BODAMER
CONSULTING, LLC

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Johns Creek, GA 30022
770-649-1886 / fax 770-645-6545
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October 23, 2013

VIA ECFS

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

RE: WC Docket Nos. 10-90 and 11-42
Annual Report Pursuant to 47 C.F.R. §§ 54.313 and 54.422
Study Area Code 260419

Dear Ms. Dortch:

Thacker Grigsby Telephone Company, Study Area Code 260419, by its authorized representative, files its FCC Form 481 – Carrier Annual Reporting Data Collection Form in compliance with 47 C.F.R. §§ 54.313 and 54.422.

Pursuant to FCC Public Notice DA 13-2025 Released October 17, 2013, this filing carries a due date on or before October 31st. The FCC Form 481 has been timely completed and submitted to the Universal Service Administrative Company and the Kentucky Public Service Commission.

Should you have any questions, please call me at 770-649-1886.

Sincerely,

Eileen M Bodamer

Eileen M Bodamer
Authorized Agent / Consultant to Thacker Grigsby Telephone Company

Enclosures

Cc: Kim Jones
William Grigsby

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	260419
<015>	Study Area Name	THACKER/GRIGSBY TEL
<020>	Program Year	2014
<030>	Contact Name: Person USAC should contact with questions about this data	Eileen Bodamer
<035>	Contact Telephone Number: Number of the person identified in data line <030>	770-649-1886
<039>	Contact Email Address: Email of the person identified in data line <030>	Eileen@Bodamer.com

ANNUAL REPORTING FOR ALL CARRIERS

(check box when complete)

Line	Item	Value	Instruction	54.313 Completion Required	54.422 Completion Required
<100>	Service Quality Improvement Reporting		*(complete attached worksheet)*		
<200>	Outage Reporting (voice)		*(complete attached worksheet)*	✔	✔
<210>		✔ <-- check box if no outages to report			
<300>	Unfulfilled Service Requests (voice)	0		✔	
<310>	Detail on Attempts (voice)		*(attach descriptive document)*		
<320>	Unfulfilled Service Requests (broadband)				
<330>	Detail on Attempts (broadband)		*(attach descriptive document)*		
<400>	Number of Complaints per 1,000 customers (voice)			✔	✔
<410>	Fixed	0.17			
<420>	Mobile				
<430>	Number of Complaints per 1,000 customers (broadband)				
<440>	Fixed				
<450>	Mobile				
<500>	Service Quality Standards & Consumer Protection Rules Compliance		*(check to indicate certification)*	✔	✔
<510>		260419KY510	*(attached descriptive document)*	✔	✔
<600>	Functionality in Emergency Situations		*(check to indicate certification)*	✔	✔
<610>		260419KY610	*(attached descriptive document)*	✔	✔
<700>	Company Price Offerings (voice)		*(complete attached worksheet)*		
<710>	Company Price Offerings (broadband)		*(complete attached worksheet)*		
<800>	Operating Companies and Affiliates		*(complete attached worksheet)*	✔	✔
<900>	Tribal Land Offerings (Y/N)?	○ ◉	*(if yes, complete attached worksheet)*		
<1000>	Voice Services Rate Comparability		*(check to indicate certification)*		
<1010>			*(attach descriptive document)*		
<1100>	Terrestrial Backhaul (Y/N)?	◉ ○	*(if not, check to indicate certification)*	✔	
<1110>			*(complete attached worksheet)*		
<1200>	Terms and Condition for Lifeline Customers		*(complete attached worksheet)*		✔

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

Line	Instruction	54.313	54.422
<2000>	*(check to indicate certification)*		
<2005>	*(complete attached worksheet)*		

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

Line	Instruction	54.313	54.422
<3000>	*(check to indicate certification)*	✔	
<3005>	*(complete attached worksheet)*	✔	

(100) Service Quality Improvement Reporting
Data Collection Form

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

<010>	Study Area Code	260419
<015>	Study Area Name	THACKER/GRIGSBY TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

<110>	Has your company received its ETC certification from the FCC?	(yes / no)	○	◉
<111>	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no)	○	○

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

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

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	☐
<114>	Report how much universal service (USF) support was received	☐
<115>	How (USF) was used to improve service quality	☐
<116>	How (USF)was used to improve service coverage	☐
<117>	How (USF) was used to improve service capacity	☐
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	☐

(200) Service Outage Reporting (Voice)
Data Collection Form

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

<010>	Study Area Code	260419
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<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

<220>

<a> NORS Reference Number	<b1> Outage Start Date	<b2> Outage Start Time	<b3> Outage End Date	<b4> Outage End Time	<c1> Number of Customers Affected	<c2> Total Number of Customers	<d> 911 Facilities Affected (Yes / No)	<e> Service Outage Description (Check all that apply)	<f> Did This Outage Affect Multiple Study Areas (Yes / No)	<g> Service Outage Resolution	<h> Preventative Procedures

-- See attached worksheet --

(700) Price Offerings including Voice Rate Data
Data Collection Form

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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

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

<703>

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

-- See attached worksheet --

(710) Broadband Price Offerings
Data Collection Form

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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

<711>

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	**Exchange (ILEC)**	**Residential Rate**	**State Regulated Fees**	**Total Rate and Fees**	**Broadband Service - Download Speed (Mbps)**	**Broadband Service - Upload Speed (Mbps)**	**Usage Allowance (GB)**	**Usage Allowance Action Taken When Limit Reached {*select* }**

-- See attached worksheet --

(800) Operating Companies
Data Collection Form

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

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<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

<810>	Reporting Carrier	Thacker/Grigsby Telephone Company
<811>	Holding Company	
<812>	Operating Company	

<813>

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

-- See attached worksheet --

(900) Tribal Lands Reporting
Data Collection Form

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

<010>	Study Area Code	260419
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<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
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<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.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:

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

(1100) No Terrestrial Backhaul Reporting
Data Collection Form

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

<010>	Study Area Code	260419
<015>	Study Area Name	THACKER/GRIGSBY TEL
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<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
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<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.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	260419
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<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans — 260419KY1210
Name of attached document (.pdf)

<1220> Link to Public Website — HTTP ____

"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☑

<1222> Details on the number of minutes provided as part of the plan, ☑

<1223> Additional charges for toll calls, and rates for each such plan. ☑

(2000) Price Cap Carrier Additional Documentation	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers	July 2013

<010>	Study Area Code	260419
<015>	Study Area Name	THACKER/GRIGSBY TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.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

<010>	Study Area Code	260419
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<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Eileen Bodamer
<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.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)} — Name of Attached Document Listing Required Information
Please check this box to confirm that the attached PDF , on line 3012, ☐

(3011) contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

(3012) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)} — Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)} ✔ (Yes/No)

(3014) If yes, does your company file the RUS annual report ✔ (Yes/No)

Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) ✔

(3016) PDF of Balance Sheet, Income Statement and Statement of Cash Flows ✔

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation — Name of Attached Document Listing Required Information: 260419KY3017

(3018) If the response is no on line 3014, Is your company audited? ☐ (Yes/No)

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains :

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications ☐

(3020) PDF of Balance Sheet, Income Statement and Statement of Cash Flows ☐

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit. ☐

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, ☐

(3023) Underlying information subjected to a review by an independent certified public accountant ☐

(3024) Underlying information subjected to an officer certification. ☐

(3025) PDF of Balance Sheet, Income Statement and Statement of Cash Flows ☐

(3026) Attach the worksheet listing required information — Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	260419
<015>	Study Area Name	THACKER/GRIGSBY TEL
<020>	Program Year	2014
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<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.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:	THACKER/GRIGSBY TEL		
Signature of Authorized Officer:	CERTIFIED ONLINE	Date	10/09/2013
Printed name of Authorized Officer:	William Grigsby		
Title or position of Authorized Officer:	Vice-President/GM		
Telephone number of Authorized Officer:	606-785-2227		
Study Area Code of Reporting Carrier:	260419	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	260419
<015>	Study Area Name	THACKER/GRIGSBY TEL
<020>	Program Year	2014
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<035>	Contact Telephone Number - Number of person identified in data line <030>	770-649-1886
<039>	Contact Email Address - Email Address of person identified in data line <030>	Eileen@Bodamer.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

(800) Operating Companies

Data Collection Form

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

<010>	Study Area Code	260419
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<810>	Reporting Carrier	Thacker/Grigsby Telephone Company
<811>	Holding Company	
<812>	Operating Company	

<813>

<a1> Affiliates	<a2> SAC	<a3> Doing Business As Company or Brand Designation
EAST KENTUCKY NETWORK, LLC	269007	APPALACHIAN WIRELESS

Thacker/Grigsby Telephone Company
47 CFR§54.313(a)(5) Certification that it is complying with applicable service quality standards and consumer protection rules

In establishing this certification in its *2005 ETC Order*,[1] the FCC found that an ETC must make "a specific commitment to objective measures to protect consumers." The Commission found that for wireless ETCs, compliance with CTIA's Consumer Code for Wireless Service would satisfy this requirement" and that the sufficiency of other commitments would be considered on a case-by-case basis.[2] In this context, the FCC stated, "to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law, compliance with such laws may meet our requirement."

Thacker/Grigsby Telephone Company ("Company") hereby certifies that it is complying with applicable service quality standards and consumer protection rules. The Company is subject to consumer protection obligations under the Kentucky Revised Statutes (KRS) and Kentucky Administrative Regulations (KAR). These obligations include, but are not limited to, the following:

(1) filing a Local Exchange Tariff pursuant to the requirements of KRS Chapter 278.541 to 278.544 and 807 KAR 5:011, which discloses rates, terms and conditions of service to customers;

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[1] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) ("*2005 ETC Order*").

[2] *Id.* The FCC noted that under the CTIA Consumer Code, wireless carriers agree to: "(1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy." *Id.* at 71.

(2) adherence to Kentucky state consumer protection requirements governing telephone providers which include Consumer protections as identified in KRS Chapter 278.546, Pricing Procedures as illustrated in KRS Chapter 278.542(1), and Compliance with Anti-Slamming Procedures as adopted in KRS Chapter 278.535;

(3) truth-in-billing requirements as required in 807 KAR 5:061, Section 13;

(4) CPNI, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy; and

(5) Records maintenance and service objectives reporting required under 807 KAR 5:061, Section 4 (4) related to the following: i) Provision of Service – 807 KAR 5:061, Section 10(1); ii) Dial Service Requirements – 807 KAR 5:061, Section 15(1) and (2); iii) Answering Time – 807 KAR 5:061, Section 22(1) and (2); and iv) Service Interruption – 807 KAR 5:061, Section 25(3) and (4).

Thacker/Grigsby Telephone Company
Demonstration of Ability to Function in Emergency Situations
47, Part 54, Subpart C, §54.202(a)(2)

Thacker/Grigsby Telephone Company ("Company") hereby certifies that it is able to function in emergency situations as set forth in the Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.202(a)(2) [1] as well as and the Kentucky Administrative Regulations, 807 5:061, Section 24. The Company's network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2).

The Company meets its state and federal requirements by deploying battery back-up capability throughout its network that allows it to remain fully operational even when power outages preclude use of an external power source. Each central office building is supplied with standby generators and battery back-up that enable the central office to keep running for at least the minimum of four (4) hours. The Company has battery backup at all office locations and in its electronic equipment sites. In addition to battery back-up at all critical network element locations, the Company has standby generators, fueled by propane and /or natural gas, capable of running at least one week before refueling would be necessary. All stand-by generators are automatically exercised once a week. If a generator malfunction occurs during test mode or during a power outage, it sends an alarm through the Company's central office alarm system and

[1] (1) Each telephone utility shall have a written plan to meet service emergencies resulting from failures of power service, sudden and prolonged increase in traffic, fire, storm, or acts of God. Each telephone utility shall train employees in procedure to be followed in an emergency. (2) All central offices and toll centers shall adequately provide for emergency power. Each central and/or toll office shall have a minimum of four (4) hours of battery reserve. In exchanges exceeding 5,000 lines and in toll offices, a permanent auxiliary power unit shall be installed. In offices without installed emergency power facilities there shall be a mobile power unit available of suitable capacity which can be delivered and connected within two (2) hours, or one-half (1/2) the battery reserve time, whichever is greater.

its technical staff is immediately notified. Many non-critical network elements also have permanent standby generators as described above. Any non-critical location which does not have a permanent standby generator has a suitable size mobile power unit available which can be operational at the site within one hour. Critical portions of the Company's network are fully redundant and / or operate in a self-healing ring configuration for instantaneous redirection of traffic in the event of facility damage. This ability to change its call routing also allows the Company to manage traffic spikes throughout its network, as emergency situations require.

Additionally, the Company maintains a written plan in place to meet service emergencies resulting from failures of power service, sudden and prolonged increase in traffic, fire, storm, or acts of God, and has trained employees on emergency procedures.

Compliance Manual for Lifeline
FCC: 47 C.F.R. §54.422(a)(2)
PSC: Thacker-Grigsby Telephone Company Tariff PSC No. 3

This Compliance Manual sets forth Company policies for our offering of the State and Federally-prescribed Lifeline programs to low-income customers within our service area. This Manual is just one part of our on-going effort to ensure that eligible consumers throughout our service area are aware of and can apply for the benefits of these programs. Further, these policies and guidelines support the internal educational and training efforts that we undertake so that we can inform potential customers of these programs.

Lifeline Coordinator

Donna Childers
606-785-9500
d.childers@tgtel.com

General Information

1. One low-income credit is available per Household and is applicable to the primary residential connection only.

2. Lifeline customer may subscribe to any local service offering available to other residence customers.

3. CCR options with Full Toll blocking, if elected, will be provided at no charge to the Lifeline subscriber.

4. The deposit requirement is not applicable to a Lifeline customer who subscribes to full toll blocking. If a Lifeline customer removes full toll blocking prior to establishing an acceptable credit history, a deposit may be required. When applicable, advance payments will not exceed the connection and local service charges for one month.

5. The federal primary inter-exchange carrier charge (PICC) will not be billed to Lifeline customers who subscribe to full toll blocking and do not pre-subscribe to a long distance carrier(s).

General Information (continued)

6. A Lifeline subscriber's local service will not be disconnected for nonpayment of regulated toll charges. Local service may be denied for non-payment of local and miscellaneous service in accordance with Section 2 of this Tariff. Access to toll service may be denied for nonpayment of regulated tolls. A Lifeline subscriber's request for reconnection of local service will not be denied if the service was previously denied for non-payment of toll charges.

7. Lifeline is not available for resale.

Eligibility

To be eligible for a Lifeline credit, a customer must be a current recipient of any one of the following low-income assistance programs or have income at or below 135 percent of the Federal Poverty Guidelines (*Refer to Application for details)*

1. Supplemental Security Income (SSI)
2. Supplemental Nutrition Assistance Program
3. Medicaid
4. Federal public housing / Section 8
5. Low Income Home Energy Assistance Program (LIHEAP)
6. Temporary Assistance to Needy Families program (TANF)
7. National School Lunch's free program (NSL)

All applications for service are subject to verification with the state agency responsible for administration of the qualifying program.

1. Proof of eligibility in any of the qualifying low-income programs should be provided to the company at the time of application for service. The Lifeline credit will not be established until the Company has received proof of eligibility. If the customer requests installation prior to the company's receipt of proof of eligibility, the requested service will be provided without the Lifeline credit. When eligibility documentation is provided subsequent to installation, the Lifeline credit will be provided on a going forward basis.

2. Proof of eligibility shall be in the form of an affidavit, certifying under penalty of perjury, that the subscriber is receiving benefits under one of the qualifying programs. It is the customer's responsibility to notify the company when the customer is no longer participating in any of the qualifying programs.

3. The company reserves the right to periodically audit its records, working in conjunction with the appropriate state agencies, for the purpose of determining continuing eligibility. Information obtained during such audit will be treated as confidential information to the extent required under State and Federal law. The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the Lifeline plan.

Eligibility (continued)

4. When a customer is determined to be ineligible as a result of an audit, the company will contact the customer. If the customer cannot provide eligibility documentation, the Lifeline credit will be discontinued.

Credit for Lifeline Service

1. Lifeline is provided as a monthly credit on the eligible residential subscriber's access line bill for local service. Service charges may be applicable for installing or changing Lifeline service.

2. Service charges do not apply for converting existing service to Lifeline.

3. The Lifeline credit passed through to the customer consists of:

	Federal	State
Lifeline Credit	$9.25	$3.50

THACKER-GRIGSBY TELEPHONE COMPANY, INC.
Lifeline Eligibility Consumer Affidavit/Annual Verification

Applicant Name: ______________________________

Date of Birth: ____________ SSN (last 4 digits): ________ *or* Tribal identification no. ________

Service Address:

____

Number *Street* *(Apt. No)* *City* *State* *Zip*

Is this a temporary address? ☐ Yes ☐ No Telephone No. ________________

Billing Address if different from Service Address

____

Number *Street* *(Apt. No)* *City* *State* *Zip*

Billing Name on Account if different from Applicant: ________________

I am applying or recertifying for Lifeline benefits based on one of the following eligibility criteria:

I am currently enrolled in an eligible program [check applicable boxes below]

- ☐ Supplemental Nutrition Assistance Program (SNAP, Food Stamps)
- ☐ Supplemental Security Income (SSI)
- ☐ Low Income Home Energy Assistance Program (LHEAP)
- ☐ Emergency Aid to the Elderly, Disabled and Children (EAEDC)
- ☐ Transitional Aid to Families with Dependent Children (TAFDC)
- ☐ Tribal offerings (Head Start or Food Distribution Program)
- ☐ Temp. Asst. to Needy Families (TANF)
- ☐ National Free School Lunch Program (NSL)
- ☐ Low Income Federal Housing
- ☐ MassHealth
- ☐ Medicaid
- ☐ Bureau of Indian Affairs General Assistance

Or

I meet income eligibility requirements [complete qualification information below]

☐ My household is at or below 135% of the Federal Poverty Level. No. in Household: ________

Household Size (2013)	135% of Federal Poverty Levels
1	$15,512
2	$20,939
3	$26,366
4	$31,793
Add for each additional person after 4 to household size 4	$ 5,527

Certifications Required for Lifeline Participants

a. I understand that Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.

Customer initials:______

b. I understand that only one Lifeline service is available per household (as defined as any individual or group of individuals who live together at the same address and share income and expenses) and a household is not permitted to receive Lifeline benefits from multiple providers. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the de-enrollment from the Program and potentially, prosecution by the United States government.

Customer initials:______

c. I understand that I may not transfer my Lifeline benefit to any other person.

Customer initials:______

d. I further understand and consent that the data included in my application will be divulged to USAC and/or its agents for purposes of verification and that I am only in receipt of one lifeline benefit.

Customer initials:______

Continued on Page 2

<u>I certify under penalty of perjury, to the following</u>: I meet the income or program-based eligibility criteria for receiving Lifeline service as provided for herein. I further certify that I will notify Thacker-Grigsby Telephone Company, Inc. within 30 days if for any reason I no longer satisfy the criteria for receiving Lifeline including if another member of my household begins receiving a Lifeline benefit. My household will receive only one Lifeline service and, to the best of my knowledge, my household is not already receiving a Lifeline service. The information contained in this affidavit is true and correct to the best of my knowledge. I acknowledge that providing false or fraudulent information to receive Lifeline benefits is punishable by law. I understand that I may be required to recertify my eligibility for Lifeline at any time, and my failure to re-certify as to my continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to federal law §54.405(e)(4).

Applicant Signature: ______________________________ Date: ____________________

Thacker-Grigsby Telephone Company, Inc.
P.O. Box 789, 60 Communications Lane
Hindman, KY 41822

Phone number: (606) 785-9500
Fax number: (606) 785-9521
Email: tgtel@tgtel.com

USDA-RUS

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.

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER NAME
Thacker-Grigsby Telephone Company, Inc.
(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: KY0536

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)

[X] 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

William Grigsby

3/7/2013
DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			**CURRENT LIABILITIES**		
1. Cash and Equivalents	2,995,756	3,919,522	25. Accounts Payable	297,114	466,566
2. Cash-RUS Construction Fund	502,917	1,943	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	143,262	(92,185)	28. Customer Deposits	182,285	174,491
b. Other Accounts Receivable	195,348	296,091	29. Current Mat. L/T Debt	835,000	900,000
c. Notes Receivable	0	0	30. Current Mat. L/T Debt-Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	0
a. Telecom, Accounts Receivable	705,636	1,373,079	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	77	0	33. Other Taxes Accrued	51,512	146,004
c. Notes Receivable	0	0	34. Other Current Liabilities	301,609	300,194
5. Interest and Dividends Receivable	3,650	3,650	**35. Total Current Liabilities (25 thru 34)**	1,667,520	1,987,255
6. Material-Regulated	467,611	933,695	**LONG-TERM DEBT**		
7. Material-Nonregulated	406	0	36. Funded Debt-RUS Notes	4,304,305	4,264,371
8. Prepayments	0	0	37. Funded Debt-RTB Notes	2,284,452	1,997,305
9. Other Current Assets	0	0	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 Thru 9)	5,014,663	6,435,795	39. Funded Debt-Other	0	0
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Reacquired Debt	0	0
b. Nonrural Development	42,005,738	42,586,193	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	0	0	**46. Total Long-Term Debt (36 thru 45)**	6,588,757	6,261,676
13. Nonregulated Investments	334,656	309,558	**OTHER LIAB. & DEF. CREDITS**		
14. Other Noncurrent Assets	0	0	47. Other Long-Term Liabilities	853,000	853,000
15. Deferred Charges	231,475	229,634	48. Other Deferred Credits	0	0
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	42,571,869	43,125,385	50. Total Other Liabilities and Deferred Credits (47 thru 49)	853,000	853,000
PLANT, PROPERTY, AND EQUIPMENT			**EQUITY**		
18. Telecom, Plant-in-Service	36,994,654	38,299,901	51. Cap. Stock Outstand. & Subscribed	269,800	269,800
19. Property Held for Future Use	0	0	52. Additional Paid-in-Capital	0	0
20. Plant Under Construction	389,009	1,658,276	53. Treasury Stock	(1,800)	(2,300)
21. Plant Adj., Nonop. Plant & Goodwill	0	0	54. Membership and Cap. Certificates	0	0
22. Less Accumulated Depreciation	21,074,014	22,827,480	55. Other Capital	0	0
23. Net Plant (18 thru 21 less 22)	16,309,649	17,130,697	56. Patronage Capital Credits	0	0
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	54,518,904	57,322,446
			58. Total Equity (51 thru 57)	54,786,904	57,589,946
	63,896,181	66,691,877	**59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)**	63,896,181	66,691,877

Total Equity = 86.35% % of Total Assets

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536
INSTRUCTIONS- See RUS Bulletin 1744-2	PERIOD ENDING December, 2012

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	1,154,339	1,122,859
2. Network Access Services Revenues	5,626,721	5,770,727
3. Long Distance Network Services Revenues	0	0
4. Carrier Billing and Collection Revenues	177,767	157,582
5. Miscellaneous Revenues	383,025	436,294
6. Uncollectible Revenues	24,000	24,000
7. Net Operating Revenues (1 thru 5 less 6)	7,317,852	7,463,462
8. Plant Specific Operations Expense	1,249,266	1,037,884
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	517,570	308,167
10. Depreciation Expense	1,777,758	1,758,420
11. Amortization Expense	1,842	1,842
12. Customer Operations Expense	726,126	685,019
13. Corporate Operations Expense	1,157,087	1,218,190
14. Total Operating Expenses (8 thru 13)	5,429,649	5,009,522
15. Operating Income or Margins (7 less 14)	1,888,203	2,453,940
16. Other Operating Income and Expenses	0	0
17. State and Local Taxes	26,065	394,101
18. Federal Income Taxes	1,132,892	755,499
19. Other Taxes	230,118	341,629
20. Total Operating Taxes (17+18+19)	1,389,075	1,491,229
21. Net Operating Income or Margins (15+16-20)	499,128	962,711
22. Interest on Funded Debt	312,775	290,664
23. Interest Expense - Capital Leases	0	0
24. Other Interest Expense	9,316	7,799
25. Allowance for Funds Used During Construction	0	0
26. Total Fixed Charges (22+23+24-25)	322,091	298,463
27. Nonoperating Net Income	4,543,842	2,229,204
28. Extraordinary Items	0	0
29. Jurisdictional Differences	0	0
30. Nonregulated Net Income	77,281	121,915
31. Total Net Income or Margins (21+27+28+29+30-26)	4,798,160	3,015,367
32. Total Taxes Based on Income	1,158,957	1,149,600
33. Retained Earnings or Margins Beginning-of-Year	49,932,594	54,518,904
34. Miscellaneous Credits Year-to-Date	0	0
35. Dividends Declared (Common)	211,680	211,680
36. Dividends Declared (Preferred)	170	145
37. Other Debits Year-to-Date	0	0
38. Transfers to Patronage Capital	0	0
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	54,518,904	57,322,446
40. Patronage Capital Beginning-of-Year	0	0
41. Transfers to Patronage Capital	0	0
42. Patronage Capital Credits Retired	0	0
43. Patronage Capital End-of-Year (40+41-42)	0	0
44. Annual Debt Service Payments	1,116,519	1,108,916
45. Cash Ratio [(14+20-10-11) / 7]	0.6886	0.6352
46. Operating Accrual Ratio [(14+20+26) / 7]	0.9758	0.9110
47. TIER [(31+26) / 26]	15.8969	11.1030
48. DSCR [(31+26+10+11) / 44]	6.1798	4.5757

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION
KY0536

PERIOD ENDED
December, 2012

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

	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
FISTY	9.16	5.74	57	481	538	85.88	85.88
PIPPA PASSES	9.16	5.74	85	274	359	39.54	10.62
TOPMOST	9.16	5.74	82	797	879	123.15	26.16
CODY	9.16	5.74	128	620	748	147.07	55.40
HINDMAN	9.16	5.74	800	2,391	3,191	348.16	151.75
MOUSIE	9.16	5.74	67	447	514	82.56	80.72
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			1,219	5,010	6,229	826.36	410.53
No. Exchanges	6						

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS** *INSTRUCTIONS - See RUS Bulletin 1744-2*	BORROWER DESIGNATION KY0536 PERIOD ENDED December, 2012

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

4. BROADBAND SERVICE

			Details on Least Expensive Broadband Service					
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
FISTY	538	313	43	512	256	28.95	Package	DSL
PIPPA PASSES	359	91	30	512	256	28.95	Package	DSL
TOPMOST	879	217	72	512	256	28.95	Package	DSL
CODY	748	185	56	512	256	28.95	Package	DSL
HINDMAN	3,191	849	224	512	256	28.95	Package	DSL
MOUSIE	514	216	27	512	256	28.95	Package	DSL
Total	6,229	1,871						

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536
	PERIOD ENDING December, 2012
INSTRUCTIONS- See RUS Bulletin 1744-2	

PART D. SYSTEM DATA

1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile
27	23	360	17.30	7.54

PART E. TOLL DATA

1. Study Area ID Code(s)

a. 260419
b.
c.
d.
e.
f.
g.
h.
i.
j.

2. Types of Toll Settlements (Check one)

Interstate:	[X] Average Schedule	[ ] Cost Basis
Intrastate:	[X] Average Schedule	[ ] Cost Basis

PART F. FUNDS INVESTED IN PLANT DURING YEAR

1. RUS, RTB, & FFB Loan Funds Expended	556,171
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	2,041,403
6. Salvaged Materials	11,296
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	2,608,870

PART G. INVESTMENTS IN AFFILIATED COMPANIES

INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
(a)	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development	(1,609,808)	2,190,263	20,030,369	22,555,824	42,586,193

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536 PERIOD ENDING December, 2012

PART H. CURRENT DEPRECIATION RATES

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

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	12.10%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	7.50%
4. Land and support assets - Garage and other work equipment	7.50%
5. Land and support assets - Buildings	2.70%
6. Land and support assets - Furniture and Office equipment	8.70%
7. Land and support assets - General purpose computers	15.80%
8. Central Office Switching - Digital	7.50%
9. Central Office Switching - Analog & Electro-mechanical	11.70%
10. Central Office Switching - Operator Systems	9.80%
11. Central Office Transmission - Radio Systems	9.10%
12. Central Office Transmission - Circuit equipment	10.00%
13. Information origination/termination - Station apparatus	15.00%
14. Information origination/termination - Customer premises wiring	15.00%
15. Information origination/termination - Large private branch exchanges	14.29%
16. Information origination/termination - Public telephone terminal equipment	7.70%
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	5.60%
19. Cable and wire facilities - Aerial cable - Metal	6.60%
20. Cable and wire facilities - Aerial cable - Fiber	5.10%
21. Cable and wire facilities - Underground cable - Metal	4.70%
22. Cable and wire facilities - Underground cable - Fiber	4.70%
23. Cable and wire facilities - Buried cable - Metal	4.70%
24. Cable and wire facilities - Buried cable - Fiber	4.70%
25. Cable and wire facilities - Conduit systems	2.20%
26. Cable and wire facilities - Other	

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536
INSTRUCTIONS – See help in the online application.	PERIOD ENDED December, 2012

PART I – STATEMENT OF CASH FLOWS

1.	**Beginning Cash (Cash and Equivalents plus RUS Construction Fund)**	3,498,673
	CASH FLOWS FROM OPERATING ACTIVITIES	
2.	**Net Income**	3,015,367
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation	1,758,420
4.	Add: Amortization	1,842
5.	Other (Explain) Profit In Limited Liability Companies & Part A. Line 33	94,493
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	(532,662)
7.	Decrease/(Increase) in Materials and Inventory	(465,678)
8.	Decrease/(Increase) in Prepayments and Deferred Charges	1,841
9.	Decrease/(Increase) in Other Current Assets	0
10.	Increase/(Decrease) in Accounts Payable	169,452
11.	Increase/(Decrease) in Advance Billings & Payments	0
12.	Increase/(Decrease) in Other Current Liabilities	(1,415)
13.	**Net Cash Provided/(Used) by Operations**	4,041,660
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	0
15.	Increase/(Decrease) in Notes Payable	0
16.	Increase/(Decrease) in Customer Deposits	(7,794)
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(262,081)
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	0
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	(500)
20.	Less: Payment of Dividends	(211,825)
21.	Less: Patronage Capital Credits Retired	0
22.	Other (Explain)	
23.	**Net Cash Provided/(Used) by Financing Activities**	(482,200)
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)	(2,574,514)
25.	Other Long-Term Investments	(555,357)
26.	Other Noncurrent Assets & Jurisdictional Differences	0
27.	Other (Explain) Part A, Line 18, Net Salvage & Plant Retirements	(6,797)
28.	**Net Cash Provided/(Used) by Investing Activities**	(3,136,668)
29.	**Net Increase/(Decrease) in Cash**	422,792
30.	**Ending Cash**	3,921,465

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012

NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

Financial Statements differ from the annual report due to "Other Comprehensive Income" (Unrealized gain (loss) on marketable securities as well as pension liability) in 2011 and 2012.

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012

CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS	*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*	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER NAME Thacker-Grigsby Telephone Company, Inc. (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, 2011	BORROWER DESIGNATION KY0536

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)

[X] 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

William Grigsby 3/7/2012

DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			**CURRENT LIABILITIES**		
1. Cash and Equivalents	3,563,304	2,995,756	25. Accounts Payable	205,189	297,114
2. Cash-RUS Construction Fund	12,249	502,917	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	142,527	143,262	28. Customer Deposits	184,622	182,285
b. Other Accounts Receivable	733,589	195,348	29. Current Mat. L/T Debt	1,150,000	835,000
c. Notes Receivable	0	0	30. Current Mat. L/T Debt-Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	0
a. Telecom, Accounts Receivable	109,621	705,636	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	1,079	77	33. Other Taxes Accrued	256	51,512
c. Notes Receivable	0	0	34. Other Current Liabilities	255,695	301,609
5. Interest and Dividends Receivable	3,650	3,650	**35. Total Current Liabilities (25 thru 34)**	1,795,762	1,667,520
6. Material-Regulated	720,275	467,611	**LONG-TERM DEBT**		
7. Material-Nonregulated	0	406	36. Funded Debt-RUS Notes	4,074,438	4,304,305
8. Prepayments	31,719	0	37. Funded Debt-RTB Notes	2,394,398	2,284,452
9. Other Current Assets	0	0	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 Thru 9)	5,318,013	5,014,663	39. Funded Debt-Other	0	0
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	2,552,149	0	42. Reacquired Debt	0	0
b. Nonrural Development	35,366,855	42,005,738	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	0	0	**46. Total Long-Term Debt (36 thru 45)**	6,468,836	6,588,757
13. Nonregulated Investments	442,692	334,656	**OTHER LIAB. & DEF. CREDITS**		
14. Other Noncurrent Assets	0	0	47. Other Long-Term Liabilities	1,213,000	853,000
15. Deferred Charges	36,687	231,475	48. Other Deferred Credits	0	0
16. Jurisdictional Differences		0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	38,398,383	42,571,869	50. Total Other Liabilities and Deferred Credits (47 thru 49)	1,213,000	853,000
PLANT, PROPERTY, AND EQUIPMENT			**EQUITY**		
18. Telecom, Plant-in-Service	33,463,924	36,994,654	51. Cap. Stock Outstand. & Subscribed	269,800	269,800
19. Property Held for Future Use	0	0	52. Additional Paid-in-Capital	0	0
20. Plant Under Construction	2,394,750	389,009	53. Treasury Stock	(1,800)	(1,800)
21. Plant Adj., Nonop. Plant & Goodwill	0	0	54. Membership and Cap. Certificates	0	0
22. Less Accumulated Depreciation	19,768,860	21,074,014	55. Other Capital	128,018	0
23. Net Plant (18 thru 21 less 22)	16,089,814	16,309,649	56. Patronage Capital Credits	0	0
24. TOTAL ASSETS (10+17+23)	59,806,210	63,896,181	57. Retained Earnings or Margins	49,932,594	54,518,904
			58. Total Equity (51 thru 57)	50,328,612	54,786,904
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	59,806,210	63,896,181

Total Equity = 85.74% % of Total Assets

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS** *INSTRUCTIONS- See RUS Bulletin 1744-2*	BORROWER DESIGNATION KY0536 PERIOD ENDING December, 2011

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	1,186,064	1,154,339
2. Network Access Services Revenues	5,833,507	5,626,721
3. Long Distance Network Services Revenues	0	0
4. Carrier Billing and Collection Revenues	193,188	177,767
5. Miscellaneous Revenues	471,250	383,025
6. Uncollectible Revenues	12,000	24,000
7. Net Operating Revenues (1 thru 5 less 6)	7,672,009	7,317,852
8. Plant Specific Operations Expense	1,253,453	1,249,266
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	460,428	517,570
10. Depreciation Expense	1,064,679	1,777,758
11. Amortization Expense	1,842	1,842
12. Customer Operations Expense	622,175	726,126
13. Corporate Operations Expense	1,072,058	1,157,087
14. Total Operating Expenses (8 thru 13)	4,474,635	5,429,649
15. Operating Income or Margins (7 less 14)	3,197,374	1,888,203
16. Other Operating Income and Expenses	0	0
17. State and Local Taxes	360,507	26,065
18. Federal Income Taxes	1,406,342	1,132,892
19. Other Taxes	202,303	230,118
20. Total Operating Taxes (17+18+19)	1,969,152	1,389,075
21. Net Operating Income or Margins (15+16-20)	1,228,222	499,128
22. Interest on Funded Debt	319,186	312,775
23. Interest Expense - Capital Leases	0	0
24. Other Interest Expense	9,444	9,316
25. Allowance for Funds Used During Construction	0	0
26. Total Fixed Charges (22+23+24-25)	328,630	322,091
27. Nonoperating Net Income	3,338,292	4,543,842
28. Extraordinary Items	0	0
29. Jurisdictional Differences	0	0
30. Nonregulated Net Income	(166,686)	77,281
31. Total Net Income or Margins (21+27+28+29+30-26)	4,071,198	4,798,160
32. Total Taxes Based on Income	1,627,349	1,158,957
33. Retained Earnings or Margins Beginning-of-Year	46,073,246	49,932,594
34. Miscellaneous Credits Year-to-Date	0	0
35. Dividends Declared (Common)	211,680	211,680
36. Dividends Declared (Preferred)	170	170
37. Other Debits Year-to-Date	0	0
38. Transfers to Patronage Capital	0	0
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	49,932,594	54,518,904
40. Patronage Capital Beginning-of-Year	0	0
41. Transfers to Patronage Capital	0	0
42. Patronage Capital Credits Retired	0	0
43. Patronage Capital End-of-Year (40+41-42)	0	0
44. Annual Debt Service Payments	1,370,363	1,116,519
45. Cash Ratio [(14+20-10-11) / 7]	0.7009	0.6886
46. Operating Accrual Ratio [(14+20+26) / 7]	0.8827	0.9758
47. TIER [(31+26) / 26]	13.3884	15.8969
48. DSCR [(31+26+10+11) / 44]	3.9890	6.1798

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION
KY0536

PERIOD ENDED
December, 2011

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

	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
FISTY	9.16	5.74	62	495	557	85.62	85.62
PIPPA PASSES	9.16	5.74	88	282	370	39.54	10.62
TOPMOST	9.16	5.74	112	820	932	122.98	26.16
CODY	9.16	5.74	131	678	809	146.58	54.91
HINDMAN	9.16	5.74	816	2,538	3,354	347.09	151.36
MOUSIE	9.16	5.74	75	462	537	82.01	80.17
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			1,284	5,275	6,559	823.82	408.84
No. Exchanges	6						

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS** *INSTRUCTIONS - See RUS Bulletin 1744-2*	BORROWER DESIGNATION KY0536 PERIOD ENDED December, 2011

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

4. BROADBAND SERVICE

			Details on Least Expensive Broadband Service					
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
FISTY	557	292	40	512	256	28.95	StandAlone	DSL
PIPPA PASSES	370	93	35	512	256	28.95	Package	DSL
TOPMOST	932	245	74	512	256	28.95	Package	DSL
CODY	809	190	67	512	256	28.95	Package	DSL
HINDMAN	3,354	885	251	512	256	28.95	Package	DSL
MOUSIE	537	192	34	512	256	28.95	Package	DSL
Total	6,559	1,897						

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536
	PERIOD ENDING December, 2011
INSTRUCTIONS- See RUS Bulletin 1744-2	

PART D. SYSTEM DATA

1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile
27	23	360	18.22	7.96

PART E. TOLL DATA

1. Study Area ID Code(s)

a. 260419
b.
c.
d.
e.
f.
g.
h.
i.
j.

2. Types of Toll Settlements (Check one)

Interstate:	[X] Average Schedule	[ ] Cost Basis
Intrastate:	[X] Average Schedule	[ ] Cost Basis

PART F. FUNDS INVESTED IN PLANT DURING YEAR

1. RUS, RTB, & FFB Loan Funds Expended	608,665
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	1,371,000
6. Salvaged Materials	11,737
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	1,991,402

PART G. INVESTMENTS IN AFFILIATED COMPANIES

INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
(a)	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					
2. Investment in Affiliated Companies - Nonrural Development	(407,578)	4,444,312	21,640,182	20,365,556	42,005,738

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536 PERIOD ENDING December, 2011

PART H. CURRENT DEPRECIATION RATES

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

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	12.10%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	7.50%
4. Land and support assets - Garage and other work equipment	7.50%
5. Land and support assets - Buildings	2.70%
6. Land and support assets - Furniture and Office equipment	8.70%
7. Land and support assets - General purpose computers	15.80%
8. Central Office Switching - Digital	7.50%
9. Central Office Switching - Analog & Electro-mechanical	11.70%
10. Central Office Switching - Operator Systems	9.80%
11. Central Office Transmission - Radio Systems	9.10%
12. Central Office Transmission - Circuit equipment	10.00%
13. Information origination/termination - Station apparatus	15.00%
14. Information origination/termination - Customer premises wiring	15.00%
15. Information origination/termination - Large private branch exchanges	14.29%
16. Information origination/termination - Public telephone terminal equipment	7.70%
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	5.60%
19. Cable and wire facilities - Aerial cable - Metal	6.60%
20. Cable and wire facilities - Aerial cable - Fiber	5.10%
21. Cable and wire facilities - Underground cable - Metal	4.70%
22. Cable and wire facilities - Underground cable - Fiber	4.70%
23. Cable and wire facilities - Buried cable - Metal	4.70%
24. Cable and wire facilities - Buried cable - Fiber	4.70%
25. Cable and wire facilities - Conduit systems	2.20%
26. Cable and wire facilities - Other	

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536
INSTRUCTIONS – See help in the online application.	PERIOD ENDED December, 2011

PART I – STATEMENT OF CASH FLOWS

1.	**Beginning Cash (Cash and Equivalents plus RUS Construction Fund)**	3,575,553
	CASH FLOWS FROM OPERATING ACTIVITIES	
2.	**Net Income**	4,798,160
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation	1,777,758
4.	Add: Amortization	1,842
5.	Other (Explain) Line 33, Part A, Other taxes & Adj for Dec 2010 Cash due to filing before audit	(428,532)
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	(57,507)
7.	Decrease/(Increase) in Materials and Inventory	252,258
8.	Decrease/(Increase) in Prepayments and Deferred Charges	(163,069)
9.	Decrease/(Increase) in Other Current Assets	0
10.	Increase/(Decrease) in Accounts Payable	91,925
11.	Increase/(Decrease) in Advance Billings & Payments	0
12.	Increase/(Decrease) in Other Current Liabilities	45,914
13.	**Net Cash Provided/(Used) by Operations**	6,318,749
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	0
15.	Increase/(Decrease) in Notes Payable	0
16.	Increase/(Decrease) in Customer Deposits	(2,337)
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(195,079)
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	(360,000)
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	(128,018)
20.	Less: Payment of Dividends	(211,850)
21.	Less: Patronage Capital Credits Retired	0
22.	Other (Explain)	
23.	**Net Cash Provided/(Used) by Financing Activities**	(897,284)
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)	(1,524,989)
25.	Other Long-Term Investments	(3,978,698)
26.	Other Noncurrent Assets & Jurisdictional Differences	0
27.	Other (Explain) Part A, Line 18, Net Salvage & Plant retirements	5,342
28.	**Net Cash Provided/(Used) by Investing Activities**	(5,498,345)
29.	**Net Increase/(Decrease) in Cash**	(76,880)
30.	**Ending Cash**	3,498,673

Revision Date 2010

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2011

NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

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USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION KY0536
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2011

CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS