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October 14, 2013

Received & Inspected
OCT 24 2013
FCC Mail Room

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

Re: ***In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund,*** **WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208**

Dear Ms. Dortch:

On behalf of Midstate Communications, Inc. ("Midstate"), please find enclosed one copy of FCC Form 481, containing Confidential Financial Information and two copies of Midstate's FCC Form 481, containing Confidential Financial Information in redacted form.

Please do not hesitate to contact me at (402) 441-4315 if you have any questions regarding this submission.

Respectfully submitted,

Jessica Meyer

Jessica Meyer
Consultant
Consortia Consulting, Inc.

No. of Copies rec'd 0
List ABCDE

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REDACTED – FOR PUBLIC INSPECTION

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Dear Ms. Dortch:

On behalf of Midstate Communications, Inc. ("Midstate"), please find enclosed two copies of Midstate's FCC Form 481, along with the redacted versions of the Confidential Financial Information.

One copy of the FCC Form 481, containing Confidential Financial Information is being filed under separate cover.

Please do not hesitate to contact me at (402) 441-4315 if you have any questions regarding this submission.

Respectfully submitted,

Jessica Meyer

Jessica Meyer
Consultant
Consortia Consulting, Inc.

FCC Form 481 - Carrier Annual Reporting Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-[illegible]
July 2013

Received & Inspected
OCT 24 2013
FCC Mail Room

<010>	Study Area Code	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name: Person USAC should contact with questions about this data	kathy taylor
<035>	Contact Telephone Number: Number of the person identified in data line <030>	605.778.6221
<039>	Contact Email Address: Email of the person identified in data line <030>	kathy@midstaff.net

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)	0			
<330>	Detail on Attempts (broadband)		*(attach descriptive document)*		
<400>	Number of Complaints per 1,000 customers (voice)			✓	✓
<410>	Fixed	0.0			
<420>	Mobile	0.0			
<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>	391670sd510		*(attached descriptive document)*	✓	✓
<600>	Functionality in Emergency Situations		*(check to indicate certification)*	✓	✓
<610>	391670sd610		*(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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<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>	kathy@midstaff.net

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

<703>

<a1> State	<a2> Exchange (ILEC)	<a3> SAC (CETC)	<b1> Rate Type	<b2> Residential Local Service Rate	<b3> State Subscriber Line Charge	<b4> State Universal Service Fee	<b5> Mandatory Extended Area Service Charge	<c> 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>	kathy@midstaff.net

<711>

<a1> State	<a2> Exchange (ILEC)	<b1> Residential Rate	<b2> State Regulated Fees	<c> Total Rate and Fees	<d1> Broadband Service - Download Speed (Mbps)	<d2> Broadband Service - Upload Speed (Mbps)	<d3> Usage Allowance (GB)	<d4> 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>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<810>	Reporting Carrier	Midstate Communications Inc.
<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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<910> Tribal Land(s) on which ETC Serves — Crow Creek Indian Reservation

<920> Tribal Government Engagement Obligation — 391670sd920

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;	Yes
<922>	Feasibility and sustainability planning;	Yes
<923>	Marketing services in a culturally sensitive manner;	Yes
<924>	Compliance with Rights of way processes	Yes
<925>	Compliance with Land Use permitting requirements	Yes
<926>	Compliance with Facilities Siting rules	Yes
<927>	Compliance with Environmental Review processes	Yes
<928>	Compliance with Cultural Preservation review processes	Yes
<929>	Compliance with Tribal Business and Licensing requirements.	Yes

(1100) No Terrestrial Backhaul Reporting
Data Collection Form

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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) ☐

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans — 391670sd1210

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

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
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<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification {47 CFR § 54.313(b)(1)}
<2011> 3rd Year Certification {47 CFR § 54.313(b)(2)}

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

<2012> 2013 Frozen Support Certification
<2013> 2014 Frozen Support Certification
<2014> 2015 Frozen Support Certification
<2015> 2016 and future Frozen Support Certification

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification Support Used to Build Broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017> 3rd year Broadband Service Certification
<2018> 5th year Broadband Service Certification
<2019> Interim Progress Certification
<2020> Please check the box to confirm that the attached PDF , on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.
<2021> Interim Progress Community Anchor Institutions — Name of Attached Document Listing Required Information ____________

(3000) Rate Of Return Carrier Additional Documentation
Data Collection Form

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

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<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

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		☑ (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	391670sd3017
(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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

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: MIDSTATE COMM., INC.

Signature of Authorized Officer: CERTIFIED ONLINE Date 10/14/2013

Printed name of Authorized Officer: Mark Benton

Title or position of Authorized Officer: General Manager

Telephone number of Authorized Officer: 605-778-6221

Study Area Code of Reporting Carrier: 391670 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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

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
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July 2013

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<810>	Reporting Carrier	Midstate Communications Inc.
<811>	Holding Company	
<812>	Operating Company	

<813>

<a1> Affiliates	<a2> SAC	<a3> Doing Business As Company or Brand Designation
Midstate Telecom, Inc.	399011	

Midstate Communications, Inc.

Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules

Service Quality Standards

The Company:

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.
- Advertises the availability of its services and the charges using media of general distribution and on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call or toll-free telephone number during normal business hours.
- Directs after hour calls to the Company's help desk.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
    - Answer all incoming calls promptly.
    - Respond to all inquiries for information promptly and courteously.
    - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
    - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

Midstate Communications, Inc.

Functionality in Emergency Situations

Back-Up Power

With our current infrastructure there are three locations within our network, where backup battery is a concern; central offices, remote cabinets and ONT's locations at the customer premise. Each are addressed below:

CO

Midstate Communications has 10 Central Offices which serve 100% of our customer base. The switching and transport systems inside theses CO's are powered by DC power with current draws ranging from approx 20 amps to 250 amps. The runtime of each battery system is slightly different based on current draw and geographical location but they range from approx 12 hours to approx 40 hours. Every Central Office is equipped with an on-site generator and an automatic transfer switch; thus we expect the **required** run time of these battery systems to be only a few seconds but have designed them to support our network for significantly longer runtimes in cased of a generator failure. We also possess a 60KW portable generator for deployment ensuring Central Office operation throughout an on-site generator failure.

Remote Cabinets

Approximate 5% of our current customer base is served by these remote cabinets located in the field within 3 miles of the subscriber premises served. Each DC system inside these cabinets is designed to support 8 hours of runtime in case of a power failure. We possess 22 portable generators in all, with several of them being staged in strategic geographical locations for easy deployment in the event of a power failure.

ONT

The ONT's are located at the customer premise in our Fiber-To-The-Home network configurations. We have approximately 2000 deployed ONT's delivering service to 30 - 35% of our subscribers. Any ONTs located with the city limits are equipped with 7.2 Amp-hour batteries and provide an expected runtime of 8 hours. Knowing the power failures outside the city limits can be longer, we deploy a larger battery providing additional runt time. These batteries are 20AH and deliver an expected run-time of greater than 16 hours.

Rerouting of Traffic around Damaged Facilities

All core networks connections are ring protected and any established traffic is automatically rerouted without impact to these customers. Any call not yet established or in a "Setup" state during a reroute situation (fiber cut, central Office failure, etc.) would fail and these callers would need to reacquire dial tone and re-place the call. The routes would be available is less than 1 second, thus any subsequent call attempts would be successful.

Our connection to the outside world is via our centralized equal access provider: South Dakota Network. The Kimball office is positioned in the logical center of our network and houses a node on the above mentioned statewide DWDM MPLS network. This network utilizes alternate fiber routes throughout the state of South Dakota functioning in a mesh environment to deliver our traffic to the SDN location in Sioux Falls, South Dakota. As for our Intra-company Inter-exchange facilities; they include: 3- EPS rings (Calix), 1- OC 48 ring (Fujitsu), and 1- MPLS ring (Brocade) functioning in a mesh environment.

Traffic Spikes

Currently Midstate provides dial tone to approximately 4200 subscribers. The softswitch we utilize is manufactured by MetaSwitch and can support 250,000 subscribers before any expansion or upgrade is required. Our customer connections to this switch are either GR303 or MGCP and in this configuration the switch can support 1.3M Busy Hour Call Attempts. As for the trunking, we have toll and 911 routes to South Dakota Network and CenturyLink. These routes are actively monitored for overflow and near overflow states. Any near overflow or overflow situations are address immediately after receiving any alarm.

Midstate Communications

Description of Tribal Engagement

For Form 481 Line 920 thru Line 929

The Company provides services in a tribal area, Crow Creek Sioux Tribe.

On November 14, 2012, by letter sent via certified mail to the Tribal Chairman, Company requested a meeting with the Crow Creek Sioux Tribe to exchange information and discuss issues related to the deployment and provisioning of communications services on Tribal lands. Company resubmitted the letter on December 14, 2012. The Crow Creek Tribal Chairman has not yet responded to these requests to allow for the scheduling of an "engagement" meeting.

In accordance with provisions in the FCC's USF and ICC Transformation Order, paragraphs 636 and 637, and 47 CFR 54.313(a)(9), at the meetings with the Tribal Authorities, the Company will, with tribal input, develop a needs assessment to assist with future service deployments on Tribal lands. In particular, the Company and the Tribal Authority discussions relating to needs and service deployment will be focused on community anchor institutions. The feasibility and sustainability of communications services on tribal lands will be discussed and the Company will, with assistance from the Tribal Authorities, attempt to identify additional steps that can be taken to make essential communications services deployed on Tribal lands both feasible and sustainable. The Company and Tribal Authorities will also discuss and explore ways in which they can coordinate or partner to ensure that services are marketed on tribal lands in a manner that will relate to the community and resonate with consumers, with the aim of increasing service adoption. At such meetings, the Company will also be prepared to discuss the relevant rights-of-way and other permitting and review processes, as well as any challenges associated with these processes. And finally, the Company will come to any such meetings prepared to discuss and engage the Tribal Authorities on any relevant and applicable Tribal business and licensing requirements.

Midstate Communications, Inc.

Lifeline Terms and Conditions

Midstate Communications, Inc. offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone service. Lifeline assistance lowers the cost of basic, monthly local telephone service. Eligible consumers can receive $9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

Lifeline Program Eligibility Information

Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Low-Income Home Energy Assistance Program (LIHEAP)
Federal Public Housing Assistance (Section 8)
Supplemental Nutrition Assistance Program (SNAP)
Medicaid
National School Lunch Program's Free Lunch Program
Supplemental Security Income (SSI)
Temporary Assistance for Needy Families (TANF)

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 135% of the federal poverty guidelines.

2013 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	$15,512	$19,373	$17,861
2	$20,939	$26,163	$24,098
3	$26,366	$32,954	$30,335
4	$31,793	$39,744	$36,572
5	$37,220	$46,535	$42,809
6	$42,647	$53,325	$49,046
7	$48,074	$60,116	$55,283
8	$53,501	$66,906	$61,520
For each additional person, add	$5,427	$6,791	$6,237

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Tribal Eligibility

A subscriber who lives on Tribal lands and is an eligible resident of Tribal lands is eligible for Tribal Lifeline service or Tribal Link Up if the subscriber, one or more of the subscriber's dependents, or the subscriber's household participates in any of the above-listed qualifying assistance programs or one of the following Tribal-specific federal assistance programs: Bureau of Indian Affairs General Assistance; Tribally Administered Temporary Assistance for Needy Families; Head Start (if income eligibility criteria are met); or the Food Distribution Program on Indian Reservations (FDPIR). Tribal subscribers may also qualify if the household income is at or below 135% of the Federal Poverty Guidelines.

Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service

Midstate Communications, Inc. Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Midstate Communications, Inc.'s Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by Midstate Communications, Inc. Advertised rates do not include any applicable taxes or surcharges.

Recertification of Lifeline Eligibility

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

Additional Lifeline Program Information

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

ccording 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, earching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information

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USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

BORROWER NAME
Midstate Communications, Inc.

NSTRUCTIONS-Submit report to RUS within 30 days after close of the period.
or detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING
December, 2012

BORROWER DESIGNATION
SD0524

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII
(Check one of the following)

☐ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
URRENT ASSETS		
1. Cash and Equivalents	[redacted]	[redacted]
2. Cash-RUS Construction Fund	[redacted]	[redacted]
3. Affiliates:		
a. Telecom, Accounts Receivable	[redacted]	[redacted]
b. Other Accounts Receivable		
c. Notes Receivable		
4. Non-Affiliates:		
a. Telecom, Accounts Receivable		
b. Other Accounts Receivable	[redacted]	[redacted]
c. Notes Receivable	[redacted]	[redacted]
5. Interest and Dividends Receivable	[redacted]	[redacted]
6. Material-Regulated	[redacted]	[redacted]
7. Material-Nonregulated	[redacted]	[redacted]
8. Prepayments	[redacted]	[redacted]
9. Other Current Assets		
0. Total Current Assets (1 Thru 9)	[redacted]	[redacted]
IONCURRENT ASSETS		
1. Investment in Affiliated Companies		
a. Rural Development	[redacted]	[redacted]
b. Nonrural Development		
2. Other Investments		
a. Rural Development		
b. Nonrural Development	[redacted]	[redacted]
3. Nonregulated Investments	[redacted]	[redacted]
4. Other Noncurrent Assets		
5. Deferred Charges	[redacted]	[redacted]
6. Jurisdictional Differences		
7. Total Noncurrent Assets (11 thru 16)	[redacted]	[redacted]
LANT, PROPERTY, AND EQUIPMENT		
8. Telecom, Plant-in-Service	[redacted]	[redacted]
9. Property Held for Future Use		
0. Plant Under Construction	[redacted]	[redacted]
1. Plant Adj., Nonop. Plant & Goodwill	[redacted]	[redacted]
2. Less Accumulated Depreciation	[redacted]	[redacted]
3. Net Plant (18 thru 21 less 22)	[redacted]	[redacted]
4. TOTAL ASSETS (10+17+23)	[redacted]	[redacted]

LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT LIABILITIES		
25. Accounts Payable	[redacted]	[redacted]
26. Notes Payable		
27. Advance Billings and Payments	[redacted]	[redacted]
28. Customer Deposits	[redacted]	[redacted]
29. Current Mat. L/T Debt	[redacted]	[redacted]
30. Current Mat. L/T Debt-Rur. Dev.	[redacted]	[redacted]
31. Current Mat.-Capital Leases		
32. Income Taxes Accrued	[redacted]	[redacted]
33. Other Taxes Accrued	[redacted]	[redacted]
34. Other Current Liabilities	[redacted]	[redacted]
35. Total Current Liabilities (25 thru 34)	[redacted]	[redacted]
LONG-TERM DEBT		
36. Funded Debt-RUS Notes	[redacted]	[redacted]
37. Funded Debt-RTB Notes		
38. Funded Debt-FFB Notes	[redacted]	[redacted]
39. Funded Debt-Other	[redacted]	[redacted]
40. Funded Debt-Rural Develop. Loan	[redacted]	[redacted]
41. Premium (Discount) on L/T Debt		
42. Reacquired Debt		
43. Obligations Under Capital Lease		
44. Adv. From Affiliated Companies		
45. Other Long-Term Debt		
46. Total Long-Term Debt (36 thru 45)	[redacted]	[redacted]
OTHER LIAB. & DEF. CREDITS		
47. Other Long-Term Liabilities	[redacted]	[redacted]
48. Other Deferred Credits		
49. Other Jurisdictional Differences		
50. Total Other Liabilities and Deferred Credits (47 thru 49)	[redacted]	[redacted]
EQUITY		
51. Cap. Stock Outstand. & Subscribed		
52. Additional Paid-in-Capital		
53. Treasury Stock		
54. Membership and Cap. Certificates		
55. Other Capital	[redacted]	[redacted]
56. Patronage Capital Credits	[redacted]	[redacted]
57. Retained Earnings or Margins	[redacted]	[redacted]
58. Total Equity (51 thru 57)	[redacted]	[redacted]
59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	[redacted]	[redacted]

Total Equity = [redacted] of Total Assets

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION SD0524
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	[redacted]	[redacted]
2. Network Access Services Revenues	[redacted]	[redacted]
3. Long Distance Network Services Revenues	[redacted]	[redacted]
4. Carrier Billing and Collection Revenues	[redacted]	[redacted]
5. Miscellaneous Revenues	[redacted]	[redacted]
6. Uncollectible Revenues	[redacted]	[redacted]
7. Net Operating Revenues (1 thru 5 less 6)	[redacted]	[redacted]
8. Plant Specific Operations Expense	[redacted]	[redacted]
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	[redacted]	[redacted]
10. Depreciation Expense	[redacted]	[redacted]
11. Amortization Expense	[redacted]	[redacted]
12. Customer Operations Expense	[redacted]	[redacted]
13. Corporate Operations Expense	[redacted]	[redacted]
14. Total Operating Expenses (8 thru 13)	[redacted]	[redacted]
15. Operating Income or Margins (7 less 14)	[redacted]	[redacted]
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes	[redacted]	[redacted]
19. Other Taxes		
20. Total Operating Taxes (17+18+19)	[redacted]	[redacted]
21. Net Operating Income or Margins (15+16-20)	[redacted]	[redacted]
22. Interest on Funded Debt	[redacted]	[redacted]
23. Interest Expense - Capital Leases		
24. Other Interest Expense	[redacted]	[redacted]
25. Allowance for Funds Used During Construction	[redacted]	[redacted]
26. Total Fixed Charges (22+23+24-25)	[redacted]	[redacted]
27. Nonoperating Net Income	[redacted]	[redacted]
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	[redacted]	[redacted]
31. Total Net Income or Margins (21+27+28+29+30-26)	[redacted]	[redacted]
32. Total Taxes Based on Income	[redacted]	[redacted]
33. Retained Earnings or Margins Beginning-of-Year	[redacted]	[redacted]
34. Miscellaneous Credits Year-to-Date	[redacted]	[redacted]
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date	[redacted]	[redacted]
38. Transfers to Patronage Capital	[redacted]	[redacted]
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	[redacted]	[redacted]
40. Patronage Capital Beginning-of-Year	[redacted]	[redacted]
41. Transfers to Patronage Capital	[redacted]	[redacted]
42. Patronage Capital Credits Retired	[redacted]	[redacted]
43. Patronage Capital End-of-Year (40+41-42)	[redacted]	[redacted]
44. Annual Debt Service Payments	[redacted]	[redacted]
45. Cash Ratio [(14+20-10-11) / 7]	[redacted]	[redacted]
46. Operating Accrual Ratio [(14+20+26) / 7]	[redacted]	[redacted]
47. TIER [(31+26) / 26]	[redacted]	[redacted]
48. DSCR [(31+26+10+11) / 44]	[redacted]	[redacted]

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USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

SD0524

PERIOD ENDED

December, 2012

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

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
Delmont	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fort Thompson	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gann Valley	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Kimball	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
New Holland	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Platte	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Pukwana	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Stickney	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
White Lake	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Academy	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
MobileWireless					[redacted]		
Route Mileage Outside Exchange Area						[redacted]	[redacted]
Total			[redacted]				
No. Exchanges	[redacted]						

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USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

SD0524

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)
Delmont	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fort Thompson	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gann Valley	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Kimball	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
New Holland	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Platte	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Pukwana	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Stickney	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
White Lake	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Academy	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]						

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0524
	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
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

PART E. TOLL DATA

1. Study Area ID Code(s)	2. Types of Toll Settlements (Check one)
a. [redacted]	Interstate: ☐ Average Schedule ☒ Cost Basis
b.	Intrastate: ☐ Average Schedule ☒ Cost Basis
c.	
d.	
e.	
f.	
g.	
h.	
i.	
j.	

PART F. FUNDS INVESTED IN PLANT DURING YEAR

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

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	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2. Investment in Affiliated Companies - Nonrural Development	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

REDACTED - FOR PUBLIC INSPECTION

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION SD0524
	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)

☐ YES ☒ NO

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

REDACTED - FOR PUBLIC INSPECTION

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION SD0524
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)**	[redacted]
	CASH FLOWS FROM OPERATING ACTIVITIES	
2.	**Net Income**	[redacted]
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation	[redacted]
4.	Add: Amortization	
5.	Other (Explain) [redacted]	[redacted]
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	[redacted]
7.	Decrease/(Increase) in Materials and Inventory	
8.	Decrease/(Increase) in Prepayments and Deferred Charges	
9.	Decrease/(Increase) in Other Current Assets	
10.	Increase/(Decrease) in Accounts Payable	
11.	Increase/(Decrease) in Advance Billings & Payments	
12.	Increase/(Decrease) in Other Current Liabilities	
13.	**Net Cash Provided/(Used) by Operations**	
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	[redacted]
15.	Increase/(Decrease) in Notes Payable	
16.	Increase/(Decrease) in Customer Deposits	
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20.	Less: Payment of Dividends	
21.	Less: Patronage Capital Credits Retired	
22.	Other (Explain) [redacted]	[redacted]
23.	**Net Cash Provided/(Used) by Financing Activities**	[redacted]
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)	[redacted]
25.	Other Long-Term Investments	
26.	Other Noncurrent Assets & Jurisdictional Differences	
27.	Other (Explain) [redacted]	[redacted]
28.	**Net Cash Provided/(Used) by Investing Activities**	[redacted]
29.	**Net Increase/(Decrease) in Cash**	
30.	**Ending Cash**	

Revision Date 2010

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION SD0524
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012

NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

REDACTED - FOR PUBLIC INSPECTION

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION SD0524
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012

CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

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	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name: Person USAC should contact with questions about this data	kathy taylor
<035>	Contact Telephone Number: Number of the person identified in data line <030>	605.778.6221
<039>	Contact Email Address: Email of the person identified in data line <030>	kathy@midstaff.net

ANNUAL REPORTING FOR ALL CARRIERS

(check box when complete)

				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)	0			
<330>	Detail on Attempts (broadband)		*(attach descriptive document)*		
<400>	Number of Complaints per 1,000 customers (voice)			✓	✓
<410>	Fixed	0.0			
<420>	Mobile	0.0			
<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>	391670sd510		*(attached descriptive document)*	✓	✓
<600>	Functionality in Emergency Situations		*(check to indicate certification)*	✓	✓
<610>	391670sd610		*(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	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
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<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<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	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	kathy taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<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

<010>	Study Area Code	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	kathy taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<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 --

10/14/2013

(710) Broadband Price Offerings
Data Collection Form

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

<010>	Study Area Code	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	kathy taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<711>

<a1> State	<a2> Exchange (ILEC)	<b1> Residential Rate	<b2> State Regulated Fees	<c> Total Rate and Fees	<d1> Broadband Service - Download Speed (Mbps)	<d2> Broadband Service - Upload Speed (Mbps)	<d3> Usage Allowance (GB)	<d4> 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

<010>	Study Area Code	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	kathy taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<810>	Reporting Carrier	Midstate Communications Inc.
<811>	Holding Company	
<812>	Operating Company	

<813>

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

-- See attached worksheet --

10/14/2013

(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	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	kathy taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<910> Tribal Land(s) on which ETC Serves — Crow Creek Indian Reservation

<920> Tribal Government Engagement Obligation — 391670sd920

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;	Yes
<922>	Feasibility and sustainability planning;	Yes
<923>	Marketing services in a culturally sensitive manner;	Yes
<924>	Compliance with Rights of way processes	Yes
<925>	Compliance with Land Use permitting requirements	Yes
<926>	Compliance with Facilities Siting rules	Yes
<927>	Compliance with Environmental Review processes	Yes
<928>	Compliance with Cultural Preservation review processes	Yes
<929>	Compliance with Tribal Business and Licensing requirements.	Yes

(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	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	kathy taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) ☐

(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	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	kathy taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans — 391670sd1210

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

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

<010>	Study Area Code	391670
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<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

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	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	kathy taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

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		☑ (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	391670sd3017
(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	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	kathy taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

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: MIDSTATE COMM., INC.

Signature of Authorized Officer: CERTIFIED ONLINE Date 10/14/2013

Printed name of Authorized Officer: Mark Benton

Title or position of Authorized Officer: General Manager

Telephone number of Authorized Officer: 605-778-6221

Study Area Code of Reporting Carrier: 391670 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	391670
<015>	Study Area Name	MIDSTATE COMM., INC.
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<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

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

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<035>	Contact Telephone Number - Number of person identified in data line <030>	605.778.6221
<039>	Contact Email Address - Email Address of person identified in data line <030>	kathy@midstaff.net

<810>	Reporting Carrier	Midstate Communications Inc.
<811>	Holding Company	
<812>	Operating Company	

<813>

<a1> Affiliates	<a2> SAC	<a3> Doing Business As Company or Brand Designation
Midstate Telecom, Inc.	399011	

Midstate Communications, Inc.

Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules

Service Quality Standards

The Company:

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.
- Advertises the availability of its services and the charges using media of general distribution and on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call or toll-free telephone number during normal business hours.
- Directs after hour calls to the Company's help desk.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
  - Answer all incoming calls promptly.
  - Respond to all inquiries for information promptly and courteously.
  - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
  - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

Midstate Communications, Inc.

Functionality in Emergency Situations

Back-Up Power

With our current infrastructure there are three locations within our network, where backup battery is a concern; central offices, remote cabinets and ONT's locations at the customer premise. Each are addressed below:

CO

Midstate Communications has 10 Central Offices which serve 100% of our customer base. The switching and transport systems inside theses CO's are powered by DC power with current draws ranging from approx 20 amps to 250 amps. The runtime of each battery system is slightly different based on current draw and geographical location but they range from approx 12 hours to approx 40 hours. Every Central Office is equipped with an on-site generator and an automatic transfer switch; thus we expect the **required** run time of these battery systems to be only a few seconds but have designed them to support our network for significantly longer runtimes in cased of a generator failure. We also possess a 60KW portable generator for deployment ensuring Central Office operation throughout an on-site generator failure.

Remote Cabinets

Approximate 5% of our current customer base is served by these remote cabinets located in the field within 3 miles of the subscriber premises served. Each DC system inside these cabinets is designed to support 8 hours of runtime in case of a power failure. We possess 22 portable generators in all, with several of them being staged in strategic geographical locations for easy deployment in the event of a power failure.

ONT

The ONT's are located at the customer premise in our Fiber-To-The-Home network configurations. We have approximately 2000 deployed ONT's delivering service to 30 - 35% of our subscribers. Any ONTs located with the city limits are equipped with 7.2 Amp-hour batteries and provide an expected runtime of 8 hours. Knowing the power failures outside the city limits can be longer, we deploy a larger battery providing additional runt time. These batteries are 20AH and deliver an expected run-time of greater than 16 hours.

Rerouting of Traffic around Damaged Facilities

All core networks connections are ring protected and any established traffic is automatically rerouted without impact to these customers. Any call not yet established or in a "Setup" state during a reroute situation (fiber cut, central Office failure, etc.) would fail and these callers would need to reacquire dial tone and re-place the call. The routes would be available is less than 1 second, thus any subsequent call attempts would be successful.

Our connection to the outside world is via our centralized equal access provider: South Dakota Network. The Kimball office is positioned in the logical center of our network and houses a node on the above mentioned statewide DWDM MPLS network. This network utilizes alternate fiber routes throughout the state of South Dakota functioning in a mesh environment to deliver our traffic to the SDN location in Sioux Falls, South Dakota. As for our Intra-company Inter-exchange facilities; they include: 3- EPS rings (Calix), 1- OC 48 ring (Fujitsu), and 1- MPLS ring (Brocade) functioning in a mesh environment.

Traffic Spikes

Currently Midstate provides dial tone to approximately 4200 subscribers. The softswitch we utilize is manufactured by MetaSwitch and can support 250,000 subscribers before any expansion or upgrade is required. Our customer connections to this switch are either GR303 or MGCP and in this configuration the switch can support 1.3M Busy Hour Call Attempts. As for the trunking, we have toll and 911 routes to South Dakota Network and CenturyLink. These routes are actively monitored for overflow and near overflow states. Any near overflow or overflow situations are address immediately after receiving any alarm.

Midstate Communications

Description of Tribal Engagement

For Form 481 Line 920 thru Line 929

The Company provides services in a tribal area, Crow Creek Sioux Tribe.

On November 14, 2012, by letter sent via certified mail to the Tribal Chairman, Company requested a meeting with the Crow Creek Sioux Tribe to exchange information and discuss issues related to the deployment and provisioning of communications services on Tribal lands. Company resubmitted the letter on December 14, 2012. The Crow Creek Tribal Chairman has not yet responded to these requests to allow for the scheduling of an "engagement" meeting.

In accordance with provisions in the FCC's USF and ICC Transformation Order, paragraphs 636 and 637, and 47 CFR 54.313(a)(9), at the meetings with the Tribal Authorities, the Company will, with tribal input, develop a needs assessment to assist with future service deployments on Tribal lands. In particular, the Company and the Tribal Authority discussions relating to needs and service deployment will be focused on community anchor institutions. The feasibility and sustainability of communications services on tribal lands will be discussed and the Company will, with assistance from the Tribal Authorities, attempt to identify additional steps that can be taken to make essential communications services deployed on Tribal lands both feasible and sustainable. The Company and Tribal Authorities will also discuss and explore ways in which they can coordinate or partner to ensure that services are marketed on tribal lands in a manner that will relate to the community and resonate with consumers, with the aim of increasing service adoption. At such meetings, the Company will also be prepared to discuss the relevant rights-of-way and other permitting and review processes, as well as any challenges associated with these processes. And finally, the Company will come to any such meetings prepared to discuss and engage the Tribal Authorities on any relevant and applicable Tribal business and licensing requirements.

Midstate Communications, Inc.

Lifeline Terms and Conditions

Midstate Communications, Inc. offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone service. Lifeline assistance lowers the cost of basic, monthly local telephone service. Eligible consumers can receive $9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

Lifeline Program Eligibility Information

Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Low-Income Home Energy Assistance Program (LIHEAP)
Federal Public Housing Assistance (Section 8)
Supplemental Nutrition Assistance Program (SNAP)
Medicaid
National School Lunch Program's Free Lunch Program
Supplemental Security Income (SSI)
Temporary Assistance for Needy Families (TANF)

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 135% of the federal poverty guidelines.

2013 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	$15,512	$19,373	$17,861
2	$20,939	$26,163	$24,098
3	$26,366	$32,954	$30,335
4	$31,793	$39,744	$36,572
5	$37,220	$46,535	$42,809
6	$42,647	$53,325	$49,046
7	$48,074	$60,116	$55,283
8	$53,501	$66,906	$61,520
For each additional person, add	$5,427	$6,791	$6,237

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Tribal Eligibility

A subscriber who lives on Tribal lands and is an eligible resident of Tribal lands is eligible for Tribal Lifeline service or Tribal Link Up if the subscriber, one or more of the subscriber's dependents, or the subscriber's household participates in any of the above-listed qualifying assistance programs or one of the following Tribal-specific federal assistance programs: Bureau of Indian Affairs General Assistance; Tribally Administered Temporary Assistance for Needy Families; Head Start (if income eligibility criteria are met); or the Food Distribution Program on Indian Reservations (FDPIR). Tribal subscribers may also qualify if the household income is at or below 135% of the Federal Poverty Guidelines.

Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service

Midstate Communications, Inc. Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Midstate Communications, Inc.'s Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by Midstate Communications, Inc. Advertised rates do not include any applicable taxes or surcharges.

Recertification of Lifeline Eligibility

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

Additional Lifeline Program Information

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

REDACTED - FOR PUBLIC INSPECTION

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
Midstate Communications, Inc.

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
SD0524

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII
(Check one of the following)

☐ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

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	[redacted]	[redacted]	25. Accounts Payable	[redacted]	[redacted]
2. Cash-RUS Construction Fund	[redacted]	[redacted]	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	[redacted]	[redacted]
a. Telecom, Accounts Receivable	[redacted]	[redacted]	28. Customer Deposits	[redacted]	[redacted]
b. Other Accounts Receivable			29. Current Mat. L/T Debt	[redacted]	[redacted]
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.	[redacted]	[redacted]
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued	[redacted]	[redacted]
b. Other Accounts Receivable	[redacted]	[redacted]	33. Other Taxes Accrued	[redacted]	[redacted]
c. Notes Receivable	[redacted]	[redacted]	34. Other Current Liabilities	[redacted]	[redacted]
5. Interest and Dividends Receivable	[redacted]	[redacted]	**35. Total Current Liabilities (25 thru 34)**	[redacted]	[redacted]
6. Material-Regulated	[redacted]	[redacted]	LONG-TERM DEBT		
7. Material-Nonregulated	[redacted]	[redacted]	36. Funded Debt-RUS Notes	[redacted]	[redacted]
8. Prepayments	[redacted]	[redacted]	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes	[redacted]	[redacted]
10. Total Current Assets (1 Thru 9)	[redacted]	[redacted]	39. Funded Debt-Other	[redacted]	[redacted]
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	[redacted]	[redacted]
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development	[redacted]	[redacted]	42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	[redacted]	[redacted]	**46. Total Long-Term Debt (36 thru 45)**	[redacted]	[redacted]
13. Nonregulated Investments	[redacted]	[redacted]	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities	[redacted]	[redacted]
15. Deferred Charges	[redacted]	[redacted]	48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	[redacted]	[redacted]	50. Total Other Liabilities and Deferred Credits (47 thru 49)	[redacted]	[redacted]
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	[redacted]	[redacted]	51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	[redacted]	[redacted]	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill	[redacted]	[redacted]	54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	[redacted]	[redacted]	55. Other Capital	[redacted]	[redacted]
23. Net Plant (18 thru 21 less 22)	[redacted]	[redacted]	56. Patronage Capital Credits	[redacted]	[redacted]
24. TOTAL ASSETS (10+17+23)	[redacted]	[redacted]	57. Retained Earnings or Margins	[redacted]	[redacted]
			58. Total Equity (51 thru 57)	[redacted]	[redacted]
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	[redacted]	[redacted]

Total Equity = [redacted] of Total Assets

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION SD0524
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	[redacted]	[redacted]
2. Network Access Services Revenues	[redacted]	[redacted]
3. Long Distance Network Services Revenues	[redacted]	[redacted]
4. Carrier Billing and Collection Revenues	[redacted]	[redacted]
5. Miscellaneous Revenues	[redacted]	[redacted]
6. Uncollectible Revenues	[redacted]	[redacted]
7. Net Operating Revenues (1 thru 5 less 6)	[redacted]	[redacted]
8. Plant Specific Operations Expense	[redacted]	[redacted]
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	[redacted]	[redacted]
10. Depreciation Expense	[redacted]	[redacted]
11. Amortization Expense	[redacted]	[redacted]
12. Customer Operations Expense	[redacted]	[redacted]
13. Corporate Operations Expense	[redacted]	[redacted]
14. Total Operating Expenses (8 thru 13)	[redacted]	[redacted]
15. Operating Income or Margins (7 less 14)	[redacted]	[redacted]
16. Other Operating Income and Expenses		
17. State and Local Taxes	[redacted]	[redacted]
18. Federal Income Taxes	[redacted]	[redacted]
19. Other Taxes		
20. Total Operating Taxes (17+18+19)	[redacted]	[redacted]
21. Net Operating Income or Margins (15+16-20)	[redacted]	[redacted]
22. Interest on Funded Debt	[redacted]	[redacted]
23. Interest Expense - Capital Leases		
24. Other Interest Expense	[redacted]	[redacted]
25. Allowance for Funds Used During Construction	[redacted]	[redacted]
26. Total Fixed Charges (22+23+24-25)	[redacted]	[redacted]
27. Nonoperating Net Income	[redacted]	[redacted]
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	[redacted]	[redacted]
31. Total Net Income or Margins (21+27+28+29+30-26)	[redacted]	[redacted]
32. Total Taxes Based on Income	[redacted]	[redacted]
33. Retained Earnings or Margins Beginning-of-Year	[redacted]	[redacted]
34. Miscellaneous Credits Year-to-Date	[redacted]	[redacted]
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date	[redacted]	[redacted]
38. Transfers to Patronage Capital	[redacted]	[redacted]
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	[redacted]	[redacted]
40. Patronage Capital Beginning-of-Year	[redacted]	[redacted]
41. Transfers to Patronage Capital	[redacted]	[redacted]
42. Patronage Capital Credits Retired	[redacted]	[redacted]
43. Patronage Capital End-of-Year (40+41-42)	[redacted]	[redacted]
44. Annual Debt Service Payments	[redacted]	[redacted]
45. Cash Ratio [(14+20-10-11) / 7]	[redacted]	[redacted]
46. Operating Accrual Ratio [(14+20+26) / 7]	[redacted]	[redacted]
47. TIER [(31+26) / 26]	[redacted]	[redacted]
48. DSCR [(31+26+10+11) / 44]	[redacted]	[redacted]

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OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION
SD0524

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)
Delmont	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fort Thompson	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gann Valley	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Kimball	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
New Holland	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Platte	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Pukwana	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Stickney	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
White Lake	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Academy	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
MobileWireless					[redacted]		
Route Mileage Outside Exchange Area						[redacted]	[redacted]
Total			[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
No. Exchanges	[redacted]						

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USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

SD0524

PERIOD ENDED

December, 2012

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

4. BROADBAND SERVICE

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Details on Least Expensive Broadband Service: 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)
Delmont	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fort Thompson	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gann Valley	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Kimball	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
New Holland	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Platte	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Pukwana	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Stickney	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
White Lake	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Academy	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]						

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0524
	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
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

PART E. TOLL DATA

1. Study Area ID Code(s)

a. [redacted]
b.
c.
d.
e.
f.
g.
h.
i.
j.

2. Types of Toll Settlements (Check one)

Interstate: ☐ Average Schedule ☒ Cost Basis

Intrastate: ☐ Average Schedule ☒ Cost Basis

PART F. FUNDS INVESTED IN PLANT DURING YEAR

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

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	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2. Investment in Affiliated Companies - Nonrural Development	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION SD0524 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) ☐ YES ☒ NO

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

REDACTED - FOR PUBLIC INSPECTION

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION SD0524
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)**	[redacted]
	CASH FLOWS FROM OPERATING ACTIVITIES	
2.	**Net Income**	[redacted]
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation	[redacted]
4.	Add: Amortization	[redacted]
5.	Other (Explain) [redacted]	[redacted]
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	[redacted]
7.	Decrease/(Increase) in Materials and Inventory	[redacted]
8.	Decrease/(Increase) in Prepayments and Deferred Charges	[redacted]
9.	Decrease/(Increase) in Other Current Assets	[redacted]
10.	Increase/(Decrease) in Accounts Payable	[redacted]
11.	Increase/(Decrease) in Advance Billings & Payments	[redacted]
12.	Increase/(Decrease) in Other Current Liabilities	[redacted]
13.	**Net Cash Provided/(Used) by Operations**	[redacted]
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	[redacted]
15.	Increase/(Decrease) in Notes Payable	[redacted]
16.	Increase/(Decrease) in Customer Deposits	[redacted]
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	[redacted]
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	[redacted]
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	[redacted]
20.	Less: Payment of Dividends	[redacted]
21.	Less: Patronage Capital Credits Retired	[redacted]
22.	Other (Explain) [redacted]	[redacted]
23.	**Net Cash Provided/(Used) by Financing Activities**	[redacted]
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)	[redacted]
25.	Other Long-Term Investments	[redacted]
26.	Other Noncurrent Assets & Jurisdictional Differences	[redacted]
27.	Other (Explain) [redacted]	[redacted]
28.	**Net Cash Provided/(Used) by Investing Activities**	[redacted]
29.	**Net Increase/(Decrease) in Cash**	[redacted]
30.	**Ending Cash**	[redacted]

Revision Date 2010

REDACTED - FOR PUBLIC INSPECTION

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION SD0524
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012

NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

USDA-RUS **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**	BORROWER DESIGNATION SD0524
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012

CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS