



October 9, 2013

PO Box 609  
Mount Vernon, OR 97865-0609  
1-888-383-4132

Electronic Filing

Ms. Marlene H. Dortch  
Office of Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: WC Docket No. 10-90 & 11-42  
Annual §54.313/54.422 Report of High-Cost and Low Income Recipient. Form 481

Dear Ms. Dortch:

Enclosed herein is the annual report for Skyline Telecom Inc, Study Area Code 520581 pursuant to §54.313/54.422 of the Commission's rules.

Please contact me with any questions at:

Phone: 541-932-4411  
Email: [dkluser@ortelco.net](mailto:dkluser@ortelco.net)

Sincerely,

Attachment

Copies to:

Universal Service Administrative Company  
Electronic Filing  
Washington, DC 20036

Public Utility Commission  
Electronic Filing

<b>FCC Form 481 - Carrier Annual Reporting Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0086/OMB Control No. 3060-0818 July 2013
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<010> Study Area Code	520581
<015> Study Area Name	BEAVER CREEK TELEPHONE COMPANY
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	DELINDA KLUSEK
<035> Contact Telephone Number: Number of the person identified in data line <030>	541 932 4411
<039> Contact Email Address: Email of the person identified in data line <030>	dklusev@ostelco.net

ANNUAL REPORTING FOR ALL CARRIERS	54.313 Completion Required	54.422 Completion Required
<i>(check box when complete)</i>		
<100> Service Quality Improvement Reporting <span style="float: right;"><i>(complete attached worksheet)</i></span>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice) <span style="float: right;"><i>(complete attached worksheet)</i></span>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		
<300> Unfulfilled Service Requests (voice) <span style="float: right;"><i>(attach descriptive document)</i></span>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)		
<320> Unfulfilled Service Requests (broadband) <span style="float: right;"><i>(attach descriptive document)</i></span>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)		
<400> Number of Complaints per 1,000 customers (voice)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<410> Fixed <input type="text" value="0.0"/>		
<420> Mobile <input type="text" value="0.0"/>		
<430> Number of Complaints per 1,000 customers (broadband)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed <input type="text" value="0.0"/>		
<450> Mobile <input type="text" value="0.0"/>		
<500> Service Quality Standards & Consumer Protection Rules Compliance <span style="float: right;"><i>(check to indicate certification)</i></span>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<510> <input type="text" value="520581wa313"/> <span style="float: right;"><i>(attach descriptive document)</i></span>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<600> Functionality in Emergency Situations <span style="float: right;"><i>(check to indicate certification)</i></span>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<610> <input type="text" value="520581wa313"/> <span style="float: right;"><i>(attach descriptive document)</i></span>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<700> Company Price Offerings (voice) <span style="float: right;"><i>(complete attached worksheet)</i></span>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband) <span style="float: right;"><i>(complete attached worksheet)</i></span>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates <span style="float: right;"><i>(complete attached worksheet)</i></span>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/> <span style="float: right;"><i>(if yes, complete attached worksheet)</i></span>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability <span style="float: right;"><i>(check to indicate certification)</i></span>	<input type="checkbox"/>	<input type="checkbox"/>
<1010> <input type="text" value=""/> <span style="float: right;"><i>(attach descriptive document)</i></span>	<input type="checkbox"/>	<input type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/> <span style="float: right;"><i>(if not, check to indicate certification)</i></span>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1110> <span style="float: right;"><i>(complete attached worksheet)</i></span>	<input type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers <span style="float: right;"><i>(complete attached worksheet)</i></span>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**  
 Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	<i>(check to indicate certification)</i>	<input type="checkbox"/>
<2005>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

<3000>	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>
<3005>	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>

<b>(100) Service Quality Improvement Reporting Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<b>&lt;010&gt;</b>	Study Area Code	524581
<b>&lt;015&gt;</b>	Study Area Name	BEAVER CREEK TELEPHONE COMPANY
<b>&lt;020&gt;</b>	Program Year	2014
<b>&lt;030&gt;</b>	Contact Name - Person USAC should contact regarding this data	DELENA KOSZEP
<b>&lt;035&gt;</b>	Contact Telephone Number - Number of person identified in data line <030>	841 932 4411
<b>&lt;039&gt;</b>	Contact Email Address - Email Address of person identified in data line <030>	dk.kosze@bctelco.net

<b>&lt;110&gt;</b>	Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
<b>&lt;111&gt;</b>	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) <input type="radio"/> <input checked="" type="radio"/>

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.










<b>(900) Tribal Lands Reporting Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	020581
<015>	Study Area Name	BRADY COUNTY TELEPHONE COMPANY
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	WENDY RIGGAS
<035>	Contact Telephone Number - Number of person identified in data line <030>	940 475 4111
<039>	Contact Email Address - Email Address of person identified in data line <030>	WRIGGAS@TCLC.COM

<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:

- <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.

Select (Yes, No, NA)

<b>(1100) No Terrestrial Backhaul Reporting Data Collection Form</b>	<b>FCC Form 481</b> OMB Control No. 3060-0986/OMB Control No. 3060-0819 <b>July 2013</b>
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<010>	Study Area Code	020801
<015>	Study Area Name	BEAVER CREEK TELEPHONE COMPANY
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	DANIELA PLEPER
<035>	Contact Telephone Number - Number of person identified in data line <030>	531 921 9411
<039>	Contact Email Address - Email Address of person identified in data line <030>	dk1@bevercreek.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)



<b>(2000) Price Cap Carrier Additional Documentation</b> <b>Data Collection Form</b> <i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>	FCC Form 481 OMB Control No 3060-0986/OMB Control No 3060-0819 July 2013
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<010>	Study Area Code	30001
<015>	Study Area Name	BEAVER CREEK TELEPHONE COMPANY
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	COURTNEY M. BROWN
<035>	Contact Telephone Number - Number of person identified in data line <030>	410 665 4611
<039>	Contact Email Address - Email Address of person identified in data line <030>	COURTNEY.M.BROWN@BROADBAND.COM

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.

<b>Incremental Connect America Phase I reporting</b>		
<2010>	2nd Year Certification (47 CFR § 54.313(b)(1))	<input type="checkbox"/>
<2011>	3rd Year Certification (47 CFR § 54.313(b)(2))	<input type="checkbox"/>
<b>Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))</b>		
<2012>	2013 Frozen Support Certification	<input type="checkbox"/>
<2013>	2014 Frozen Support Certification	<input type="checkbox"/>
<2014>	2015 Frozen Support Certification	<input type="checkbox"/>
<2015>	2016 and future Frozen Support Certification	<input type="checkbox"/>
<b>Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))</b>		
<2016>	Certification Support Used to Build Broadband	<input type="checkbox"/>
<b>Connect America Phase II Reporting (47 CFR § 54.313(e))</b>		
<2017>	3rd year Broadband Service Certification	<input type="checkbox"/>
<2018>	5th year Broadband Service Certification	<input type="checkbox"/>
<2019>	Interim Progress Certification	<input type="checkbox"/>
<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.	<input type="checkbox"/>
<2021>	Interim Progress Community Anchor Institutions	Name of Attached Document Listing Required Information _____

<b>(3000) Rate Of Return Carrier Additional Documentation</b>	FCC Form 481
<b>Date Collection Form</b>	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	
<015>	Study Area Name	PEPPER TREE TELEPHONE COMPANY
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	DELENA KLOPP
<035>	Contact Telephone Number - Number of person identified in data line <030>	817 917 9411
<039>	Contact Email Address - Email Address of person identified in data line <030>	dklopp@peppertel.com

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.

<b>Progress Report on 5 Year Plan</b>		
(3010) Milestone Certification (47 CFR § 54.313(f)(1)(i)) Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313(f)(1)(i), 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	Name of Attached Document Listing Required Information	<input type="checkbox"/>
(3011) If the response is yes on line 3010, attach your company's RUS annual report and all required documentation		
(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii)) (3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) (3014) If yes, does your company file the RUS annual report 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:	Name of Attached Document Listing Required Information	<input checked="" type="checkbox"/> (Yes/No) <input checked="" type="checkbox"/> (Yes/No)
(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input checked="" type="checkbox"/>
(3016) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(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	<input type="checkbox"/>
(3018) If the response is no on line 3014, is your company audited?  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:	Name of Attached Document Listing Required Information	<input type="checkbox"/> (Yes/No)
(3019) Either a copy of their audited financial statement, or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications		<input type="checkbox"/>
(3020) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(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:		<input type="checkbox"/>
(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,		<input type="checkbox"/>
(3023) Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024) Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026) Attach the worksheet listing required information	Name of Attached Document Listing Required Information	<input type="checkbox"/>

<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 481 OMB Control No 3060-0986/OMB Control No 3060-0819 July 2013
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<010> Study Area Code	5215*1
<015> Study Area Name	DEAFER GREEN TELEPHONE COMPANY
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	WELINDA YOUNG
<035> Contact Telephone Number - Number of person identified in data line <030>	541-924-4411
<039> Contact Email Address - Email Address of person identified in data line <030>	WYOUNG@DEAFERGREEN.COM

**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
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:	DEAFER GREEN TELEPHONE COMPANY
Signature of Authorized Officer:	WELINDA YOUNG Date
Printed name of Authorized Officer:	WELINDA YOUNG
Title or position of Authorized Officer:	VICE-PRESIDENT
Telephone number of Authorized Officer:	541-924-4411
Study Area Code of Reporting Carrier:	5215*1 Filing Due Date for this form: 06/15/2014
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.	

<b>Certification - Agent / Carrier</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No 3060-0086/OMB Control No 3060-0819 July 2013
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<b>&lt;010&gt;</b>	<b>Study Area Code</b>	30001
<b>&lt;015&gt;</b>	<b>Study Area Name</b>	STAYED UNDER BELLEVUE CORRAL
<b>&lt;020&gt;</b>	<b>Program Year</b>	2013
<b>&lt;030&gt;</b>	<b>Contact Name - Person USAC should contact regarding this data</b>	ANDREW KUNZE
<b>&lt;035&gt;</b>	<b>Contact Telephone Number - Number of person identified in data line &lt;030&gt;</b>	214 991 4111
<b>&lt;039&gt;</b>	<b>Contact Email Address - Email Address of person identified in data line &lt;030&gt;</b>	AKUNZE@FCC.FEDERALRESERVE

**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



**Service Quality Standards & Consumer Protection Rules Compliance**

Study Area Code	520581
Study Area Name	Skyline Telecom Inc
Program Year	2014
Contact Name	DELINDA KLUSER
Contact Telephone Number	541 932 4411
Contact E-Mail Address	<a href="mailto:dkluser@ortelco.net">dkluser@ortelco.net</a>

**Consumer Protection**

Skyline Telecom Inc. 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**

Skyline Telecom Inc. complies with the service standards of the State of Washington as applicable. Skyline Telecom Inc. is committed to providing the highest quality service to its subscribers.

610

Functionality in Emergency Situations

Study Area Code 520581  
Study Area Name BEAVER CREEK TELEPHONE CO dba SKYLINE TELECOM  
Program Year 2014  
Contact Name DELINDA KLUSER  
Contact Telephone Number 541 932 4411  
Contact E-Mail Address [dkluser@ortelco.net](mailto:dkluser@ortelco.net)

<u>Exchange</u>	<u>Site Name</u>	<u>Battery Ah</u>	<u>Est Battery Life</u>	<u>Backup Pwr</u>	<u>Fuel Type</u>	<u>Capacity</u>	<u>Est Run Time</u>	<u>Notes</u>
Silverton	Silverton Central Office	1400 Ah	67 hrs	Generator	Diesel	100 gal	48 hrs	
Mt Hull	Mt Hull Central Office	130 Ah	5 hrs	Generator	Gasoline	5 gal	Indefinite	
Mt Hull	Summit Lake AFC Remote	15 Ah	6 hrs	N/A	N/A	N/A	N/A	
Mt Hull	Big Rock AFC Remote	15 Ah	6 hrs	N/A	N/A	N/A	N/A	

1200

Terms and Conditions for Lifeline  
Customers

Study Area Code	520581
Study Area Name	BEAVER CREEK TELEPHONE dba SKYLINE TELECOM
Program Year	2014
Contact Name	DELINDA KLUSER
Contact Telephone Number	541 923 441
Contact E-Mail Address	<a href="mailto:dkluser@ortelco.net">dkluser@ortelco.net</a>

**54.313 Lifeline customers MOU and additional toll charges**

Lifeline subscribers receive the same residential service as a regular subscriber, but at a reduced monthly recurring rate. Thus, lifeline subscribers have an unlimited number of local calling minutes. As for toll, lifeline subscribers, similar to every Beaver Creek Telephone dba Skyline Telecom subscriber, are free to choose their own toll usage plans through IXCs that serve Beaver Creek Telephone dba Skyline Telecom.

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 0572-0131. 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.

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	<i>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.</i> BORROWER NAME Beaver Creek Telephone Company	
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INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 17-44-2. Report in whole dollars only.	PERIOD ENDING December, 2012	BORROWER DESIGNATION WA0546
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**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

Delinda Kluser 3/21/2013  
DATE

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	192,371	204,129	25. Accounts Payable	117,497	91,916
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable	81,815	67,728	28. Customer Deposits	530	670
b. Other Accounts Receivable			29. Current Mat. L/T Debt	226,566	165,828
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	3,232	2,288
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	347,825	260,702
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes	614,067	549,178
8. Prepayments	1,174	1,217	37. Funded Debt-RTB Notes	360,604	323,682
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	275,360	273,074	39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Recquired 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	131,318	67,232
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)	1,105,989	940,092
13. Nonregulated Investments	4,587	2,648	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities	75,817	73,223
15. Deferred Charges	24,335	22,794	48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	28,922	25,442	50. Total Other Liabilities and Deferred Credits (47 thru 49)	75,817	73,223
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service	3,047,067	3,047,888	51. Cap. Stock Outstand. & Subscribed	262,582	262,582
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	1,329,383	1,541,047	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	1,717,684	1,506,841	56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	229,753	268,758
			58. Total Equity (51 thru 57)	492,335	531,340
			59. TOTAL LIABILITIES AND EQUITY (35+48+50+58)	2,021,966	1,805,357
	2,021,966	1,805,357			

Total Equity = 29.43% % of Total Assets

USDA-RUS

BORROWER DESIGNATION

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

WA0546

PERIOD ENDING

December, 2012

INSTRUCTIONS- See RUS Bulletin 1744-2

**PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	34,231	33,093
2. Network Access Services Revenues	816,872	741,425
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues	7,941	(310)
7. <b>Net Operating Revenues (1 thru 6 less 6)</b>	843,162	774,828
8. Plant Specific Operations Expense	147,634	148,225
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	3,521	4,532
10. Depreciation Expense	208,543	211,664
11. Amortization Expense	18,684	1,540
12. Customer Operations Expense		
13. Corporate Operations Expense	262,679	265,133
14. <b>Total Operating Expenses (8 thru 13)</b>	641,061	631,094
15. Operating Income or Margins (7 less 14)	202,101	143,734
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes	33,892	24,841
19. Other Taxes	9,380	9,007
20. <b>Total Operating Taxes (17+18+19)</b>	43,272	33,848
21. Net Operating Income or Margins (15+16-20)	158,829	109,886
22. Interest on Funded Debt	52,809	48,367
23. Interest Expense - Capital Leases		
24. Other Interest Expense	26,242	13,308
25. Allowance for Funds Used During Construction		
26. <b>Total Fixed Charges (22+23+24-25)</b>	79,051	61,675
27. Nonoperating Net Income	166	4,726
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	(11,338)	(13,932)
31. <b>Total Net Income or Margins (21+27+28+29+30-26)</b>	68,606	39,005
32. Total Taxes Based on Income	33,892	20,099
33. Retained Earnings or Margins Beginning-of-Year	161,147	229,753
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. <b>Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>	229,753	268,758
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. <b>Patronage Capital End-of-Year (40+41-42)</b>	0	0
44. Annual Debt Service Payments	342,062	288,308
45. Cash Ratio [(14+20-10-11) / 7]	0.5421	0.5830
46. Operating Accrual Ratio [(14+20+26) / 7]	0.9054	0.9378
47. TIER [(31+26) / 26]	1.8679	1.6324
48. DSCR [(31+26+10+11) / 44]	1.0960	1.0887

USDA-RUS		BORROWER DESIGNATION
<b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>		WA0546
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2012
<b>PART I – STATEMENT OF CASH FLOWS</b>		
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	192,371
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
2.	Net Income	39,005
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3.	Add: Depreciation	211,664
4.	Add: Amortization	1,540
5.	Other (Explain) PPD Adj/Accrued Taxes Adj	(2,484)
<i>Changes in Operating Assets and Liabilities</i>		
6.	Decrease/(Increase) in Accounts Receivable	14,087
7.	Decrease/(Increase) in Materials and Inventory	0
8.	Decrease/(Increase) in Prepayments and Deferred Charges	1,498
9.	Decrease/(Increase) in Other Current Assets	0
10.	Increase/(Decrease) in Accounts Payable	(25,581)
11.	Increase/(Decrease) in Advance Billings & Payments	0
12.	Increase/(Decrease) in Other Current Liabilities	0
13.	Net Cash Provided/(Used) by Operations	239,729
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
14.	Decrease/(Increase) in Notes Receivable	0
15.	Increase/(Decrease) in Notes Payable	0
16.	Increase/(Decrease) in Customer Deposits	140
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(226,635)
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	(2,594)
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	(229,089)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
24.	Net Capital Expenditures (Property, Plant & Equipment)	(821)
25.	Other Long-Term Investments	1,939
26.	Other Noncurrent Assets & Jurisdictional Differences	0
27.	Other (Explain)	
28.	Net Cash Provided/(Used) by Investing Activities	1,118
29.	Net Increase/(Decrease) in Cash	11,758
30.	Ending Cash	204,129

Revision Date 2010

SKYLINE TELECOM, INC.  
RUS MANAGEMENT LETTER  
DECEMBER 31, 2012 AND 2011



## INDEPENDENT AUDITOR'S MANGEMENT LETTER FOR TELECOMMUNICATIONS BORROWERS

February 20, 2013

Board of Directors  
Skyline Telecom, Inc.  
Mt. Vernon, Oregon

We have audited the financial statements of Skyline Telecom, Inc. for the years ended December 31, 2012 and 2011, and have issued our report thereon dated February 20, 2013. We conducted our audits in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on Audits of Rural Utility Services (RUS) Borrowers. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audits of the financial statements of Skyline Telecom, Inc. for the years ended December 31, 2012 and 2011, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A description of the responsibility of management for establishing and maintaining the internal control over financial reporting and the objectives of and inherent limitations in such control is set forth in our independent auditor's report on internal control over financial reporting and on compliance dated February 20, 2013, and should be read in conjunction with this report.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a significant deficiency, or combination of significant deficiencies, in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be prevented or detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

Section 1773.33 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control over financial reporting, of compliance with specific

RUS loan and security instrument provisions, and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR 1773.33 (e)(2), and related party transactions and investments. In addition, our audits of the financial statements also included the procedures specified in 7 CFR 1773.38-.45. Our objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports other than our independent auditor's report and our independent auditor's report on internal control over financial reporting and on compliance, all dated February 20, 2013, or summary of recommendations related to our audits have been furnished to management.

Our comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by 7 CFR 1773.33 are presented below.

#### COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters regarding Skyline Telecom, Inc. internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

- \* The accounting procedures and records;
- \* The process for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts; and
- \* The materials control.

#### COMMENTS ON COMPLIANCE WITH SPECIFIC RUS LOAN AND SECURITY INSTRUMENT PROVISIONS

Management's responsibility for compliance with laws, regulations, contracts, and grants is set forth in our independent auditor's report on internal control over financial reporting and on compliance dated February 20, 2013, and should be read in conjunction with this report. At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, contracts, and grants. The procedures we performed are summarized as follows:

- \* Procedure performed with respect to the requirement to maintain all funds in institutions whose accounts are insured by an Agency of the Federal government:

1. Obtained information from financial institutions with which Skyline Telecom, Inc. maintains funds that indicated that the institutions are insured by an agency of the Federal government.
- \* Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of property, for the use of mortgaged property by others, or for services pertaining to toll traffic, operator assistance, or switching for the years ended December 31, 2012 and 2011, of Skyline Telecom, Inc.
    1. Obtained and read a borrower-prepared schedule of new written contracts, agreements or leases entered into during the years between the borrower and an affiliate as defined in §1773.33 (e)(2)(i).
    2. Reviewed Board of Director minutes to ascertain whether board-approved written contracts are included in the borrower-prepared schedule.
    3. Noted the existence of written RUS approval of each contract listed by the borrower.
  - \* Procedure performed with respect to the requirement to submit RUS Form 479 to the RUS:
    4. Agreed amounts reported in Form 479 to Skyline Telecom, Inc.'s records.

The results of our tests indicate that, with respect to the items tested, Skyline Telecom, Inc. complied, except as noted below, in all material respects, with the specific RUS loan and security instrument provisions referred to below. The specific provisions tested, as well as any exceptions noted, include the requirements that:

- \* The borrower maintains all funds in institutions whose accounts are insured by an agency of the Federal government.
- \* The borrower has obtained written approval of the RUS to enter into any contract, agreement or lease with an affiliate as defined in §1773.33 (e)(2)(i); and
- \* The borrower has submitted its Form 479 to the RUS and the Form 479, Financial and Statistical Report, as of December 31, 2011, represented by the borrower as having been submitted to RUS, is in agreement with the Skyline Telecom, Inc.'s audited records in all material respects. Form 479 for 2012 was not completed as of our report date.

#### COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audits of the financial statements of Skyline Telecom, Inc., nothing came to our attention that caused us to believe that Skyline Telecom, Inc. failed to comply with respect to:

1. The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR 1773.33 (c)(1);
  - \* The clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR 1773.33 (c)(2);
  - \* The retirement of plant addressed at 7 CFR 1773.33 (c)(3) and (4);
  - \* The approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap addressed at 7 CFR 1773.33 (c)(5);
  - \* The disclosure of material related party transactions, in accordance with *FASB Accounting Standards Codification 850, Related Party Transactions*, for the years ended December 31, 2012 and 2011 in the financial statements referenced in the first paragraph of this report addressed at 7 CFR 1773.33 (e); and
  - \* The detailed schedule of investments: The subsidiary of the Company was merged into the Company as of June 30, 2011 and as such, the Company did not have any investments in subsidiaries or affiliates at December 31, 2012 and 2011.

The Company met the tier ratio requirement for 2012 and 2011.

This report is intended solely for the information and use of the board of directors, management, and the RUS and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Wiggins & Co., LLC*

Brigham City, Utah 84302  
February 20, 2013

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Terrestrial Backhaul Certification

Study Area Code	520581
Study Area Name	Skyline Telecom Inc
Program Year	2014
Contact Name	DELINDA KLUSER
Contact Telephone Number	541 932 4411
Contact E-Mail Address	<a href="mailto:dkluser@ortelco.net">dkluser@ortelco.net</a>

**54.313(g) Areas with terrestrial backhaul**

All Skyline Telecom Inc. exchanges have terrestrial backhaul. The terrestrial backhaul for supports a minimum service level of 128kdown/128kup. At this time it is cost prohibitive to deploy additional commercial backhaul in our Mt Hull exchange. There is no additional commercial backhaul available in our Silverton exchange. Skyline Telecom Inc. continues to seek economically sound solutions to address these exchanges for both terrestrial backhaul and in meeting minimum service speed levels.

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Miscellaneous Information

Study Area Code	520581
Study Area Name	Skyline Telecom Inc.
Program Year	2014
Contact Name	DELINDA KLUSER
Contact Telephone Number	541 932 4411
Contact E-Mail Address	<a href="mailto:dkluser@ortelco.net">dkluser@ortelco.net</a>

Effective July 1, 2011 the name of Beaver Creek Telephone was changed to Skyline Telecom Inc. This change was reported to USAC and all other such documents state the name correctly. Please change the name in this filing to reflect the appropriate name of Skyline Telecom Inc.