribal

*The charges set forth are subject to change, and in some instances are subject to change without notice. Certain non-recurring charges may also apply to installation or change of service.
**Applicable Federal, State, County and municipal taxes and surcharges, including a federally mandated end user surcharge per line are in addition to these amounts.
*** Discounts off of this rate are available to qualifying low-income customers.
****State and County taxes apply per line to fund the provisions of this capability.

These services are available to all qualifying subscribers of Kalama Telephone Company. The charges for these services are reflected each month on our normal telephone bill and may be accompanied by charges for services provided by Kalama Telephone Company. The services listed above are those that Kalama Telephone Company offers and must advertise in order to be eligible for federal support funds that are used to help offset the high cost of serving rural areas and bringing affordable telephone service to residents and businesses in rural areas. Other

services are available by contacting Kalama Telephone Company's business office at 673-2755.

Kalama Telephone Company
FCC Form 481 (October 2013), Line 1222
Description of Details on the number of minutes
provided as part of the plan Per Instructions
for Completing FCC Form 481

Kalama Telephone Company only provides its lifeline customers a flat rate local service which includes unlimited local and extended area service (EAS) calling.

Kalama Telephone Company
FCC Form 481 (October 2013), Line 1223
Description of Additional charges for toll calls,
and rates for each such plan Per Instructions
for Completing FCC Form 481

Kalama Telephone Company does not provide toll services directly to subscribers. Kalama Telephone Company does provide its subscribers with access to toll providers (long distance carriers). A lifeline subscribers may choose their own toll provider and are subject to the rates of the selected toll provider.

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

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

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.

BORROWER NAME

Kalama 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, 2012

BORROWER DESIGNATION: WA0544

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)

☐ 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 Report

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	612,557	695,528	25. Accounts Payable	30,274	31,299
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt	159,200	169,800
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	29,746	36,574	32. Income Taxes Accrued		
b. Other Accounts Receivable	256,508	195,159	33. Other Taxes Accrued	16,545	15,188
c. Notes Receivable			34. Other Current Liabilities	1,605,348	1,777,613
5. Interest and Dividends Receivable			**35. Total Current Liabilities (25 thru 34)**	1,811,367	1,993,900
6. Material-Regulated	50,412	64,120	**LONG-TERM DEBT**		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes	1,162,713	992,670
9. Other Current Assets	142,737	22,144	38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	1,091,960	1,013,525	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			**46. Total Long-Term Debt (36 thru 45)**	1,162,713	992,670
13. Nonregulated Investments			**OTHER LIAB. & DEF. CREDITS**		
14. Other Noncurrent Assets	9,413	8,068	47. Other Long-Term Liabilities		
15. Deferred Charges	246,498	340,720	48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. **Total Noncurrent Assets (11 thru 16)**	255,911	348,788	50. Total Other Liabilities and Deferred Credits (47 thru 49)	0	0
PLANT, PROPERTY, AND EQUIPMENT			**EQUITY**		
18. Telecom, Plant-in-Service	16,233,801	16,491,019	51. Cap. Stock Outstand. & Subscribed	35,000	35,000
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	171,343	389,320	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	13,102,250	13,821,570	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	3,302,894	3,058,769	56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	1,641,685	1,399,512
			58. Total Equity (51 thru 57)	1,676,685	1,434,512
	4,650,765	4,421,082	**59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)**	4,650,765	4,421,082

Total Equity = 32.45% % of Total Assets

USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	WA0544
	PERIOD ENDING
INSTRUCTIONS- See RUS Bulletin 1744-2	December, 2012

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	558,844	535,101
2. Network Access Services Revenues	2,467,009	2,521,537
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	13,426	21,352
5. Miscellaneous Revenues	46,097	38,789
6. Uncollectible Revenues	6,205	5,138
7. Net Operating Revenues (1 thru 5 less 6)	3,079,171	3,111,641
8. Plant Specific Operations Expense	1,076,457	1,002,328
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	583,533	523,443
10. Depreciation Expense	892,072	993,761
11. Amortization Expense		
12. Customer Operations Expense	245,083	248,315
13. Corporate Operations Expense	616,593	596,703
14. Total Operating Expenses (8 thru 13)	3,413,738	3,364,550
15. Operating Income or Margins (7 less 14)	(334,567)	(252,909)
16. Other Operating Income and Expenses		
17. State and Local Taxes	69,077	80,887
18. Federal Income Taxes	(155,912)	(123,629)
19. Other Taxes		
20. Total Operating Taxes (17+18+19)	(86,835)	(42,742)
21. Net Operating Income or Margins (15+16-20)	(247,732)	(210,167)
22. Interest on Funded Debt	92,363	81,040
23. Interest Expense - Capital Leases		
24. Other Interest Expense		1,345
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)	92,363	82,385
27. Nonoperating Net Income	13,538	11,452
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	21,994	38,927
31. Total Net Income or Margins (21+27+28+29+30-26)	(304,563)	(242,173)
32. Total Taxes Based on Income	(137,892)	(29,407)
33. Retained Earnings or Margins Beginning-of-Year	1,946,248	1,641,685
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	1,641,685	1,399,512
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	240,483	240,483
45. Cash Ratio [(14+20-10-11) / 7]	0.7907	0.7482
46. Operating Accrual Ratio [(14+20+26) / 7]	1.1105	1.0940
47. TIER [(31+26) / 26]	-2.2975	-1.9395
48. DSCR [(31+26+10+11) / 44]	2.8271	3.4679

