



Date: October 21, 2013

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, 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 St Paul Cooperative Telephone Association,
Study Area Code 532396 pursuant to §54.313/54.422 of the Commission's rules.

Please contact me with any questions at:

Phone: 503-633-2111
Email: nick@stpaultel.com

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Adams", with a long horizontal flourish extending to the right.

Attachment

Copies to:

Universal Service Administrative Company
Electronic Filing
Washington, DC 20036

Public Utility Commission
Electronic Filing

FCC Form 481 - Carrier Annual Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3050-0819 July 2013
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<010> Study Area Code	532396
<015> Study Area Name	ST PAUL COOP ASSN
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Nick Schneider
<035> Contact Telephone Number: Number of the person identified in data line <030>	503-633-2111
<039> Contact Email Address: Email of the person identified in data line <030>	nick@stpaultel.com

ANNUAL REPORTING FOR ALL CARRIERS	54.313 Completion Required	54.422 Completion Required
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			(check box when complete)	
<100> Service Quality Improvement Reporting	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	
<200> Outage Reporting (voice)	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report				
<300> Unfulfilled Service Requests (voice)			<input checked="" type="checkbox"/>	
<310> Detail on Attempts (voice)	<i>(attach descriptive document)</i>		<input checked="" type="checkbox"/>	
<320> Unfulfilled Service Requests (broadband)			<input checked="" type="checkbox"/>	
<330> Detail on Attempts (broadband)	<i>(attach descriptive document)</i>		<input checked="" type="checkbox"/>	
<400> Number of Complaints per 1,000 customers (voice)			<input checked="" type="checkbox"/>	
<410> Fixed				
<420> Mobile				
<430> Number of Complaints per 1,000 customers (broadband)			<input checked="" type="checkbox"/>	
<440> Fixed				
<450> Mobile				
<500> Service Quality Standards & Consumer Protection Rules Compliance	<i>(check to indicate certification)</i>		<input checked="" type="checkbox"/>	
<510> 532396OR510	<i>(attach descriptive document)</i>		<input checked="" type="checkbox"/>	
<600> Functionality in Emergency Situations	<i>(check to indicate certification)</i>		<input checked="" type="checkbox"/>	
<610> 532396OR610	<i>(attach descriptive document)</i>		<input checked="" type="checkbox"/>	
<700> Company Price Offerings (voice)	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	
<710> Company Price Offerings (broadband)	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	
<800> Operating Companies and Affiliates	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	
<900> Tribal Land Offerings (Y/N)?	<i>(if yes, complete attached worksheet)</i>	<input type="radio"/> <input checked="" type="radio"/>	<input checked="" type="checkbox"/>	
<1000> Voice Services Rate Comparability	<i>(check to indicate certification)</i>			
<1010>	<i>(attach descriptive document)</i>			
<1100> Terrestrial Backhaul (Y/N)?	<i>(if not, check to indicate certification)</i>	<input type="radio"/> <input checked="" type="radio"/>	<input checked="" type="checkbox"/>	
<1110>	<i>(complete attached worksheet)</i>			
<1200> Terms and Condition for Lifeline Customers	<i>(complete attached worksheet)</i>			<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"/>	

**(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	532396
<015>	Study Area Name	ST PAUL COOP ASSN
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Nick Schneider
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-633-2111
<039>	Contact Email Address - Email Address of person identified in data line <030>	nick@stpaultel.com
<110>	Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
<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) <input type="radio"/> <input 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.

<input type="checkbox"/>

**(900) Tribal Lands Reporting
Data Collection Form**

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

<010>	Study Area Code	532396
<015>	Study Area Name	ST PAUL COOP ASSN
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Nick Schneider
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<039>	Contact Email Address - Email Address of person identified in data line <030>	nick@stpaultel.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)
NA

(1100) No Terrestrial Backhaul Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<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
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<010>	Study Area Code	532396
<015>	Study Area Name	ST PAUL COOP ASSN
<020>	Program Year	2014
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<039>	Contact Email Address - Email Address of person identified in data line <030>	nick@stpaultel.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans 532396OR1210

Name of attached document (.pdf)

<1220> Link to Public Website HTTP www.oregon.gov/puc

"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

<010>	Study Area Code	532396
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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	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	532396
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<039>	Contact Email Address - Email Address of person identified in data line <030>	nick@stpaultel.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.

Progress Report on 5 Year Plan

<p>(3010) Milestone Certification {47 CFR § 54.313(f)(1)(i)} Please check this box to confirm that the attached PDF , on line 3012,</p> <p>(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.</p>	<p>Name of Attached Document Listing Required Information</p> <p>_____</p>	<p><input type="checkbox"/></p>
<p>(3012) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}</p> <p>(3013) Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}</p> <p>(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:</p>	<p>Name of Attached Document Listing Required Information</p> <p>_____</p>	<p><input checked="" type="checkbox"/> (Yes/No)</p> <p><input type="checkbox"/> (Yes/No)</p>
<p>(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)</p>	<p>Name of Attached Document Listing Required Information</p> <p>_____</p>	<p><input type="checkbox"/></p>
<p>(3016) PDF of Balance Sheet, Income Statement and Statement of Cash Flows</p>	<p>Name of Attached Document Listing Required Information</p> <p>_____</p>	<p><input type="checkbox"/></p>
<p>(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation</p> <p>(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 :</p>	<p>Name of Attached Document Listing Required Information</p> <p>_____</p>	<p><input checked="" type="checkbox"/> (Yes/No)</p>
<p>(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications</p> <p>(3020) PDF of Balance Sheet, Income Statement and Statement of Cash Flows</p>	<p>Name of Attached Document Listing Required Information</p> <p>_____</p>	<p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p>
<p>(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:</p>	<p>Name of Attached Document Listing Required Information</p> <p>_____</p>	<p><input checked="" type="checkbox"/></p>
<p>(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,</p>	<p>Name of Attached Document Listing Required Information</p> <p>_____</p>	<p><input type="checkbox"/></p>
<p>(3023) Underlying information subjected to a review by an independent certified public accountant</p> <p>(3024) Underlying information subjected to an officer certification.</p>	<p>Name of Attached Document Listing Required Information</p> <p>_____</p>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p>
<p>(3025) PDF of Balance Sheet, Income Statement and Statement of Cash Flows</p>	<p>Name of Attached Document Listing Required Information</p> <p>_____</p>	<p><input type="checkbox"/></p>
<p>(3026) Attach the worksheet listing required information</p>	<p>Name of Attached Document Listing Required Information</p> <p>532396OR3020</p>	<p><input type="checkbox"/></p>

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	ST PAUL COOP ASSN
Signature of Authorized Officer:	CERTIFIED ONLINE Date 10/02/2013
Printed name of Authorized Officer:	Nick Schneider
Title or position of Authorized Officer:	Sec/Tres
Telephone number of Authorized Officer:	503-633-2111
Study Area Code of Reporting Carrier:	532396 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	532396
<015>	Study Area Name	ST PAUL COOP ASSN
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<039>	Contact Email Address - Email Address of person identified in data line <030>	nick@stpaultel.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent 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

532396OR510

Consumer Protection

St. Paul Cooperative Telephone Association 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 employee's handbook. Employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

Service Quality Standards

St. Paul Cooperative Telephone Association complies with the service standards of the State of Oregon as promulgated in the Oregon Administrative Rules 860-034-0390, Retail Telecommunications Service Standards for Small Telecommunications Utilities.

St Paul Cooperative Telephone Association

532396OR610

54.313(a)(6) Ability to Remain Functional in Emergency Situations

Back-up Power

St Paul Cooperative Telephone Association has the following back-up power capabilities:

Switches – stand alone and/or host

Switch A 30kw Generator, propane fuel, 250 gallon fuel tank also 15 hour of battery back-up.

Remote Central Offices

No Remote Offices

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

Calix 1 10 Hours of battery back-up also have portable generator.

Calix 2 Same as above

Calix 3 Same as above

Calix 4 Same as above

Network Interface Devices (NIDs)

St Paul Cooperative Telephone Association has 334 customers with metallic (copper) connections to the Central Office and their NIDs are powered from the Central Office.

St Paul Cooperative Telephone Association has 25 customers with non-metallic (fiber optic) connections to the Central Office. These customers' NIDs are battery powered in case of emergency. The batteries are rated to last 8 hours.

Ability to reroute traffic around damaged facilities:

St Paul Cooperative Telephone Association is investigating the installation of redundant facilities for interexchange carrier traffic.

Capability to manage traffic spikes resulting from emergency situations

St Paul Cooperative Telephone Association has 359 customers, switching capacity of 1000 simultaneous calls, and transport capacity for 96 simultaneous calls. St Paul Cooperative Telephone Association takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

LIFELINE FOR ST PAUL COOPERATIVE TELEPHONE ASSOCIATION CUSTOMERS

Lifeline, also known as Oregon Telephone Assistance Program (OTAP), is a government program that offers qualified people a discount on their monthly local telephone bill. You will save up to \$12.75 for your basic monthly bill. You're eligible for Lifeline if you participate in any of the following programs; Food Stamps, Low Income Home Energy Assistance Program (LIHEAP), Supplemental Security Income (SSI), Welfare Medical ID Card, Oregon Health Plan. And are at or below 135% of the federal poverty level guidelines based on annual income and number of household.

Being a Lifeline customer does not protect you from being disconnected if you fail to pay your telephone bill.

To receive an application for Lifeline Service you may contact the Residential Service Protection Fund (RSPF) Programs at 1-800-848-4442 or 503-373-7171 in Salem; TTY users can call 1-800-648-3458; or write to:

Oregon Public Utility Commission RSPF
550 Capitol St NE, Suite 215
Salem, Or. 97301-2551.

Lifeline y para los consumidores de la Cooperativa de la Asociacion de Telefonos.

Lifeline, tambien conocida como el Programa de Asistencia Telefonica de Oregon (OTAP), es un programa del gobierno que ofrece a personas calificadas un descuento en su cuenta mensual telefonica. Usted ahorrara hasta \$12.75 para su cuenta basica mensual. Usted es elegible para Lifeline, si usted participa en cualquier de los siguientes programas; Estampillas de Comida, Programa de Asistencia con la Electricidad para personas de bajos recursos (LIHEAP), Beneficios de Desabilidad para Persona Incapacitada (SSI), Tarjeta de Seguro Medico, El Plan de Salud de Oregon y si esta en el nivel o mas bajo del 135% del nivel de pobreza federal basado en la guia annual de recursos o en el numero de miembros de familia.

Ser miembro de **Lifeline** no le protegera de estar desconectado de servicio si usted no paga su cuenta mensual.

Para recibir una solicitud para **Lifeline** favor de ponerse en contacto con Residential Service Protection Fund (RSPF) al 1-800-848-4442 o 503-373-7171 en Salem; Consumidores Sordos pueden llamar al 1-800-648-3458; o escribir a:

Oregon Public Utility Commission RSPF
550 Capitol St. NE, Suite 215
Salem, Or. 97301-2551

532396OR1222&1223

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 St. Paul Cooperative Telephone Association subscriber, are free to choose their own toll usage plans through IXCs that serve St. Paul Cooperative Telephone Association.



AKT

CPAs AND BUSINESS CONSULTANTS

532396OR3021

INDEPENDENT AUDITORS' REPORT

The Board of Directors
St. Paul Cooperative Telephone Association
St. Paul, Oregon

We have audited the accompanying financial statements of St. Paul Cooperative Telephone Association, which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of operations, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Paul Cooperative Telephone Association, as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

AKT LLP

Salem, Oregon
March 4, 2013

680 HAWTHORNE AVENUE SE, #140, SALEM, OR 97301
PHONE: 503.585.7774 FAX: 503.364.8405

PORTLAND, OR | SALEM, OR | CARLSBAD, CA | ESCONDIDO, CA | SAN DIEGO, CA | ANCHORAGE, AK

ST. PAUL COOPERATIVE TELEPHONE ASSOCIATION**Balance Sheets**

December 31, 2012 and 2011

ASSETS	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and cash equivalents	\$ 325,885	\$ 352,571
Marketable securities	693,318	629,096
Accounts receivable, net of allowance for doubtful accounts of zero	90,152	97,850
Prepaid expenses	<u>20,265</u>	<u>19,604</u>
Total Current Assets	<u>1,129,620</u>	<u>1,099,121</u>
Other Investments	<u>21,647</u>	<u>21,647</u>
Property, Plant, and Equipment:		
In service	2,799,197	2,731,863
Construction in process	<u>116,049</u>	<u>3,289</u>
	2,915,246	2,735,152
Less accumulated depreciation	<u>1,505,774</u>	<u>1,371,819</u>
Property, Plant, and Equipment, net	<u>1,409,472</u>	<u>1,363,333</u>
	<u>\$ 2,560,739</u>	<u>\$ 2,484,101</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 16,394	\$ 16,572
Accrued expenses	7,576	3,630
Customer deposits	<u>1,900</u>	<u>2,400</u>
Total Current Liabilities	<u>25,870</u>	<u>22,602</u>
Unclaimed Patronage Capital Distributions Payable	<u>26,220</u>	<u>32,183</u>
Members' Equity:		
Memberships - fully paid	117,000	117,500
Memberships - partly paid	9,242	9,597
Other equity	506,468	493,514
Accumulated other comprehensive income	46,804	19,179
Patronage capital	<u>1,829,135</u>	<u>1,789,526</u>
Total Members' Equity	<u>2,508,649</u>	<u>2,429,316</u>
	<u>\$ 2,560,739</u>	<u>\$ 2,484,101</u>

See accompanying notes to financial statements.

ST. PAUL COOPERATIVE TELEPHONE ASSOCIATION

Statements of Operations

Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Local network	\$ 108,581	\$ 109,850
Network access	559,159	599,035
Long distance	46,662	49,608
Miscellaneous	<u>32,740</u>	<u>34,278</u>
Total Operating Revenues	<u>747,142</u>	<u>792,771</u>
Operating Expenses:		
Plant specific operations	136,152	130,673
Plant nonspecific operations	28,923	45,832
Depreciation	133,955	130,513
Long distance	34,276	37,225
Customer operations	112,200	112,459
Corporate operations	200,137	203,331
Operating taxes	<u>18,880</u>	<u>19,768</u>
Total Operating Expenses	<u>664,523</u>	<u>679,801</u>
Operating Margin	<u>82,619</u>	<u>112,970</u>
Other Income (Expense):		
Video revenue	1,117	52,070
Video expense	(1,930)	(47,375)
Investment and other income	36,426	36,729
Net nonregulated activities	<u>4,700</u>	<u>(7,686)</u>
Total Other Income	<u>40,313</u>	<u>33,738</u>
Net Margin	<u>\$ 122,932</u>	<u>\$ 146,708</u>

ST. PAUL COOPERATIVE TELEPHONE ASSOCIATION**Statements of Cash Flows**

Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Net margin	\$ 122,932	\$ 146,708
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation	133,955	130,513
Total patronage income	-	(4,893)
Changes in assets and liabilities:		
Accounts receivable	7,698	(5,302)
Prepaid expenses	(661)	(15)
Accounts payable	(178)	(18,945)
Accrued expenses	3,946	464
Customer deposits	(500)	(100)
Net Cash Provided by Operating Activities	<u>267,192</u>	<u>248,430</u>
Cash Flows from Investing Activities:		
Purchases of plant and equipment	(180,094)	(54,472)
Proceeds from sales and maturities of marketable securities	79,978	31,715
Purchases of marketable securities	(116,575)	(48,750)
Cash patronage received	-	1,468
Net Cash Used by Investing Activities	<u>(216,691)</u>	<u>(70,039)</u>
Cash Flows from Financing Activities:		
Federal communications excise tax refunds	1,008	1,345
Decrease in memberships	(855)	(2,063)
Retirement of patronage capital	(77,340)	(80,690)
Net Cash Used by Financing Activities	<u>(77,187)</u>	<u>(81,408)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(26,686)	96,983
Cash and Cash Equivalents, beginning	<u>352,571</u>	<u>255,588</u>
Cash and Cash Equivalents, ending	<u>\$ 325,885</u>	<u>\$ 352,571</u>

See accompanying notes to financial statements.