telephone gervais company

489 3rd Street P.O. • Box 269 • Gervais, OR 97026
503 792-3611 • www.gervaistel.com

DOCKET FILE COPY ORIGINAL

Received & Inspected
OCT 25 2013
FCC Mail Room

October 17, 2013

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

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

Dear Ms. Dortch:

Enclosed herein is the annual report for Gervais Telephone Company, Study Area Code 532373 pursuant to §54.313/54.422 of the Commission's rules.

Please contact me with any questions at:

Phone: 503-792-3611
Email: jhoffmann@gervaistel.com

Sincerely,

John Hoffmann

John Hoffmann
President/CEO
Gervais Telephone Company

Attachment

Copies to:

Universal Service Administrative Company
Electronic Filing
Washington, DC 20036

Public Utility Commission
Electronic Filing

No. of Copies rec'd 0
List ABCDE

FCC Form 499 Carrier Annual Reporting Data Collection Form

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name: Person USAC should contact with questions about this data	Kathy DeHart
<035>	Contact Telephone Number: Number of the person identified in data line <030>	503-792-3611
<039>	Contact Email Address: Email of the person identified in data line <030>	kdehart@gervaistel.com

ANNUAL REPORTING FOR ALL CARRIERS

			Price Cap Carriers Completion Required	Rate of Return Carriers Completion Required
			(check box when complete)	
<100>	Service Quality Improvement Reporting	(complete attached worksheet)	✓	
<200>	Outage Reporting (voice)			
<210>	✓ <-- check box if no outages to report	(complete attached worksheet)	✓	
<300>	Unfulfilled Service Requests (voice)	0		
<310>	Detail on Attempts (voice)	(attach descriptive document)	✓	
<320>	Unfulfilled Service Requests (broadband)	0		
<330>	Detail on Attempts (broadband)	(attach descriptive document)		
<400>	Number of Complaints per 1,000 customers (voice)			
<410>	Fixed	0.0	✓	
<420>	Mobile			
<430>	Number of Complaints per 1,000 customers (broadband)			
<440>	Fixed	0.0	✓	
<450>	Mobile			
<500>	Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	✓	
<510>	532373or510	(attached descriptive document)	✓	
<600>	Functionality in Emergency Situations	(check to indicate certification)	✓	
<610>	532373or610	(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

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

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<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	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.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	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.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

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.com

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

<703>

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 --

(700) Broadband Price Offering
Data Collection Form

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.com

<711>

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

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.com
<810>	Reporting Carrier	Gervais Telephone Company
<811>	Holding Company	na
<812>	Operating Company	na

<813>

<a1> Affiliates	<a2> SAC	<a3> Doing Business As Company or Brand Designation
-- See attached worksheet --		

(900) Tribal Lands Reporting
Data Collection Form

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

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.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. [illegible]
July 2013

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.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 081
OMB Control No. [illegible]
July 2013

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans — 532373or1210

Name of attached document (.pdf)

<1220> Link to Public Website — HTTP

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

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

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

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

(2000) Price Cap Carrier Additional Documentation Data Collection Form

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

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.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

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.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,	Name of Attached Document Listing Required Information	☐
(3011)	contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.		
(3012)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}		☑ (Yes/No)
(3014)	If yes, does your company file the RUS annual report 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:		☐ (Yes/No)
(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?	Name of Attached Document Listing Required Information	☑ (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	532373or3026

[redacted]

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.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: GERVAIS TELEPHONE CO

Signature of Authorized Officer: CERTIFIED ONLINE

Printed name of Authorized Officer: Kathy DeHart Date 10/11/2013

Title or position of Authorized Officer: Accounting Manager

Telephone number of Authorized Officer: 503-792-3611

Study Area Code of Reporting Carrier: 532373 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.

[redacted]

<010>	Study Area Code	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.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:

Printed name of Authorized Officer: Date:

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:

Printed name of Authorized Agent or Employee of Agent: Date:

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	532373
<015>	Study Area Name	GERVAIS TELEPHONE CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kathy DeHart
<035>	Contact Telephone Number - Number of person identified in data line <030>	503-792-3611
<039>	Contact Email Address - Email Address of person identified in data line <030>	kdehart@gervaistel.com
<810>	Reporting Carrier	Gervais Telephone Company
<811>	Holding Company	na
<812>	Operating Company	na

<813>

<a1> Affiliates	<a2> SAC	<a3> Doing Business As Company or Brand Designation
DataVision Communications LLC		DataVision

Attachments

Attachment - 532373 or 510

GERVAIS TELEPHONE COMPANY
2013 Annual 54.313 Report of High-Cost Recipient

Line 510 Documentation

54.313(a)(5) Satisfaction of Consumer Protection and Service Quality Standards

Consumer Protection
Gervais Telephone Company complies with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft. A manual for each of those programs is in place and is part of the employees' handbook. Employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

Service Quality Standards
Gervais Telephone Company complies with the service standards of the State of Oregon as promulgated in the Oregon Administrative Rules 860-034-0390, Retail Telecommunications Service Standards for Small Telecommunications Utilities.

Attachment - 532373 or 610

Gervais Telephone Company
2013 Annual 54.313 Report of High-Cost Recipient

Line 610 Documentation

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

Back-up Power

Gervais Telephone Company has the following back-up power capabilities:

Switches – stand alone and/or host

Genband C15 is backed up by a Generac liquid cooled gas generator SG035, 35KW power rating, with an automatic transfer switch, dual fueled natural gas/propane, with a 120 gal standby LP tank and a propane truck located at a nearby farm. It is backed up by a string of 24 Excide G lead acid batteries.

Remote Central Offices

none

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

Carrier Loc. Howell Prairie	dc batteries backed up by a portable generator
Carrier Loc. Pioneer	dc batteries backed up by a portable generator
Carrier Loc. St. Louis	dc batteries backed up by a portable generator
Carrier Loc. Butteville	dc batteries backed up by a portable generator

Network Interface Devices (NIDs)

Gervais Telephone Company has 668 customers with metallic (copper) connections to the Central Office and their NIDs are powered from the Central Office.

Gervais Telephone Company has 13 customers with non-metallic (fiber optic) connections to the Central Office. These customers' NIDs are battery powered in case of emergency. The batteries are rated to last 8-24 hours with no use and 4 hours with constant use.

Ability to reroute traffic around damaged facilities:

Gervais Telephone Co. has redundant facilities to its connecting toll tandem. This redundant facility is in the form of a SONET rings with alternate physical facilities between **Gervais Telephone Co.** and **CenturyLink**, its interconnection to the Public Switched Telephone Network.

Capability to manage traffic spikes resulting from emergency situations

Gervais Telephone Co. has 681 customers, switching capacity of 2500 simultaneous calls, and transport capacity for 96 simultaneous calls to the toll network, 84 simultaneous calls to Salem, and 48 simultaneous calls to Woodburn. **Gervais Telephone Co.** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

Gervais Telephone Company
Terms & conditions of Voice Telephony Lifeline Plans
FCC Form 481 Line 1210

The Lifeline program for Gervais Telephone Company is administered by the Oregon Public Utility Commission (OPUC) through the Oregon Telephone Assistance Program (OTAP.) Potential customers apply directly with the OPUC to qualify for a credit of up to $12.75, which is applicable to eligible telephone plan charges. The OPUC notifies Gervais Telephone of customer eligibility. Customers can choose a voice access line plan offered by Gervais Telephone Company and will continue to receive the Lifeline credit until Gervais Telephone is notified by the OPUC that they are no longer eligible, or until the customer disconnects service. The OPUC application for Lifeline service, which details the terms and conditions of the plan, is included on the following four pages.

54.313 Lifeline customer MOU an additional toll charges

Lifeline subscribers receive the same residential service as a regular subscriber, but at a reduced monthly recurring rate. Thus, lifeline subscribers have an unlimited number of local calling minutes. Lifeline subscribers, similar to every Gervais Telephone Company subscriber, are free to choose their own toll usage plans through an Interexchange Carrier.

Attachment 532373 or 1210 pg 2 of:

TEXT SIZE: A+ A- A • TEXT ONLY TRANSLATE ▾ Find

Public Utility Commission (Home)

Search
About Us
Contact Us
Commissioners
General Information
Administrative Rules
Consumer Information
Electricity/Natural Gas
Hearings Division
Oregon Telephone Assistance Programs
Safety
Telecommunications
Water
Board of Maritime Pilots
Home
Jobs at PUC

Oregon Lifeline (Oregon Telephone Assistance Program)

The Oregon Public Utility Commission (PUC) manages the Oregon Lifeline program. If you qualify, this federal and state government assistance program reduces your monthly residential/landline or wireless phone bill by $12.75.

List of residential/landline and wireless companies that provide the Oregon Lifeline benefit

How to Apply for Lifeline:

<>

Using Online Application:	Using Printed Application:
Submit your application online if you or a member of your household participates in one of the following programs:	Complete and send a printed application to our office with the current documentation if you or a member of your household participates in one of the following programs or meets the income requirements:
• Supplemental Nutrition Assistance Program; Food Stamps (SNAP) • Temporary Assistance for Needy Families (TANF) • Supplemental Security Income (SSI) • State Medical Programs (at or below 135% of federal poverty guidelines) • Medicaid	• National School Lunch Program; Free Lunch Program Only (NSLP) • Low-Income Home Energy Assistance Program (LIHEAP) • Federal Public Housing Assistance (Section 8) • Total household income is at or below 135% of federal poverty guidelines
Click Here to Apply Online	Click Here to Print Application

Aplicar en Español

Подать заявление на русском языке

Nộp đơn bằng tiếng Việt

Contact Oregon Lifeline (RSPF)

Oregon Lifeline Application

You may complete an Oregon Lifeline Application online at: www.rspf.org

Oregon Public Utility Commission
PO Box 1088, Salem, OR 97308-1088
800-848-4442 or 503-373-7171
TTY: 800-648-3458
VP: 971-239-5845
Fax: 877-567-1977 or 503-378-6047
puc.rspf@state.or.us

19 3085

The Oregon Public Utility Commission (PUC) manages the Oregon Lifeline program. If you qualify, this federal and state government assistance program can reduce your monthly residential/landline or wireless phone bill by $12.75.

1 Complete Sections 1, 2a or 2b, and 3

Applicant's Legal Name *(Last, First, M.I.)* (Applicant's legal name MUST be on phone bill/account)		
Applicant's Social Security No. – –	**Applicant's Birth Date** / /	
Applicant's Home Address	**Apt. #**	**Is this a temporary address?** ☐ Yes ☐ No
City	**State** Oregon	**Zip**
Applicant's Mailing Address (if different from home address)		**Apt. #**
City	**State** Oregon	**Zip**
Applicant's Phone Company (listed below)	**Applicant's Phone Number** ( ) –	

If you have a situation that prevents you from providing certain information, please contact us for assistance.

Landline phone companies that reduce your monthly phone bill by $12.75:

Asotin	ComSpan	Molalla	Oregon Tel. Corp.	Roome Tel Com
Beaver Creek	Eagle	Monitor	Oregon/Idaho	Scio Mutual
Canby Co-Op	Frontier	Monroe	People's	St. Paul
CenturyLink	Gervais	Mt. Angel	Pine Telephone	Stayton Co.
Clear Creek	Helix	Nehalem	Pioneer	Warm Springs
Colton	Home/TDS	North State	Reliance Connects	

Wireless phone companies that reduce your monthly phone bill by $12.75:

AT&T Mobility* in select areas | Cricket | Snake River PCS | T-Mobile | US Cellular

*AT&T Mobility only offers the Oregon Lifeline benefit in select areas.
Call 1-800-377-9450 to determine if AT&T offers the Oregon Lifeline benefit in your coverage area.

PLEASE CONTINUE TO PAGE 2

pg 4 of 5

2a PROGRAM-BASED ELIGIBILITY

Place a check mark ☑ next to all programs that you or your household members are currently enrolled in:

- ☐ Supplemental Nutrition Assistance Program; Food Stamps (SNAP)
- ☐ Temporary Assistance for Needy Families (TANF)
- ☐ Supplemental Security Income (SSI)
- ☐ State Medical Programs (at or below 135% of federal poverty guidelines)
- ☐ Medicaid

Provide current documentation for one of the following programs:

- ☐ National School Lunch Program; Free Lunch Program Only (NSLP)
- ☐ Low-Income Home Energy Assistance Program (LIHEAP)
- ☐ Federal Public Housing Assistance (Section 8)

Complete Section 2b *ONLY* if you do not qualify for any programs in Section 2a.

2b INCOME-BASED ELIGIBILITY

Place a check mark ☑ next to your Household Size. To qualify, your Household Yearly Income must fall within the range indicated next to your Household Size. A Household is defined as any individual or group of individuals who live together at the same address and share income and expenses. Proof of income must be included with your application.

Household Size	Gross Yearly Income	Household Size	Gross Yearly Income	Household Size	Gross Yearly Income
☐ 1	$0 - $15,512	☐ 4	$0 - $31,793	☐ 7	$0 - $48,074
☐ 2	$0 - $20,939	☐ 5	$0 - $37,220	☐ 8	$0 - $53,501
☐ 3	$0 - $26,366	☐ 6	$0 - $42,647	☐ 9	$0 - $58,928

More than 9 members of your household? Please contact us at 1-800-848-4442.

Provide one or more of the following documents as proof of your income:

- Last year's Federal or State income tax return
- Current annual income statement from employer
- Pay stubs for any three consecutive months within the last 12 months
- Veteran's administration statement of benefits
- Unemployment or Workers' Compensation statement of benefits
- Social Security statement of benefits
- Retirement or Pension statement of benefits
- Divorce decree or Child Support documentation containing income information

PLEASE CONTINUE TO PAGE 3

3 Please completely *READ* and *SIGN* this form indicating that you understand and agree to comply with the following Oregon Lifeline rules:

pg 5 of 5

- I understand that completing this application does not immediately approve me for the Oregon Lifeline benefit. I will be notified in writing of my application status.
- I understand it may take 30-90 days for the phone company to apply the Oregon Lifeline benefit to my phone bill/account.
- I give the Oregon Public Utility Commission (PUC), the Federal Communication Commission, and the Universal Service Administrative Company authority to obtain or review any required records needed to confirm my statements and to confirm that I qualify for the Oregon Lifeline. I also authorize the phone company to release any required records for my Oregon Lifeline benefit.
- I am head of household and no one else in my household receives landline or wireless OTAP/Lifeline service.
- I understand that the Oregon Lifeline credit is only allowed for ONE PHONE LINE PER HOUSEHOLD
  - A household is defined as any persons who live together at the same address and share income and expenses.
- I understand that if I break or violate the one-per-household rule I will no longer qualify for the Oregon Lifeline program.
- I agree to let the PUC know within 30 days if:
  - I no longer qualify for the Oregon Lifeline benefit
  - I no longer take part in a qualifying program
  - Another member of my household is also receiving the Oregon Lifeline benefit
  - I receive more than one Oregon Lifeline benefit
  - I disconnected service with my phone company
- I understand that I have 30 days to notify the PUC if I no longer qualify for the Oregon Lifeline benefit or I may be removed from the program.
- I agree to notify the PUC of address changes within 30 days of moving.
- I understand that my Oregon Lifeline benefit may not be transferred or given to any other person.
- I understand that I may be required to confirm that I still qualify for the Oregon Lifeline benefit at any time and that, if I do not comply, my Oregon Lifeline benefits will stop.
- I understand that Oregon Lifeline is a state and federal benefit and willfully making false statements or providing false or fraudulent documents to obtain the benefit is punishable by law and can result in fines, imprisonment, disqualification or being permanently removed from the program.

By signing this application I certify under penalty of perjury that the information contained in this application is true and correct and that I meet the eligibility criteria for the Oregon Lifeline benefit.

Applicant Signature: _____

Print Name: _____ **Date:** _____

Make sure your application is complete before sending it. Did you:

- ☐ **Complete Sections 1, 2a or 2b, and Section 3 of the application?**
- ☐ **Include current documentation from Sections 2a or 2b (if needed)?**

Failure to provide current documentation may result in denial or delay of your application.

Please mail completed application (with current documentation, if needed) to:

PUC • PO Box 1088 • Salem, OR 97308 **OR** Fax to 1-877-567-1977 or 503-378-6047

GERVAIS TELEPHONE COMPANY

2013 Annual 54.313 (3000) Rate of Return Carrier Additional Documentation

Gervais Telephone Company does not have a traditional RUS loan, but does have a Broadband Initiatives Program (BIP) loan through RUS. Gervais Telephone does not submit the Annual 479 report to RUS, therefore in response to the Section 3000 Data Collection form, we have submitted our 2012 audited financial reports and the management letter.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gervais Telephone Company and Subsidiary
Gervais, Oregon

We have audited the accompanying consolidated financial statements of Gervais Telephone Company and Subsidiary (an Oregon cooperative corporation) (the Company), which comprise the consolidated balance sheets as of December 31, 2012, and 2011 and the related consolidated statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gervais Telephone Company and Subsidiary as of December 31, 2012 and 2011, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules I-III are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating financial information has been subject to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 2, 2013, on our consideration of Gervais Telephone Company and Subsidiary's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

AKT LLP

Salem, Oregon
April 2, 2013

GERVAIS TELEPHONE COMPANY and SUBSIDIARY

Consolidated Balance Sheets

December 31, 2012 and 2011

ASSETS	2012	2011
Current Assets:		
Cash and cash equivalents	$ 92,886	$ 181,297
Accounts receivable, net of allowance for doubtful accounts of $2,000	355,482	231,572
Materials and supplies	24,515	24,043
Prepaid expenses	55,486	43,254
Total Current Assets	528,369	480,166
Investments and Other Assets	287,749	290,800
Property, Plant, and Equipment:		
Telecommunications	10,779,265	11,158,737
Plant under construction	112,781	284,945
	10,892,046	11,443,682
Less accumulated depreciation	4,665,825	5,241,892
Property, Plant, and Equipment, net	6,226,221	6,201,790
	$ 7,042,339	$ 6,972,756

See accompanying notes to consolidated financial statements.

LIABILITIES AND MEMBERS' EQUITY

	2012	2011
Current Liabilities:		
Current portion of long-term debt	$ 169,210	$ 173,997
Line of credit	200,000	-
Accounts payable	328,760	231,433
Accrued liabilities	34,278	61,248
Advance billings	99,098	117,450
Total Current Liabilities	831,346	584,128
Deferred Grant Revenues	287,784	299,221
Long-Term Debt	1,367,309	1,538,621
Other Long-Term Liabilities	70,944	62,487
Deferred Tax Liability	107,600	36,300
Unclaimed Patronage Capital Retired	263,561	263,561
Total Liabilities	2,928,544	2,784,318
Members' Equity:		
Memberships	13,186	13,056
Patronage capital	4,100,609	4,175,382
Total Members' Equity	4,113,795	4,188,438
	$ 7,042,339	$ 6,972,756

See accompanying notes to consolidated financial statements.

GERVAIS TELEPHONE COMPANY and SUBSIDIARY

Consolidated Statements of Operations

Years Ended December 31, 2012 and 2011

	2012	2011
Operating Revenues:		
Local network	$ 570,427	$ 527,312
Network access	1,582,782	1,632,597
Miscellaneous	60,254	217,639
Total Operating Revenues	2,213,463	2,377,548
Operating Expenses:		
Plant specific	648,000	601,700
Plant nonspecific	78,120	73,262
Customer	285,085	254,706
Corporate	584,675	541,958
Depreciation	504,004	490,148
Other taxes	85,915	78,398
Total Operating Expenses	2,185,799	2,040,172
Operating Margin	27,664	337,376
Other Income (Expense):		
Other income	37,488	60,856
Nonoperating income taxes	(72,823)	(5,413)
Total Other Income (Expense)	(35,335)	55,443
Margin Available for Fixed Charges	(7,671)	392,819
Fixed Charges - Interest on Long-Term Debt	68,134	81,185
Net Margin (Loss)	$ (75,805)	$ 311,634

See accompanying notes to consolidated financial statements.

GERVAIS TELEPHONE COMPANY and SUBSIDIARY

Consolidated Statements of Changes in Members' Equity

Years Ended December 31, 2012 and 2011

	Memberships	Patronage Capital	Total
Balance, December 31, 2010	$ 12,891	$ 3,868,341	$ 3,881,232
Net margin	-	311,634	311,634
Change in memberships	165	-	165
Estate payments	-	(5,075)	(5,075)
Excise Tax Refund	-	482	482
Balance, December 31, 2011	13,056	4,175,382	4,188,438
Net loss	-	(75,805)	(75,805)
Change in memberships	130	-	130
Excise Tax Refund	-	1,032	1,032
Balance, December 31, 2012	$ 13,186	$ 4,100,609	$ 4,113,795

See accompanying notes to consolidated financial statements.

GERVAIS TELEPHONE COMPANY and SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities:		
Net margin (loss)	$ (75,805)	$ 311,634
Adjustments to reconcile net margin (loss) to net cash provided by operating activities:		
Depreciation	504,004	490,148
Change in deferred taxes	71,300	3,900
Noncash patronage dividend	(4,108)	(4,896)
Recognition of deferred ARRA BIP grant revenue	(11,437)	(11,674)
Changes in assets and liabilities:		
Accounts receivable	(123,910)	17,054
Materials and supplies	(472)	6,246
Prepaid expenses	(12,232)	4,206
Accounts payable	97,327	71,989
Accrued liabilities	(26,970)	3,015
Advanced billings	(18,352)	12,012
Other long-term liabilities	8,457	6,111
Net Cash Provided by Operating Activities	407,802	909,745
Cash Flows from Investing Activities:		
Purchase of property, plant, and equipment	(528,435)	(1,018,215)
Proceeds from redemption of investments	15,616	14,621
Change in other assets	(8,457)	(6,111)
Net Cash Used by Investing Activities	(521,276)	(1,009,705)
Cash Flows from Financing Activities:		
Net change in line of credit	200,000	(350,000)
Proceeds from long-term debt	-	310,895
Principal payments on long-term debt	(176,099)	(156,169)
Proceeds from ARRA BIP grant	-	310,895
Federal excise tax refund	1,032	482
Estate payments to patrons	-	(5,075)
Memberships	130	165
Net Cash Provided by Financing Activities	25,063	111,193
Net Increase (Decrease) in Cash	(88,411)	11,233
Cash and Cash Equivalents, beginning	181,297	170,064
Cash and Cash Equivalents, ending	$ 92,886	$ 181,297
Cash Paid for Interest, net of amount capitalized	$ 68,834	$ 63,486
Cash Paid for income taxes	$ 1,523	$ 1,513

See accompanying notes to consolidated financial statements.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Board of Directors
Gervais Telephone Company and Subsidiary
Gervais, Oregon

We have audited the consolidated financial statements of Gervais Telephone Company and Subsidiary (the Company) as of and for the year ended December 31, 2012, and have issued our report thereon dated April 2, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America, and 7 CFR 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the consolidated financial statements of Gervais Telephone Company and Subsidiary for the year ended December 31, 2012, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the consolidated financial statements and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

A description of the responsibility of management for establishing and maintaining the internal control over financial reporting, and the objectives of and inherent limitations in such control, is set forth in our independent auditors' report on compliance and on internal control over financial reporting dated April 2, 2013, and should be read in conjunction with this report.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed in our independent auditors' report on internal control over financial reporting and on compliance and other matters, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the Company's internal control discussed in the independent auditors' report on internal control over financial reporting and other matters to be a significant deficiency.

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

RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR 1773.33(e)(2), related party transaction, and investments. In addition, our audit of the financial statements also included the procedures specified in 7 CFR 1773.338-45. Our objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports, other than our independent auditors' report, and our independent auditors' report on compliance and on internal control over financial reporting, both dated April 2, 2013, or summary of recommendations related to our audit, have been furnished to management.

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

Comments on Certain Specific Aspects of the Internal Control Over Financial Reporting

We noted no matters regarding the Company's internal control over financial reporting and its operation that we consider to be a material weakness, as previously defined, with respect to the:

- Accounting procedures and records.
- Process for accumulating and recording labor, material and overhead costs, and the distribution of these costs to construction, retirement and maintenance, or other expense accounts.
- Materials control.

Comments on Compliance with Specific RUS Loan and Security Instrument Provisions

At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, contracts, and grants. The procedures we performed are summarized as follows:

- In performing the procedure with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract, agreement, or lease between the borrower and an affiliate of the Company for the year ended December 31, 2012, we:
  1. Obtained and read a borrower-prepared schedule of new written contracts entered into during the year between the borrower and an affiliate as defined in 7 CFR 1773.33(e)(2)(i).
  2. Reviewed Board of Directors minutes to ascertain whether Board-approved written contracts are included in the borrower-prepared schedule.
  3. Noted the existence of written RUS and other mortgagee approval of each contract listed by the borrower.

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

- The borrower has obtained written approval of the RUS and other mortgagees to enter into any contract, agreement, or lease with an affiliate as defined in 7 CFR 1773.33(e)(2)(i).

Comments on Other Additional Matters

In connection with our audit of the financial statements of the Company, nothing came to our attention, except as noted below, that caused us to believe that the Company failed to comply with respect to the following:

- The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR 1773.33(c)(1). The Company's subsidiary plant records for cable and wire have not been updated to agree with the general ledger. The Company is in the process of updating their records.
- The clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR 1773.33(c)(2).

- The retirement of plant addressed at 7 CFR 1773.33(c)(3) and (4).
- The approval of the sale, lease, or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap addressed at 7 CFR 1773.33(c)(5).
- The disclosure of material related party transactions, in accordance with FASB ASC 850-10-50-1 for the year ended December 31, 2012, in the financial statements referenced in the first paragraph of this report, addressed at 7 CFR 1773.33(e).
- The detailed schedule of investments.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of investments required by 7 CFR 1773.33(i), and provided below, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Investments as of December 31, 2012:

Detailed Schedule of Investment in DataVision Communications, LLC.

Original investment	$ 2,368,869
Accumulated earnings through December 31, 2010	204,263
Book value of investment as of December 31, 2011	2,573,132
Net margins in 2012	171,253
Book value of investment as of December 31, 2012	$ 2,744,385

DataVision Communications, LLC. is a wholly-owned subsidiary providing telecommunications services. This investment is accounted for on the equity basis.

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

AKT LLP

Salem, Oregon
April 2, 2013

GERVAIS TELEPHONE COMPANY

2013 Annual 54.313 (3000) Rate of Return Carrier Additional Documentation

Gervais Telephone Company does not have a traditional RUS loan, but does have a Broadband Initiatives Program (BIP) loan through RUS. Gervais Telephone does not submit the Annual 479 report to RUS, therefore in response to the Section 3000 Data Collection form, we have submitted our 2012 audited financial reports and the management letter.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gervais Telephone Company and Subsidiary
Gervais, Oregon

We have audited the accompanying consolidated financial statements of Gervais Telephone Company and Subsidiary (an Oregon cooperative corporation) (the Company), which comprise the consolidated balance sheets as of December 31, 2012, and 2011 and the related consolidated statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gervais Telephone Company and Subsidiary as of December 31, 2012 and 2011, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules I-III are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating financial information has been subject to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 2, 2013, on our consideration of Gervais Telephone Company and Subsidiary's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

AKT LLP

Salem, Oregon
April 2, 2013

GERVAIS TELEPHONE COMPANY and SUBSIDIARY

Consolidated Balance Sheets

December 31, 2012 and 2011

ASSETS	2012	2011
Current Assets:		
Cash and cash equivalents	$ 92,886	$ 181,297
Accounts receivable, net of allowance for doubtful accounts of $2,000	355,482	231,572
Materials and supplies	24,515	24,043
Prepaid expenses	55,486	43,254
Total Current Assets	528,369	480,166
Investments and Other Assets	287,749	290,800
Property, Plant, and Equipment:		
Telecommunications	10,779,265	11,158,737
Plant under construction	112,781	284,945
	10,892,046	11,443,682
Less accumulated depreciation	4,665,825	5,241,892
Property, Plant, and Equipment, net	6,226,221	6,201,790
	$ 7,042,339	$ 6,972,756

See accompanying notes to consolidated financial statements.

LIABILITIES AND MEMBERS' EQUITY	2012	2011
Current Liabilities:		
Current portion of long-term debt	$ 169,210	$ 173,997
Line of credit	200,000	-
Accounts payable	328,760	231,433
Accrued liabilities	34,278	61,248
Advance billings	99,098	117,450
Total Current Liabilities	831,346	584,128
Deferred Grant Revenues	287,784	299,221
Long-Term Debt	1,367,309	1,538,621
Other Long-Term Liabilities	70,944	62,487
Deferred Tax Liability	107,600	36,300
Unclaimed Patronage Capital Retired	263,561	263,561
Total Liabilities	2,928,544	2,784,318
Members' Equity:		
Memberships	13,186	13,056
Patronage capital	4,100,609	4,175,382
Total Members' Equity	4,113,795	4,188,438
	$ 7,042,339	$ 6,972,756

See accompanying notes to consolidated financial statements.

GERVAIS TELEPHONE COMPANY and SUBSIDIARY

Consolidated Statements of Operations

Years Ended December 31, 2012 and 2011

	2012	2011
Operating Revenues:		
Local network	$ 570,427	$ 527,312
Network access	1,582,782	1,632,597
Miscellaneous	60,254	217,639
Total Operating Revenues	2,213,463	2,377,548
Operating Expenses:		
Plant specific	648,000	601,700
Plant nonspecific	78,120	73,262
Customer	285,085	254,706
Corporate	584,675	541,958
Depreciation	504,004	490,148
Other taxes	85,915	78,398
Total Operating Expenses	2,185,799	2,040,172
Operating Margin	27,664	337,376
Other Income (Expense):		
Other income	37,488	60,856
Nonoperating income taxes	(72,823)	(5,413)
Total Other Income (Expense)	(35,335)	55,443
Margin Available for Fixed Charges	(7,671)	392,819
Fixed Charges - Interest on Long-Term Debt	68,134	81,185
Net Margin (Loss)	$ (75,805)	$ 311,634

See accompanying notes to consolidated financial statements.

GERVAIS TELEPHONE COMPANY and SUBSIDIARY

Consolidated Statements of Changes in Members' Equity

Years Ended December 31, 2012 and 2011

	Memberships	Patronage Capital	Total
Balance, December 31, 2010	$ 12,891	$ 3,868,341	$ 3,881,232
Net margin	-	311,634	311,634
Change in memberships	165	-	165
Estate payments	-	(5,075)	(5,075)
Excise Tax Refund	-	482	482
Balance, December 31, 2011	13,056	4,175,382	4,188,438
Net loss	-	(75,805)	(75,805)
Change in memberships	130	-	130
Excise Tax Refund	-	1,032	1,032
Balance, December 31, 2012	$ 13,186	$ 4,100,609	$ 4,113,795

See accompanying notes to consolidated financial statements.

GERVAIS TELEPHONE COMPANY and SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities:		
Net margin (loss)	$ (75,805)	$ 311,634
Adjustments to reconcile net margin (loss) to net cash provided by operating activities:		
Depreciation	504,004	490,148
Change in deferred taxes	71,300	3,900
Noncash patronage dividend	(4,108)	(4,896)
Recognition of deferred ARRA BIP grant revenue	(11,437)	(11,674)
Changes in assets and liabilities:		
Accounts receivable	(123,910)	17,054
Materials and supplies	(472)	6,246
Prepaid expenses	(12,232)	4,206
Accounts payable	97,327	71,989
Accrued liabilities	(26,970)	3,015
Advanced billings	(18,352)	12,012
Other long-term liabilities	8,457	6,111
Net Cash Provided by Operating Activities	407,802	909,745
Cash Flows from Investing Activities:		
Purchase of property, plant, and equipment	(528,435)	(1,018,215)
Proceeds from redemption of investments	15,616	14,621
Change in other assets	(8,457)	(6,111)
Net Cash Used by Investing Activities	(521,276)	(1,009,705)
Cash Flows from Financing Activities:		
Net change in line of credit	200,000	(350,000)
Proceeds from long-term debt	-	310,895
Principal payments on long-term debt	(176,099)	(156,169)
Proceeds from ARRA BIP grant	-	310,895
Federal excise tax refund	1,032	482
Estate payments to patrons	-	(5,075)
Memberships	130	165
Net Cash Provided by Financing Activities	25,063	111,193
Net Increase (Decrease) in Cash	(88,411)	11,233
Cash and Cash Equivalents, beginning	181,297	170,064
Cash and Cash Equivalents, ending	$ 92,886	$ 181,297
Cash Paid for Interest, net of amount capitalized	$ 68,834	$ 63,486
Cash Paid for income taxes	$ 1,523	$ 1,513

See accompanying notes to consolidated financial statements.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Board of Directors
Gervais Telephone Company and Subsidiary
Gervais, Oregon

We have audited the consolidated financial statements of Gervais Telephone Company and Subsidiary (the Company) as of and for the year ended December 31, 2012, and have issued our report thereon dated April 2, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America, and 7 CFR 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the consolidated financial statements of Gervais Telephone Company and Subsidiary for the year ended December 31, 2012, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the consolidated financial statements and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

A description of the responsibility of management for establishing and maintaining the internal control over financial reporting, and the objectives of and inherent limitations in such control, is set forth in our independent auditors' report on compliance and on internal control over financial reporting dated April 2, 2013, and should be read in conjunction with this report.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed in our independent auditors' report on internal control over financial reporting and on compliance and other matters, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the Company's internal control discussed in the independent auditors' report on internal control over financial reporting and other matters to be a significant deficiency.

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

RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR 1773.33(e)(2), related party transaction, and investments. In addition, our audit of the financial statements also included the procedures specified in 7 CFR 1773.338-45. Our objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports, other than our independent auditors' report, and our independent auditors' report on compliance and on internal control over financial reporting, both dated April 2, 2013, or summary of recommendations related to our audit, have been furnished to management.

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

Comments on Certain Specific Aspects of the Internal Control Over Financial Reporting

We noted no matters regarding the Company's internal control over financial reporting and its operation that we consider to be a material weakness, as previously defined, with respect to the:

- Accounting procedures and records.
- Process for accumulating and recording labor, material and overhead costs, and the distribution of these costs to construction, retirement and maintenance, or other expense accounts.
- Materials control.

Comments on Compliance with Specific RUS Loan and Security Instrument Provisions

At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, contracts, and grants. The procedures we performed are summarized as follows:

- In performing the procedure with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract, agreement, or lease between the borrower and an affiliate of the Company for the year ended December 31, 2012, we:
  1. Obtained and read a borrower-prepared schedule of new written contracts entered into during the year between the borrower and an affiliate as defined in 7 CFR 1773.33(e)(2)(i).
  2. Reviewed Board of Directors minutes to ascertain whether Board-approved written contracts are included in the borrower-prepared schedule.
  3. Noted the existence of written RUS and other mortgagee approval of each contract listed by the borrower.

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

- The borrower has obtained written approval of the RUS and other mortgagees to enter into any contract, agreement, or lease with an affiliate as defined in 7 CFR 1773.33(e)(2)(i).

Comments on Other Additional Matters

In connection with our audit of the financial statements of the Company, nothing came to our attention, except as noted below, that caused us to believe that the Company failed to comply with respect to the following:

- The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR 1773.33(c)(1). The Company's subsidiary plant records for cable and wire have not been updated to agree with the general ledger. The Company is in the process of updating their records.
- The clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR 1773.33(c)(2).

- The retirement of plant addressed at 7 CFR 1773.33(c)(3) and (4).
- The approval of the sale, lease, or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap addressed at 7 CFR 1773.33(c)(5).
- The disclosure of material related party transactions, in accordance with FASB ASC 850-10-50-1 for the year ended December 31, 2012, in the financial statements referenced in the first paragraph of this report, addressed at 7 CFR 1773.33(e).
- The detailed schedule of investments.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of investments required by 7 CFR 1773.33(i), and provided below, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Investments as of December 31, 2012:

Detailed Schedule of Investment in DataVision Communications, LLC.

Original investment	$ 2,368,869
Accumulated earnings through December 31, 2010	204,263
Book value of investment as of December 31, 2011	2,573,132
Net margins in 2012	171,253
Book value of investment as of December 31, 2012	$ 2,744,385

DataVision Communications, LLC. is a wholly-owned subsidiary providing telecommunications services. This investment is accounted for on the equity basis.

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

AKT LLP

Salem, Oregon
April 2, 2013