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

WA0544

PERIOD ENDED

December, 2012

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Kalama	19.50	13.00	502	1,836	2,338	175.80	14.03
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			502	1,836	2,338	175.80	14.03
No. Exchanges	1						

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

WA0544

PERIOD ENDED

December, 2012

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

			Details on Least Expensive Broadband Service					
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Kalama	2,338	1,287	2,004	3,000	768	12.09	Package	DSL
Total	2,338	1,287						

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION WA0544 PERIOD ENDING December, 2012
INSTRUCTIONS- See RUS Bulletin 1744-2	

PART D. SYSTEM DATA

1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile
8	7	120	19.48	13.30

PART E. TOLL DATA

1. Study Area ID Code(s)	2. Types of Toll Settlements (Check one)			
a. 522426	Interstate:	☐ Average Schedule	☒ Cost Basis	
b.	Intrastate:	☐ Average Schedule	☒ Cost Basis	
c.				
d.				
e.				
f.				
g.				
h.				
i.				
j.				

PART F. FUNDS INVESTED IN PLANT DURING YEAR

1. RUS, RTB, & FFB Loan Funds Expended	
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	749,636
6. Salvaged Materials	66,833
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	816,469

PART G. INVESTMENTS IN AFFILIATED COMPANIES

	CURRENT YEAR DATA		CUMULATIVE DATA		
INVESTMENTS	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION WA0544 PERIOD ENDING December, 2012

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) [X] YES [ ] NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	16.00%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	16.00%
5. Land and support assets - Buildings	4.00%
6. Land and support assets - Furniture and Office equipment	15.00%
7. Land and support assets - General purpose computers	25.00%
8. Central Office Switching - Digital	9.00%
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	11.19%
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	7.59%
19. Cable and wire facilities - Aerial cable - Metal	20.40%
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	6.00%
22. Cable and wire facilities - Underground cable - Fiber	5.00%
23. Cable and wire facilities - Buried cable - Metal	6.00%
24. Cable and wire facilities - Buried cable - Fiber	5.00%
25. Cable and wire facilities - Conduit systems	4.55%
26. Cable and wire facilities - Other	

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION WA0544
INSTRUCTIONS – See help in the online application.	PERIOD ENDED December, 2012

	PART I – STATEMENT OF CASH FLOWS	
1.	**Beginning Cash (Cash and Equivalents plus RUS Construction Fund)**	612,557
	CASH FLOWS FROM OPERATING ACTIVITIES	
2.	**Net Income**	(242,173)
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation	993,761
4.	Add: Amortization	0
5.	Other (Explain) See notes for explanation	(12)
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	54,521
7.	Decrease/(Increase) in Materials and Inventory	(13,708)
8.	Decrease/(Increase) in Prepayments and Deferred Charges	(94,222)
9.	Decrease/(Increase) in Other Current Assets	120,593
10.	Increase/(Decrease) in Accounts Payable	1,025
11.	Increase/(Decrease) in Advance Billings & Payments	0
12.	Increase/(Decrease) in Other Current Liabilities	172,265
13.	**Net Cash Provided/(Used) by Operations**	992,050
	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	0
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(159,443)
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	0
21.	Less: Patronage Capital Credits Retired	0
22.	Other (Explain)	
23.	**Net Cash Provided/(Used) by Financing Activities**	(159,443)
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)	(475,195)
25.	Other Long-Term Investments	0
26.	Other Noncurrent Assets & Jurisdictional Differences	1,345
27.	Other (Explain) See notes for explanation	(275,786)
28.	**Net Cash Provided/(Used) by Investing Activities**	(749,636)
29.	**Net Increase/(Decrease) in Cash**	82,971
30.	**Ending Cash**	695,528

Revision Date 2010

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION WA0544
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012

NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

Cash Flow Reconciliation Explanations:

Line 5 - Other

Depreciation and amortization on other assets	1,345
Change in other taxes accrued	(1,357)
Total Amount of Adjustment	(12)

Line 27 - Other

Reclassify other assets depreciation and amort to operating activities	(1,345)
Remove retirements from line 24	(341,274)
Salvage	66,833
Total Amount of Adjustment	(275,786)

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION WA0544
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012

CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS