

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

REDACTED- FOR PUBLIC INSPECTION



October 14, 2013

VIA OVERNIGHT DELIVERY

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, DC 20554

RE: **Confidential Financial Information Subject to Protective Order in WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Before the Federal Communications Commission**

Dear Ms. Dortch:

Direct Communications Rockland , a privately-held rate of return carrier receiving high cost support, has electronically submitted FCC Form 481 to the Commission with redacted financial data, in compliance with 47 C.F.R. §§ 54.313 and 54.422

As specified in the Protective Order issued on November 16, 2012 by the Commission, two copies of the redacted confidential information are being filed simultaneously with the non-redacted confidential information. The redacted information for this filing and each page of the file where confidential information has been omitted is marked "REDACTED - FOR PUBLIC INSPECTION"

Please feel free to contact me with any questions regarding this particular matter.

Sincerely,

A handwritten signature in blue ink that reads 'Eric N. Votaw'.

Eric N. Votaw, Senior Manager
For Moss Adams LLP

Enclosures

.cc Mr. Charles Tyler, FCC Telecommunications Access Policy Division
Idaho Public Utilities Commission

**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 | 472232 |
| <015> Study Area Name | DIRECT COMM-ROCKLAND |
| <020> Program Year | 2014 |
| <030> Contact Name: Person USAC should contact with questions about this data | Bruce Steed |
| <035> Contact Telephone Number: Number of the person identified in data line <030> | 208-548-2345 |
| <039> Contact Email Address: Email of the person identified in data line <030> | bruce@directcom.com |

| | | |
|--|---|---|
| ANNUAL REPORTING FOR ALL CARRIERS | 54.313 Completion Required | 54.422 Completion Required |
|--|---|---|

| | | | <i>(check box when complete)</i> | |
|---|---|-------------------------------------|-------------------------------------|-------------------------------------|
| <100> Service Quality Improvement Reporting | <i>(complete attached worksheet)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <200> Outage Reporting (voice) | <i>(complete attached worksheet)</i> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <210> <input checked="" type="checkbox"/> <-- check box if no outages to report | | | | |
| <300> Unfulfilled Service Requests (voice) | <input type="text" value="0"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <310> Detail on Attempts (voice) | <input type="text"/> <i>(attach descriptive document)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <320> Unfulfilled Service Requests (broadband) | <input type="text"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <330> Detail on Attempts (broadband) | <input type="text"/> <i>(attach descriptive document)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <400> Number of Complaints per 1,000 customers (voice) | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <440> Fixed | <input type="text"/> | | | |
| <450> Mobile | <input type="text"/> | | | |
| <500> Service Quality Standards & Consumer Protection Rules Compliance | <i>(check to indicate certification)</i> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <510> <input type="text" value="4722321d510"/> | <i>(attached descriptive document)</i> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <600> Functionality in Emergency Situations | <i>(check to indicate certification)</i> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <610> <input type="text" value="4722321d610"/> | <i>(attached descriptive document)</i> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <700> Company Price Offerings (voice) | <i>(complete attached worksheet)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <710> Company Price Offerings (broadband) | <i>(complete attached worksheet)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <800> Operating Companies and Affiliates | <i>(complete attached worksheet)</i> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <900> Tribal Land Offerings (Y/N)? <input checked="" type="radio"/> <input type="radio"/> | <i>(if yes, complete attached worksheet)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <1000> Voice Services Rate Comparability | <i>(check to indicate certification)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <1010> <input type="text"/> | <i>(attach descriptive document)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <1100> Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/> | <i>(if not, check to indicate certification)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <1110> | <i>(complete attached worksheet)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <1200> Terms and Condition for Lifeline Customers | <i>(complete attached worksheet)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input 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"/> | <input type="checkbox"/> |
| <2005> | <i>(complete attached worksheet)</i> | <input type="checkbox"/> | <input type="checkbox"/> |

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

| | | | |
|--------|--|-------------------------------------|--------------------------|
| <3000> | <i>(check to indicate certification)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <3005> | <i>(complete attached worksheet)</i> | <input checked="" type="checkbox"/> | <input 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 | 472232 |
| <015> Study Area Name | DIRECT COMM-ROCKLAND |
| <020> Program Year | 2014 |
| <030> Contact Name - Person USAC should contact regarding this data | Bruce Steed |
| <035> Contact Telephone Number - Number of person identified in data line <030> | 208-548-2345 |
| <039> Contact Email Address - Email Address of person identified in data line <030> | bruce@directcom.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 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.

| | |
|--------------------------|--------------------------|
| <input type="checkbox"/> | <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 | 472232 |
| <015> | Study Area Name | DIRECT COMM-ROCKLAND |
| <020> | Program Year | 2014 |
| <030> | Contact Name - Person USAC should contact regarding this data | Bruce Steed |
| <035> | Contact Telephone Number - Number of person identified in data line <030> | 208-548-2345 |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | bruce@directcom.com |

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

<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

| | | |
|-------|---|----------------------|
| <010> | Study Area Code | 472232 |
| <015> | Study Area Name | DIRECT COMM-ROCKLAND |
| <020> | Program Year | 2014 |
| <030> | Contact Name - Person USAC should contact regarding this data | Bruce Steed |
| <035> | Contact Telephone Number - Number of person identified in data line <030> | 208-548-2345 |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | bruce@directcom.com |

<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 | 472232 |
| <015> | Study Area Name | DIRECT COMM-ROCKLAND |
| <020> | Program Year | 2014 |
| <030> | Contact Name - Person USAC should contact regarding this data | Bruce Steed |
| <035> | Contact Telephone Number - Number of person identified in data line <030> | 208-548-2345 |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | bruce@directcom.com |

| | |
|---|--|
| <1210> Terms & Conditions of Voice Telephony Lifeline Plans | 4722232id1210 |
| | Name of attached document (.pdf) |
| <1220> Link to Public Website | HTTP http://www.puc.idaho.gov/fileroom/tariff/title61/DIRECT%20COMMUNICATIONS.pdf |

"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, | <input checked="" type="checkbox"/> |
|--|-------------------------------------|
- | | |
|---|-------------------------------------|
| <1222> Details on the number of minutes provided as part of the plan, | <input checked="" type="checkbox"/> |
|---|-------------------------------------|
- | | |
|---|-------------------------------------|
| <1223> Additional charges for toll calls, and rates for each such plan. | <input checked="" type="checkbox"/> |
|---|-------------------------------------|

| | |
|--|--|
| (2000) Price Cap Carrier Additional Documentation Data Collection Form <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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| <015> | Study Area Name | DIRECT COMM-ROCKLAND |
| <020> | Program Year | 2014 |
| <030> | Contact Name - Person USAC should contact regarding this data | Bruce Steed |
| <035> | Contact Telephone Number - Number of person identified in data line <030> | 208-548-2345 |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | bruce@directcom.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.

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 |
|--|--|

| | | |
|--------------------|---|----------------------|
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| <015> | Study Area Name | DIRECT COMM-ROCKLAND |
| <020> | Program Year | 2014 |
| <030> | Contact Name - Person USAC should contact regarding this data | Bruce Steed |
| <035> | Contact Telephone Number - Number of person identified in data line <030> | 208-548-2345 |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | bruce@direct.com.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

| | | |
|--|--|--|
| (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)(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. | Name of Attached Document Listing Required Information _____ <input type="checkbox"/> | |
| (3011) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii)) (3012) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) (3013) If yes, does your company file the RUS annual report (3014) 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 (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: (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 _____ <input checked="" type="checkbox"/> (Yes/No) <input checked="" type="checkbox"/> (Yes/No) <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Name of Attached Document Listing Required Information 472232id3017 _____ <input type="checkbox"/> (Yes/No) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 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 |
|---|--|

| | | |
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| <035> | Contact Telephone Number - Number of person identified in data line <030> | 208-548-2345 |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | bruce@directcom.com |

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: | DIRECT COMM-ROCKLAND |
| Signature of Authorized Officer: | CERTIFIED ONLINE Date 10/14/2013 |
| Printed name of Authorized Officer: | Jeremy Smith |
| Title or position of Authorized Officer: | General Manager |
| Telephone number of Authorized Officer: | 208-548-2345 |
| Study Area Code of Reporting Carrier: | 472232 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 | 472232 |
| <015> | Study Area Name | DIRECT COMM-ROCKLAND |
| <020> | Program Year | 2014 |
| <030> | Contact Name - Person USAC should contact regarding this data | Bruce Steed |
| <035> | Contact Telephone Number - Number of person identified in data line <030> | 208-548-2345 |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | bruce@directcom.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

Direct Communications Rockland understands and complies with the Idaho Public Utilities Commission's *Telephone Customer Relations Rules*, IDAPA 31.41.01, adopted under the general legal authority of the Public Utilities Law, Chapters 1 through 7, Title 61, Idaho Code, and the Telecommunications Act of 1988, Chapter 6, Title 62, Idaho Code, with regards to service. These telephone customer relations rules provide a set of fair, just, reasonable, and non-discriminatory rules regarding deposits, guarantees, billing, application for service, denial of service, termination of service, complaints to telephone companies, billing for interrupted service, and provisions of certain information about customer to authorities.

Direct Communications Rockland provides CPNI and Redflag training on a regular annual basis for all employees. Training is also provided for all new employees.

Direct Communications Rockland has CPNI signage posted for customer awareness purposes.

Pursuant to 47 C.F.R. § 54.313(a)(6) and/or 47 C.F.R § 54.422(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Direct Communications Rockland meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to Direct Communications Rockland's central and or remote office(s) by use of fixed generator and batteries that provide it with XX hours of emergency power service. In addition, Direct Communications Rockland's field electronics have 6-8 hours of back-up power by use of fixed/mobile generators and batteries. Direct Communications Rockland has no SONET technology in its network. Direct Communications Rockland has no redundant paths within its network to provide for the capability to reroute traffic Direct Communications Rockland has equipped its remote offices/or field gear with Emergency Stand Alone technology that will provide for call completion and access to 911 in emergency situations. Direct Communications Rockland is capable of managing traffic spikes resulting from emergency situations.

Direct Communications, Inc.

Lifeline Assistance Program

1. The lifeline Assistance Program is a plan that assists qualified low-income applicants with reductions in their monthly local exchange service rate. The assistance applies for a single telephone line at the applicant's principal place of residence. Qualified applicants shall have their monthly local exchange service rate reduced up to \$12.75
2. Eligibility Requirements: You must contact the Idaho Department of Health and Welfare to determine eligibility and to obtain an application.
3. Application for Assistance: To apply for Lifeline, contact the Idaho Department of Health and Welfare to obtain an application. If you are eligible, your name and telephone number will be forwarded to the telephone company. The monthly discount will begin within 60 days if your name and telephone number match the telephone company's records.
4. The lifeline Assistance Program is a plan that assists qualified low-income applicants with reductions in their monthly local exchange service rate. The assistance applies for a single telephone line at the applicant's principal place of residence. Qualified applicants shall have their monthly local exchange service rate reduced up to \$12.75
5. Eligibility Requirements: You must contact the Idaho Department of Health and Welfare to determine eligibility and to obtain an application.
6. Application for Assistance: To apply for Lifeline, contact the Idaho Department of Health and Welfare to obtain an application. If you are eligible, your name and telephone number will be forwarded to the telephone company. The monthly discount will begin within 60 days if your name and telephone number match the telephone company's records.

Rates: The Lifeline customer will receive a monthly credit up to \$12.75 toward their local exchange service rate.

| | |
|--|---|
| 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 Direct Communications, Rockland (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 ID0513 |
|--|---------------------------------|--------------------------------|

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

_____ Garrin Bott _____ 4/26/2013 _____
 DATE

PART A. BALANCE SHEET

| | BALANCE PRIOR YEAR | BALANCE END OF PERIOD | LIABILITIES AND STOCKHOLDERS' EQUITY | BALANCE PRIOR YEAR | BALANCE END OF PERIOD |
|---|-----------------------|--------------------------|---|-----------------------|--------------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | Redacted | | CURRENT LIABILITIES | Redacted | |
| 1. Cash and Equivalents | | | 25. Accounts Payable | | |
| 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 | | |
| 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 | | |
| 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) | | |
| 6. Material-Regulated | | | LONG-TERM DEBT | | |
| 7. Material-Nonregulated | | | 36. Funded Debt-RUS Notes | | |
| 8. Prepayments | | | 37. Funded Debt-RTB Notes | | |
| 9. Other Current Assets | | | 38. Funded Debt-FFB Notes | | |
| 10. Total Current Assets (1 Thru 9) | | | 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) | | |
| 13. Nonregulated Investments | | | OTHER LIAB. & DEF. CREDITS | | |
| 14. Other Noncurrent Assets | | | 47. Other Long-Term Liabilities | | |
| 15. Deferred Charges | | | 48. Other Deferred Credits | | |
| 16. Jurisdictional Differences | | | 49. Other Jurisdictional Differences | | |
| 17. Total Noncurrent Assets (11 thru 16) | | | 50. Total Other Liabilities and Deferred Credits (47 thru 49) | | |
| PLANT, PROPERTY, AND EQUIPMENT | | | EQUITY | | |
| 18. Telecom, Plant-in-Service | | | 51. Cap. Stock Outstand. & Subscribed | | |
| 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 | | | 55. Other Capital | | |
| 23. Net Plant (18 thru 21 less 22) | | | 56. Patronage Capital Credits | | |
| 24. TOTAL ASSETS (10+17+23) | | | 57. Retained Earnings or Margins | | |
| | | | 58. Total Equity (51 thru 57) | | |
| | | | 59. TOTAL LIABILITIES AND EQUITY (35+46+50+58) | | |

Total Equity = **ReRe** % of Total Assets

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| USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | BORROWER DESIGNATION ID0513 |
| | 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 | Redacted | |
| 2. Network Access Services Revenues | | |
| 3. Long Distance Network Services Revenues | | |
| 4. Carrier Billing and Collection Revenues | | |
| 5. Miscellaneous Revenues | | |
| 6. Uncollectible Revenues | | |
| 7. Net Operating Revenues (1 thru 5 less 6) | | |
| 8. Plant Specific Operations Expense | | |
| 9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization) | | |
| 10. Depreciation Expense | | |
| 11. Amortization Expense | | |
| 12. Customer Operations Expense | | |
| 13. Corporate Operations Expense | | |
| 14. Total Operating Expenses (8 thru 13) | | |
| 15. Operating Income or Margins (7 less 14) | | |
| 16. Other Operating Income and Expenses | | |
| 17. State and Local Taxes | | |
| 18. Federal Income Taxes | | |
| 19. Other Taxes | | |
| 20. Total Operating Taxes (17+18+19) | | |
| 21. Net Operating Income or Margins (15+16-20) | | |
| 22. Interest on Funded Debt | | |
| 23. Interest Expense - Capital Leases | | |
| 24. Other Interest Expense | | |
| 25. Allowance for Funds Used During Construction | | |
| 26. Total Fixed Charges (22+23+24-25) | | |
| 27. Nonoperating Net Income | | |
| 28. Extraordinary Items | | |
| 29. Jurisdictional Differences | | |
| 30. Nonregulated Net Income | | |
| 31. Total Net Income or Margins (21+27+28+29+30-26) | | |
| 32. Total Taxes Based on Income | | |
| 33. Retained Earnings or Margins Beginning-of-Year | | |
| 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)] | | |
| 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) | | |
| 44. Annual Debt Service Payments | | |
| 45. Cash Ratio [(14+20-10-11) / 7] | | |
| 46. Operating Accrual Ratio [(14+20+26) / 7] | | |
| 47. TIER [(31+26) / 26] | | |
| 48. DSCR [(31+26+10+11) / 44] | | |

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INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

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PERIOD ENDED

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

| EXCHANGE | 1. RATES | | 2. SUBSCRIBERS (ACCESS LINES) | | | 3. ROUTE MILES | |
|---|-----------------|------------|-------------------------------|--------------------|--------------|-----------------------------------|--------------|
| | B-1 (a) | R-1 (b) | BUSINESS (a) | RESIDENTIAL (b) | TOTAL (c) | TOTAL (including fiber) (a) | FIBER (b) |
| Rockland | Redacted | | | | | | |
| Paris | | | | | | | |
| Arbon | | | | | | | |
| MobileWireless | | | | | | | |
| Route Mileage Outside Exchange Area | | | | | | | |
| Total | | | | | | | |
| No. Exchanges | | | | | | | |

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

4. BROADBAND SERVICE

| EXCHANGE | Details on Least Expensive Broadband Service | | | | | | | |
|----------|--|---------------------------------|---------------------------|-------------------------------------|-----------------------------------|---------------------|---------------------|------------------------|
| | 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 (g) | Type Of Technology (h) |
| Rockland | Redacted | | | | | | | |
| Paris | | | | | | | | |
| Arbon | | | | | | | | |
| Total | | | | | | | | |

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| USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | BORROWER DESIGNATION ID0513 PERIOD ENDING December, 2012 |
| INSTRUCTIONS- See RUS Bulletin 1744-2 | |

PART D. SYSTEM DATA

| | | | | | | | | | |
|------------------------|----|------------------------|----|------------------------|-------|---------------------------------|-----|-------------------------------|------|
| 1. No. Plant Employees | 11 | 2. No. Other Employees | 11 | 3. Square Miles Served | 1,199 | 4. Access Lines per Square Mile | .84 | 5. Subscribers per Route Mile | 1.50 |
|------------------------|----|------------------------|----|------------------------|-------|---------------------------------|-----|-------------------------------|------|

PART E. TOLL DATA

| | |
|---|--|
| 1. Study Area ID Code(s) a. 472232 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____ | 2. Types of Toll Settlements (Check one) Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis |
|---|--|

PART F. FUNDS INVESTED IN PLANT DURING YEAR

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

PART G. INVESTMENTS IN AFFILIATED COMPANIES

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

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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)

YES

NO

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

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| USDA-RUS | BORROWER DESIGNATION ID0513 |
| OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | PERIOD ENDED December, 2012 |
| INSTRUCTIONS – See help in the online application. | |
| PART I – STATEMENT OF CASH FLOWS | |
| 1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund) | Redacted |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| 2. Net Income | |
| <i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i> | |
| 3. Add: Depreciation | |
| 4. Add: Amortization | |
| 5. Other (Explain) | |
| <i>Changes in Operating Assets and Liabilities</i> | |
| 6. Decrease/(Increase) in Accounts Receivable | |
| 7. Decrease/(Increase) in Materials and Inventory | |
| 8. Decrease/(Increase) in Prepayments and Deferred Charges | |
| 9. Decrease/(Increase) in Other Current Assets | |
| 10. Increase/(Decrease) in Accounts Payable | |
| 11. Increase/(Decrease) in Advance Billings & Payments | |
| 12. Increase/(Decrease) in Other Current Liabilities | |
| 13. Net Cash Provided/(Used) by Operations | |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| 14. Decrease/(Increase) in Notes Receivable | |
| 15. Increase/(Decrease) in Notes Payable | |
| 16. Increase/(Decrease) in Customer Deposits | |
| 17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities) | |
| 18. Increase/(Decrease) in Other Liabilities & Deferred Credits | |
| 19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital | |
| 20. Less: Payment of Dividends | |
| 21. Less: Patronage Capital Credits Retired | |
| 22. Other (Explain) | |
| 23. Net Cash Provided/(Used) by Financing Activities | |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| 24. Net Capital Expenditures (Property, Plant & Equipment) | |
| 25. Other Long-Term Investments | |
| 26. Other Noncurrent Assets & Jurisdictional Differences | |
| 27. Other (Explain) Net Capital Expenditures does not reflect impact of retirements and adjustments to capital accounts | |
| 28. Net Cash Provided/(Used) by Investing Activities | |
| 29. Net Increase/(Decrease) in Cash | |
| 30. Ending Cash | |

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| USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | BORROWER DESIGNATION ID0513 |
| INSTRUCTIONS - See RUS Bulletin 1744-2 | PERIOD ENDED December, 2012 |
| NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | |
| | |

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| USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | BORROWER DESIGNATION ID0513 |
| INSTRUCTIONS - See RUS Bulletin 1744-2 | PERIOD ENDED December, 2012 |
| CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS | |
| | |

State of Idaho)
) ss
County of Power)

CERTIFICATION BY ELIGIBLE TELECOMMUNICATIONS CARRIER
OF COMPLIANCE WITH SERVICE QUALITY AND CUSTOMER
PROTECTION, ABILITY TO REMAIN FUNCTIONAL IN EMERGENCIES,
AND USE OF FEDERAL HIGH-COST SUPPORT.

AFFIDAVIT OF BUSINESS OR CORPORATE OFFICER

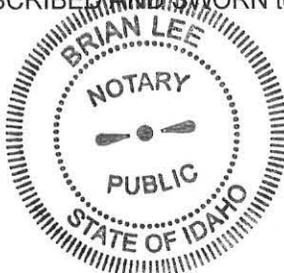
The Idaho Public Utilities Commission Order No. 29841 requires that Eligible Telecommunications Carriers certify that it is compliant with applicable service quality standards and consumer protection rules; and ETCs must demonstrate the ability to remain functional in emergencies. In addition, the Commission must file an annual certification with the USAC and the FCC that all federal high-cost support provided to ETCs within the State of Idaho will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Accordingly, the undersigned states and verifies under oath the following:

1. I am an officer of Direct Comm. Rockland an eligible telecommunications carrier for receiving federal universal service support under section 214(e) of the Telecommunications Act of 1996 in the state of Idaho.
2. I am familiar with the Company's day-to-day operations in the state of Idaho and with the State's service quality standards and consumer protection rules as set forth in Commission Order No. 29841.
3. Direct Comm. Rockland is complying with applicable service quality standards and consumer protection rules of the Federal Communications Commission and the Idaho Public Utilities Commission.
4. I certify to the Commission that the Company is able to remain functional in emergencies as set forth in Commission Order No. 29841 and in 47 C.F.R. § 54.201(a)(2).
5. I also certify that all federal universal service support funds received by Direct Comm. Rockland during the current calendar year will be used in a manner consistent with section 254(e); that is, for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The company will continue to comply for the period of January 1, 2013, through December 31, 2013, to be eligible for federal universal service fund support.
6. This verification and affidavit is provided to be the Idaho Public Utilities Commission to enable the IPUC to certify to the FCC that federal universal service support received by the eligible carriers in the state will be used in a manner consistent with Section 254(e) of the Telecommunications Act.
- 7.

Jeremy Smith/General Manager
Name/Title

10/14/2013
Date

SUBSCRIBED AND SWORN to before me this 14 day of August 2013



Brian Lee
Notary Public for Idaho, residing at 260 E. Shoshone St, Rockland, ID
My Commission expires 06/11/2016