

LAVACA TELEPHONE COMPANY, INC. (ARKANSAS)

d.b.a.

PINNACLE COMMUNICATIONS

FCC FORM 481 – CARRIER ANNUAL REPORTING

DATA COLLECTION FORM

FCC DOCKET #10-90

FCC Form 481 - Carrier Annual Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0964/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	401704
<015> Study Area Name	LAVACA TEL CO AR
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	JOHN ZEILER
<035> Contact Telephone Number: Number of the person identified in data line <030>	479-474-2104
<039> Contact Email Address: Email of the person identified in data line <030>	JOHNZE@TWC.COM

ANNUAL REPORTING FOR ALL CARRIERS	54,313 Completion Required	54,422 Completion Required
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			(check box when complete)	54,313 Completion Required	54,422 Completion Required
<100>	Service Quality Improvement Reporting <i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200>	Outage Reporting (voice) <i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210>	<input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300>	Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310>	Detail on Attempts (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320>	Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330>	Detail on Attempts (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400>	Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410>	Fixed	0.0			
<420>	Mobile	0.0			
<430>	Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440>	Fixed				
<450>	Mobile				
<500>	Service Quality Standards & Consumer Protection Rules Compliance <i>(check to indicate certification)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510>	<input type="text" value="401704ARS10"/> <i>(attached descriptive document)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600>	Functionality in Emergency Situations <i>(check to indicate certification)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610>	<input type="text" value="401704AR610"/> <i>(attached descriptive document)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700>	Company Price Offerings (voice) <i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710>	Company Price Offerings (broadband) <i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800>	Operating Companies and Affiliates <i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900>	Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/> <i>(if yes, complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000>	Voice Services Rate Comparability <i>(check to indicate certification)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010>	<input type="text" value=""/> <i>(attach descriptive document)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100>	Terrestrial Backhaul (Y/N)? <input type="radio"/> <input checked="" type="radio"/> <i>(if not, check to indicate certification)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200>	Terms and Condition for Lifeline Customers <i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to <u>Price Cap Additional Documentation Worksheet</u>		
<i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>		
<2000>	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>
<2005>	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>
Rate of Return Carriers, Proceed to <u>ROR Additional Documentation Worksheet</u>		
<3000>	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>
<3005>	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	401704
<015>	Study Area Name	LAVACA TEL CO AR
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	JOHN ZEILER
<035>	Contact Telephone Number - Number of person identified in data line <030>	479-674-2104
<039>	Contact Email Address - Email Address of person identified in data line <030>	JOHNZ@PINNCOM.COM

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

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

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

Name of Attached Document (.pdf)

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

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

(900) Tribal Lands Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	401704
<015> Study Area Name	LAVACA TEL CO-AR
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	JOHN ZEILER
<035> Contact Telephone Number - Number of person identified in data line <030>	479-674-2104
<039> Contact Email Address - Email Address of person identified in data line <030>	JOHNZ@PINNCOM.COM

<910> Tribal Land(s) on which ETC Serves NA

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;**
- <922> Feasibility and sustainability planning;**
- <923> Marketing services in a culturally sensitive manner;**
- <924> Compliance with Rights of way processes**
- <925> Compliance with Land Use permitting requirements**
- <926> Compliance with Facilities Siting rules**
- <927> Compliance with Environmental Review processes**
- <928> Compliance with Cultural Preservation review processes**
- <929> Compliance with Tribal Business and Licensing requirements.**

Select (Yes, No, NA)
NA

(1100) No Terrestrial Backhaul Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	401704
<015> Study Area Name	LAVACA TEL CO-AR
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	JOHN ZEILER
<035> Contact Telephone Number - Number of person identified in data line <030>	479-674-2104
<039> Contact Email Address - Email Address of person identified in data line <030>	JOHNZ@PINNCOM.COM

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

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

(1200) Terms and Condition for Lifeline Customers Lifeline Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	401704
<015> Study Area Name	LAVACA TEL CO-AR
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	JOHN ZEILER
<035> Contact Telephone Number - Number of person identified in data line <030>	479-674-2104
<039> Contact Email Address - Email Address of person identified in data line <030>	JOHNZ@PINNACOM.COM

<1210> Terms & Conditions of Voice Telephony Lifeline Plans 401704AR1210

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 <i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>	FCC Form 481 OMB Control No. 3060-3986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	401704
<015>	Study Area Name	LAVACA TEL CO-AR
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	JOHN ZEILER
<035>	Contact Telephone Number - Number of person identified in data line <030>	479-674-2104
<039>	Contact Email Address - Email Address of person identified in data line <030>	JOHNZ@P1NNCOM.COM

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

Incremental Connect America Phase I reporting		
<2010>	2nd Year Certification (47 CFR § 54.313(b)(1))	<input type="checkbox"/>
<2011>	3rd Year Certification (47 CFR § 54.313(b)(2))	<input type="checkbox"/>
Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))		
<2012>	2013 Frozen Support Certification	<input type="checkbox"/>
<2013>	2014 Frozen Support Certification	<input type="checkbox"/>
<2014>	2015 Frozen Support Certification	<input type="checkbox"/>
<2015>	2016 and future Frozen Support Certification	<input type="checkbox"/>
Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))		
<2016>	Certification Support Used to Build Broadband	<input type="checkbox"/>
Connect America Phase II Reporting (47 CFR § 54.313(e))		
<2017>	3rd year Broadband Service Certification	<input type="checkbox"/>
<2018>	5th year Broadband Service Certification	<input type="checkbox"/>
<2019>	Interim Progress Certification	<input type="checkbox"/>
<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.	<input type="checkbox"/>
<2021>	Interim Progress Community Anchor Institutions	<input type="checkbox"/>
	Name of Attached Document Listing Required Information	_____

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0886/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	401704
<015> Study Area Name	LAVACA TEL CO-AR
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	JOHN ZETLER
<035> Contact Telephone Number - Number of person identified in data line <030>	479-674-2104
<039> Contact Email Address - Email Address of person identified in data line <030>	JOHNZ@PINNCOM.COM

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
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.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0985/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	401704
<015> Study Area Name	LAVACA TEL CO AR
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	JOHN ZEILER
<035> Contact Telephone Number - Number of person identified in data line <030>	479-674-2104
<039> Contact Email Address - Email Address of person identified in data line <030>	JOHNZ@FINNCON.COM

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

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Tom Karalis</u> 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:	Tom Karalis
Name of Reporting Carrier:	LAVACA TEL CO AR
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 10/11/2013
Printed name of Authorized Officer:	Michael Gibson
Title or position of Authorized Officer:	President
Telephone number of Authorized Officer:	479-674-2211
Study Area Code of Reporting Carrier:	401704 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.	

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:	LAVACA TEL CO AR
Name of Authorized Agent or Employee of Agent:	TOM KARALIS
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 10/11/2013
Printed name of Authorized Agent or Employee of Agent:	TOM KARALIS
Title or position of Authorized Agent or Employee of Agent:	CONSULTANT
Telephone number of Authorized Agent or Employee of Agent:	918-298-1618
Study Area Code of Reporting Carrier:	401704 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.	

Attachments

LAVACA TELEPHONE COMPANY, INC. (ARKANSAS)

d.b.a.

PINNACLE COMMUNICATIONS

QUALITY OF SERVICE & CUSTOMER PROTECTION PROCESSES

(USAC DOCUMENT #401704AR510.PDF)

LAVACA TELEPHONE COMPANY, INC. d.b.a. PINNACLE COMMUNICATIONS

QUALITY OF SERVICE & CUSTOMER PROTECTION PROCESSES

1. Available Customer Service Representatives to Answer Phones – 95% of all calls received by Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications during business hours are answered by the third ring. When the assigned customer representatives are unable to answer calls by the third ring, calls are answered by our voice mail system and calls are returned to customers within the hour.

2. Provide After Hours Emergency Customer Service – Calls are answered within 60 seconds by our voice mail system. Calls are reviewed the following day by personnel. Customer service representatives have been given a list of questions by Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications to ask to assist them in resolving many issues. Unresolved issues are worked that day. Issues requiring immediate attention are sent to the Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications service technician on call, who works to resolve the matter as quickly as possible. If that technician is unable to resolve the problem, additional technicians are called. After-hours customer service is also available.

3. Provide a 24/7 Hour Internet Help Desk Service – All calls are answered within 60 seconds. Managers are available as necessary to review and address any issues.

4. Give Customers Cut-off Warnings & Provide Bill Arrangement Opportunities - Customers are given nearly two months of missed payments before being cut off. Notification of the payment due date and the cut-off date are prominently displayed on bills as well as of the opportunity to make payment arrangements to avoid being cut-off. A customer service representative will attempt to call a customer in danger of losing service to remind them of the late payment. Account balance reports are printed monthly internally using the company's billing system.

5. Ensure That All New Service Installation Orders Are Fulfilled Promptly – All customers are contacted within 48 hours regarding scheduling the new service installation. If outside plant is already in place, fill the order at the customers' earliest convenience; if outside plant is not in place, fill the order as soon as the weather permits.

6. Minimize Customer Downtime for Services & Make Requested Changes Promptly – Contact customers regarding all service requests the same day, with a goal of resolving all issues within 48 hours. Any unresolved issues will be resolved contingent on the technician/customer coordination of access to the premises.

7. Proactively Monitoring in Case of Major Service Outages – Service technicians will be made aware of outages affecting customers within an hour. It is the goal of Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications to resolve major outages in four hours or less. If an outage has not been resolved within four hours, technicians will begin utilizing all resources, both from within and from without.

CUSTOMER PRIVACY

Company Confidential Information Policy – Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications has a company policy in place that holds employees accountable for a breach of confidentiality concerning customer data and company information. The policy states: "You are reminded that revealing any type of confidential information to unauthorized persons or tampering with or altering company records and/or property is a violation of trust that can result in disciplinary action up to and including discharge."

Company CPNI Policy – Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications also has a Customer Proprietary Network Information (CPNI) policy in place that ensures employee compliance with the FCC's CPNI guidelines. Outlined within the policy is a detailed description of CPNI as well as both acceptable and unacceptable CPNI practices. Employees are required to sign waivers stating they understand and agree to comply with the policy and acknowledge that "failure to protect this information may result in disciplinary action up to and including discharge for the responsible employee."

As a part of this policy, Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications has designated a Compliance Officer responsible for assuring training of employees, monitoring CPNI related activities, and reporting breaches.

LAVACA TELEPHONE COMPANY, INC. (ARKANSAS)

d.b.a.

PINNACLE COMMUNICATIONS

EMERGENCY SITUATION FUNCTIONALITY

AVAILABILITY OF BACK-UP POWER

(USAC DOCUMENT #401704AR610.PDF)

LAVACA TELEPHONE COMPANY, INC. d.b.a. PINNACLE COMMUNICATIONS

EMERGENCY SITUATION FUNCTIONALITY AVAILABILITY OF BACK-UP POWER

Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications has one central office switch and one remote location within its service area. Each of these locations is equipped with a back-up battery supply as well as a generator capable of providing power to the equipment within that office in the event of an external power source outage. After a power outage, generators are inspected and are also professionally serviced bi-annually to ensure functionality.

In addition, Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications has installed back-up batteries on the customer premise equipment. Spare batteries are kept at Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communication's main office for replacement of batteries at customer homes in the event of a prolonged power outage.

TRAFFIC ROUTING

Voice traffic between the central office switch and remote is carried across fiber. Voice traffic between the central office switch and the upstream tandem is also provisioned across fiber.

MANAGING TRAFFIC SPIKES

Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communication's careful capacity planning has put multiple constraints and triggers in place on its Central Office equipment, outside plant equipment, and network backbone that will provide the company with the capability of handling traffic spikes during emergency situations.

Usage rates are analyzed monthly internally by Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications using reports automatically generated by the switch to ensure that usage does not exceed 90% of total line capacity.

Lavaca Telephone Co. Inc., d.b.a. Pinnacle Communications will monitor traffic internally on a monthly basis to ensure optimal efficiency.

LAVACA TELEPHONE COMPANY, INC. (ARKANSAS)

d.b.a.

PINNACLE COMMUNICATIONS

LIFELINE PLANS

(USAC DOCUMENT #401704AR1210.PDF)

LAVACA TELEPHONE COMPANY, INC. d.b.a. PINNACLE COMMUNICATIONS LIFELINE PLANS

Pinnacle Communications offers Lifeline Telephone Service to its customers. The eligibility criteria for Lifeline service is indicated on the attachment. If eligible, a credit of \$9.25 is applied to the charges for Basic Local Exchange Service.

The normal rate for Basic Local Exchange Service for Pinnacle customers in Arkansas is \$12.83. Thus, after the credit, the lifeline eligible customer pays \$3.58 for Basic Local Exchange Service. Pinnacle customers receive unlimited local calling as part of the Basic Local Exchange Service Plan.

No other credits are applied to rates for remaining services, including toll service. Lavaca's toll rate plans and prices are attached.

Lifeline Programs Available



You may qualify if:

You are not declared a dependent for federal income tax purposes, and/or you receive benefits from one of the following programs:

Lifeline

- Food Stamps
- Temporary Assistance to Needy Families (TANF)
- Supplemental Security Income (SSI)
- Medicaid
- Federal Public Housing Assistance (FPHA)
- Low Income Home Energy Assistance Program (LIHEAP)
- National School Lunch Program's free lunch program
- You may also qualify based upon your income.

How to sign up:

Visit our business office located at 301 HWY 96 SW today and pick up a form! You may also visit our web site pinncm.com and print a copy as well. Mail the completed form and supporting documents to:

Lifeline / Link-Up Administrator
PO BOX 685
Parsippany, NJ 07054-0685

Start receiving benefits with your next bill.

Benefits may not be seen until the second bill after the initial request.

Lifeline

Lifeline is a telephone service assistance program designed to provide eligible residential customers with a credit to be applied to the price of basic local exchange service.

The Lifeline credit does not apply to custom or class calling features, long distance calling charges or plans, or internet service. All optional features and plans will be billed at full price.

Yes, YOU can afford
telephone service...let
us show you how!

PINNACLE Communications
Lavaca, AR 72941
(479) 674-2211

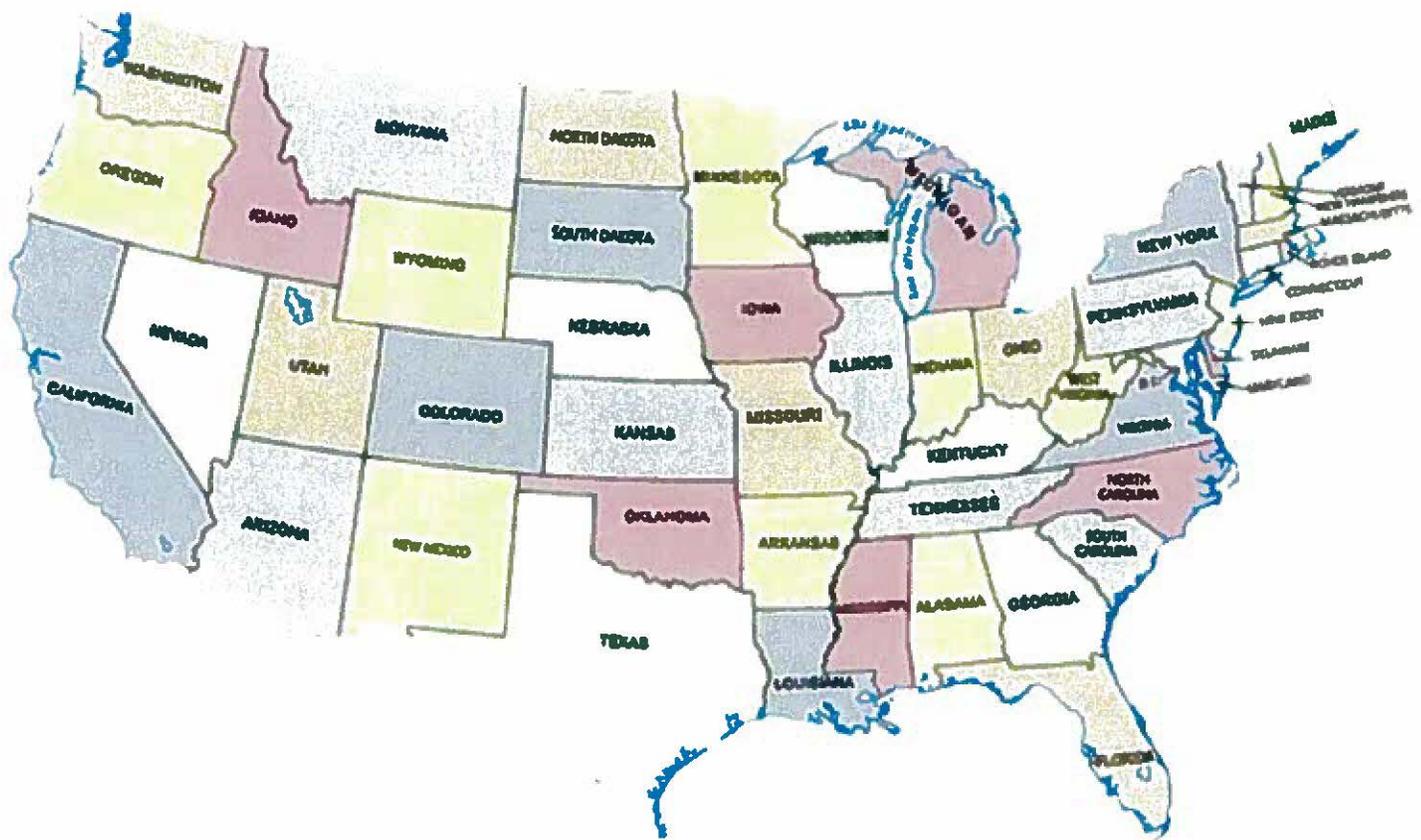
NATIONWIDE CALLING PLANS

(excluding Alaska & Hawaii)

500 Minutes - \$19.95

800 Minutes - \$29.95

1200 Minutes - \$39.95



Calling plans not available in all service areas. Call your local office for more details. 1-877-817-6744

LAVACA TELEPHONE COMPANY, INC. (ARKANSAS)

d.b.a.

PINNACLE COMMUNICATIONS

CONSOLIDATED FINANCIAL STATEMENTS – REDACTED

(USAC DOCUMENT #401704AR3026.PDF)



September 26, 2013

USAC
Customer Operations
High Cost Program
2000 L Street NW, Suite 200
Washington, DC 20036

RE: USAC Form 481 Financial Reporting (3005a, b & c)

Dear Madam or Sir;

Lavaca Telephone Company Inc., d.b.a. Pinnacle Communications is submitting its financials for the Arkansas operations which are prepared on a consolidated, total company basis. If there are questions I may be reached at 479-674-2104.

Sincerely,

A handwritten signature in blue ink that reads "John Zeiler".

John Zeiler – General Manager
Pinnacle Communications

PINNACLE COMMUNICATIONS

P.O. BOX 230 • LAVACA, AR 72941 • PHONE: 479-674-2211 • FAX: 479-674-5810

LAVACA TELEPHONE COMPANY AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2012 (Reviewed) and 2011 (Compiled)

LAVACA TELEPHONE COMPANY AND SUBSIDIARY

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Review Report	1
Consolidated Financial Statements:	
Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Consolidated Statements of Comprehensive Income	4
Consolidated Statements of Stockholders' Equity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-14
Supplementary Information:	
Consolidating Balance Sheet	15
Consolidating Statement of Operations	16
Schedule of Telephone Plant in Service - Arkansas	17
Schedule of Telephone Plant in Service - Oklahoma	18
Schedule of Operations by State	19

**Independent Accountant's Review Report**

The Board of Directors
Lavaca Telephone Company
Lavaca, Arkansas

We have reviewed the accompanying consolidated balance sheets of Lavaca Telephone Company and Subsidiary (an S Corporation) as of December 31, 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the 2012 consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the 2012 consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying pages 15 through 19 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic consolidated financial statements, and we did not become aware of any material modifications that should be made to such information.

The accompanying 2011 consolidated financial statements of Lavaca Telephone Company and Subsidiary were compiled by us. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. Accordingly, we do not express an opinion or provide any assurance about whether these consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America.

Tulsa, Oklahoma
July 11, 2013

LAVACA TELEPHONE COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

<u>December 31,</u>	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$	\$
Accounts receivable:		
Due from customers, less allowance for doubtful accounts of \$4,880 in 2012 and 2011		
Due from long distance carriers and pools		
Materials and supplies		
Prepaid expenses		
Total Current Assets		
Noncurrent Assets:		
Investments - other		
Investment securities - available for sale		
Cash surrender value - officer life insurance		
Total Noncurrent Assets		
Property, Plant and Equipment, at cost		
Telephone plant in service		
Telephone plant under construction		
Less accumulated depreciation		
Net Property, Plant and Equipment		
	\$	\$

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See independent accountant's review report and notes to consolidated financial statements.

	2012	2011
--	------	------

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Current maturities of long-term debt
 Accounts payable
 Customer deposits
 Other accrued liabilities

\$		\$	
----	--	----	--

Total Current Liabilities

--

--

Long Term Debt

Other Noncurrent Liabilities

--

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Total Liabilities

--

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Stockholders' Equity:

Common stock, \$100 par value: authorized,
 issued and outstanding 545 shares
 Retained earnings
 Accumulated other comprehensive
 loss - unrealized loss on available-
 for-sale investment securities

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Total Stockholders' Equity

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LAVACA TELEPHONE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31,

2012

2011

Operating Revenues:

Regulated:

Local service

Access and long-distance

Miscellaneous

Nonregulated:

Internet

Long distance

Video

Other

Total Operating Revenues

Operating Expenses:

Regulated:

Plant specific

Plant non-specific:

Depreciation and amortization

Network and other

Customer operations

Corporate operations

Operating taxes

Nonregulated:

Internet

Long distance

Video

Other

Total Operating Expenses

Net Operating Income

Interest and Dividend Income

Equity in Net Operations of Investments

Interest Expense

Net Income

See independent accountant's review report and notes to consolidated financial statements.

3

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LAVACA TELEPHONE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, **2012** **2011**

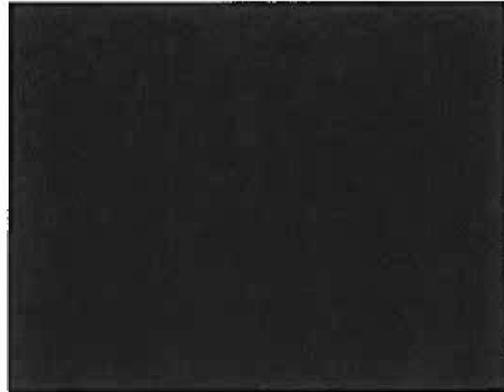
Net Income

Other Comprehensive Income (Loss):

Unrealized holding gains (losses) on securities

Total Other Comprehensive Income (Loss)

Comprehensive Income



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LAVACA TELEPHONE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years Ended December 31, 2012 and 2011

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
Balance, January 1, 2011				
Net Income				
Other comprehensive (loss)				
Balance, December 31, 2011				
Net income				
Other comprehensive income				
Balance, December 31, 2012				

See independent accountant's review report and notes to consolidated financial statements.

LAVACA TELEPHONE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Years Ended December 31,</i>	2012	2011
Cash Flows From Operating Activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		
Equity in net loss of investments - other		
(Increase) decrease in:		
Accounts receivable		
Prepaid expenses		
Materials and supplies		
Cash surrender value - officers' life insurance		
Other		
Increase (decrease) in:		
Accounts payable and accrued liabilities		
Other noncurrent liabilities		
Net Cash Provided by Operating Activities		
Cash Flows From Investing Activities:		
Purchase of available-for-sale investment securities		
Additions to investments - other		
Expansion and replacement of property, plant and equipment		
Proceeds from sale of property, plant and equipment		
Net Cash Used in Investing Activities		
Cash Flows From Financing Activities:		
Net increase in customer deposits		
Principal payments on long term debt		
Net Cash Used in Financing Activities		

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See independent accountant's review report and notes to consolidated financial statements.

	2012	2011
Decrease in Cash and Cash Equivalents		
Cash and Cash Equivalents, beginning of year		
Cash and Cash Equivalents, end of year		
OTHER DISCLOSURES		
Interest paid		

REDACTED – FOR PUBLIC INSPECTION

**LAVACA TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Lavaca Telephone Company and its wholly-owned subsidiary, Pinnacle Communications (collectively referred to as "the Company"). Intercompany transactions and balances have been eliminated in consolidation.

Description of Business: The Company operates a general telephone business in Lavaca, Arkansas with exchanges in Arkansas and Oklahoma. The Company also provides internet, long distance and video services.

Basis of accounting: The Company maintains its accounts in accordance with Part 32 of the Uniform System of Accounts prescribed by the Federal Communications Commission ("FCC"). The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which are consistent in all material respects with the accounting prescribed by the FCC.

Cash and Cash Equivalents: Cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less.

Interest-bearing cash balances at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for each financial institution. As of December 31, 2012, the Company had approximately [REDACTED] in uninsured cash balances at FDIC institutions.

Accounts Receivable and Credit Policies: Accounts receivable consists of amounts due from subscribers, including local service, toll, taxes and applicable fees. Accounts receivable also include amounts due from long distance carriers, access service pools, and cable television, internet, and cellular customers. Accounts receivable are uncollateralized (however, certain customers are required to have a deposit) and due monthly. Accounts receivable are stated at the amount billed. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected.

Materials and Supplies: Materials and supplies consist of regulated inventory used in the construction of telephone plant in service and nonregulated inventory held for resale to customers. All inventory is stated at the lower of cost, as determined using the average cost method, or market.

**LAVACA TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

Investments in Nonregulated Operations: Depreciation on property and equipment used in nonregulated operations is provided by the straight-line method over the estimated useful lives of the related assets. Repairs and maintenance are charged to expense as incurred, whereas major improvements are capitalized. Depreciation expense charged to nonregulated operations was approximately [REDACTED]

Investment Securities: Investment securities consist of investments in equity securities. Investment securities are classified as available-for-sale and are carried at fair value. Unrealized gains and losses on securities available-for-sale are recognized, net of income taxes, as a direct increase or decrease in stockholders' equity.

Fair Value Measurement: Accounting Standards Codification ("ASC") Topic 820, "Fair Value Measurements and Disclosures" defines fair value as the price that would be received to sell an asset or paid to transfer a liability ("exit price") in an orderly transaction between market participants at the measurement date. ASC Topic 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows: Level 1, based on quoted prices for identical assets or liabilities in active markets that the Company has the ability to process, Level 2 based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted price that are observable for the asset or liability, and Level 3, based on inputs that are unobservable and significant to the fair value measurement.

Property, Plant, and Equipment: Property, plant and equipment is carried at historical cost. Depreciation is provided by the straight-line method over the estimated useful lives of the related assets. Depreciation expense on property, plant and equipment was approximately [REDACTED] in 2011.

Recognition of Local Service Revenue: Local service revenue includes charges for monthly local telephone service and settlements from the Federal Universal Service Fund. Revenues are recognized in the month service is provided. Approximately [REDACTED] or [REDACTED] of operating revenues in 2011, derive from the Federal Universal Service Fund.

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LAVACA TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

Recognition of Access Service Revenue: Access service revenue includes interstate customer end user charges, interstate and intrastate charges assessed to long distance carriers for using the Company's facilities for their long distance communications, and interstate settlements under jurisdictional reporting requirements with the National Exchange Carriers Association. Access service revenue is recognized as earned.

Recognition of Miscellaneous Revenue: Miscellaneous revenue consists primarily of fees received from long distance carriers for billing and collection services performed by the Company and directory revenue, and is recognized as earned.

Reclassifications: Certain reclassifications have been made to the 2011 financial statements to conform to the classifications used in 2012. These reclassifications relate to the classification of revenues and expenses and have no effect on net income.

Income Taxes: The Company's stockholders has elected under Subchapter S of the Internal Revenue Code to report individually the taxable income of the Company. Accordingly, these financial statements contain no provision for income taxes.

FASB Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, requires an entity to recognize a liability for tax positions when there is a 50% or greater likelihood that the position will not be sustained upon examination. The Company is liable for taxes if its initial election as an S corporation was invalid or if it ceases to meet the requirements of an S corporation. The Company believes that its initial election was valid and that it continues to meet the requirements of an S corporation, and that is more likely than not that this position would be sustained upon examination. As such, there is no liability recorded for uncertain tax positions as of December 31, 2012 and 2011.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in process. Management believes it is no longer subject to income tax examinations for years prior to 2009.

Subsequent Events: The Company evaluated subsequent events through July 11, 2013, the date these financial statements were available to be issued.

**LAVACA TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

2. INVESTMENTS - OTHER

Investments – other consist of the following:

	<u>2012</u>	<u>2011</u>
Internet equipment, net of accumulated depreciation of [REDACTED]		
Investments deferred to fund compensation agreements (See Note 6)		
Other		

Other investments consist of investments in closely-held entities, accounted for using the equity method, and in which the recognition losses exceed the original cost of the investment. In 2012, and 2011, the Company recognized losses from these investments of [REDACTED] respectively.

3. INVESTMENT SECURITIES

Investment securities, which are all considered as available-for-sale at December 31, are:

	<u>2012</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Equity Securities – Mutual Funds				

	<u>2011</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Equity Securities – Mutual Funds				

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**LAVACA TELEPHONE COMPANY AND SUBSIDIARY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

4. PROPERTY, PLANT AND EQUIPMENT

Following is a summary of property, plant and equipment at December 31:

	<u>2012</u>	<u>2011</u>
Land		
Buildings and improvements		
Furniture and equipment		
Central office switching		
Central office transmission		
Cable and wire facilities		
Telephone plant under construction		
Less accumulated depreciation		
Net property and equipment		

5. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2012</u>	<u>2011</u>
<p>██████████ note payable to Benefit Bank, due in monthly installments of approximately ██████████ including interest, with a final balloon payment due July 1, 2016 (based on modified agreement in October 2012). Real estate of the Company are pledged as collateral.</p>		
Less current maturities		
Maturities of long-term debt are as follows:		
2013		
2014		
2015		
2016		

6. OTHER NONCURRENT LIABILITIES

**LAVACA TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

6. OTHER NONCURRENT LIABILITIES

In 2012, The Company entered into deferred compensation agreements with certain of its officers that provide for payments upon their retirement. Other noncurrent liabilities consist of the obligations under these agreements..

The Company has founded these deferred compensation obligations with certain investments totaling approximately [REDACTED] at December 31, 2012. (See Note 2)

7. FAIR VALUE MEASUREMENTS

ASC Topic 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value is based on the following valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 as compared to those used at December 31, 2011.

**LAVACA TELEPHONE COMPANY AND SUBSIDIARY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

Mutual funds: Valued at the net asset value of shares held by the Company at year end. The net asset value is equivalent to the closing price reported on the active market on which the individual securities are traded.

Investments to fund deferred compensation agreements: Valued at the quoted market prices of the underlying investments included in the master trust.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company's assets recorded at fair value on a recurring basis as of December 31, 2012 and 2011:

Investments at Fair Value as of December 31, 2012

Mutual Funds

**Investments to fund
 deferred compensation
 agreements**

A large black rectangular redaction box covers the data for the December 31, 2012 table.

Investments at Fair Value as of December 31, 2011

Mutual Funds

Level 1 Level 2 Level 3 Total

A black rectangular redaction box covers the data for the December 31, 2011 table.

8. RISKS AND UNCERTAINTIES

The Company services various local telephone exchanges in Arkansas and Oklahoma. The Company is subject to rate regulation by the Federal Communications Commission and the Arkansas and Oklahoma Corporation Commissions. The telecommunications industry is moving into a competitive environment with new competitors and required restructuring of revenue from access charges and support mechanisms. The subject is controversial and difficult to resolve. Therefore, at this time, the impact of such changes both from Federal and State Commissions cannot be determined.

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**LAVACA TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

The Company is also subject to audits from federal and state oversight organizations because of its participation in certain high cost funding mechanisms. At this time, the Company does not expect any such audits to have a material effect on its financial statements.

In November 2011, the Federal Communications Commission ("FCC") released the "USF/ICC Transformation Order" (the "Order") and "Further Notice of Proposed Rulemaking" ("FNPRM"), with the stated objective of reforming and modernizing the universal service and intercarrier compensation systems.

To date, numerous petitions for reconsideration of certain aspects of the Order and FNPRM have been filed by certain affected companies and telecommunications industry organizations. In addition, in February 2012, the FCC issued a further order to revise and clarify certain rules of the Order, and to modify certain requirements of the Order. This further order also stated that the above mentioned petitions for reconsideration are pending before the FCC and will be addressed by the FCC.

The final resolution of the above-mentioned petitions for reconsideration and their effect on the ultimate provisions of the Order is unknown at this time. As a result, the effect of the Order on the Company's intercarrier revenues and universal service revenues is not known at this time.

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	Lavaca Telephone Co.	Pinnacle Telecom LLC	Elimina- tions	Consoli- dated Balance
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

- Current maturities of long-term debt
- Accounts payable
- Accounts payable - affiliate
- Customer deposits
- Other accrued liabilities

Total Current Liabilities

Long Term Debt

Other Noncurrent Liabilities

Total Liabilities

Stockholders' Equity:

- Common stock
- Retained earnings
- Accumulated other comprehensive loss



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SUPPLEMENTARY INFORMATION

LAVACA TELEPHONE COMPANY AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

December 31, 2012

	<u>Lavaca Telephone Co.</u>	<u>Pinnacle Telecom LLC</u>	<u>Elimina- tions</u>	<u>Consoli- dated Balance</u>
ASSETS				
Current Assets:				
Cash and cash equivalents				
Accounts Receivable:				
Due from customers, net				
Due from affiliate				
Due from long distance carriers and pools				
Materials and supplies				
Total Current Assets				
Noncurrent Assets:				
Investments - other				
Investment securities				
Cash surrender value of officer life insurance				
Total Noncurrent Assets				
Property, Plant and Equipment, at cost				
Telephone plant in service				
Less accumulated depreciation				
Net Property, Plant and Equipment				

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See independant accountants' review report.

LAVACA TELEPHONE COMPANY AND SUBSIDIARY

CONSOLIDATING STATEMENT OF OPERATIONS

Year Ended December 31, 2012

	Lavaca Telephone Co.	Pinnacle Telecom LLC	Elimina- tions	Consoli- dated Balance
Operating Revenues:				
Regulated:				
Local service				
Access and long-distance				
Miscellaneous				
Nonregulated:				
Internet				
Long distance				
Video				
Other				
Total Operating Revenues				
Operating Expenses:				
Regulated:				
Plant specific				
Plant non-specific:				
Depreciation and amortization				
Network and other				
Customer operations				
Corporate operations				
Operating taxes				
Nonregulated:				
Internet				
Long distance				
Video				
Other				
Total Operating Expenses				
Net Operating Income				
Interest and Dividend Income				
Equity in Net Operations of Investments				
Interest Expense				
Net Income				

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LAVACA TELEPHONE COMPANY AND SUBSIDIARY

SCHEDULE OF TELEPHONE PLANT IN SERVICE - ARKANSAS

December 31, 2012

Assets

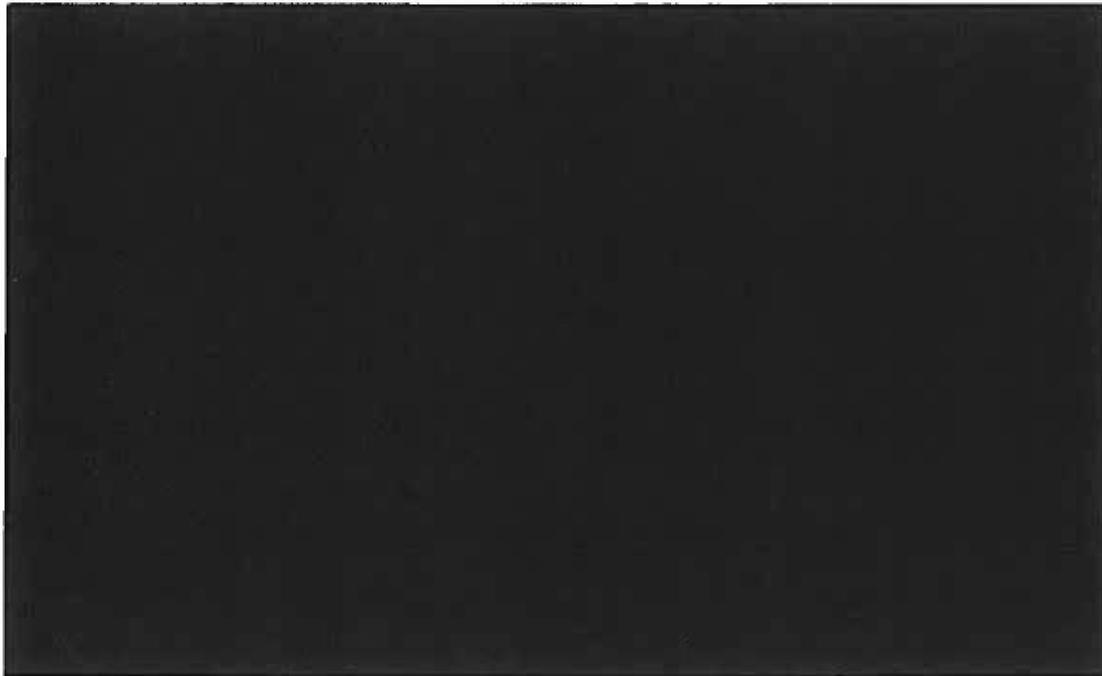
	<u>Balance December 31, 2011</u>	<u>Additions</u>	<u>Disposals/ Reclass- ifications</u>	<u>Balance December 31, 2012</u>
Land	\$			
Motor Vehicles				
Other Work Equipment				
Buildings				
Building - Remote				
Building - Signage				
Furniture				
Office Support Equipment				
General Purpose Computers				
COE - Digital Electronic Switch				
COE Remote - Generator				
COE - Voice Mail				
COE - ADSL Multiplex				
Circuit Equip. - Local CXR				
Poles				
Buried Fiber				
Aerial Wire				
	<u>\$</u>			

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See independant accountants' review report.

Accumulated Depreciation

<u>Annual Depreciation Rate</u>	<u>Balance December 31, 2011</u>	<u>Additions</u>	<u>Disposals/ Reclass- ifications</u>	<u>Balance December 31, 2012</u>
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LAVACA TELEPHONE COMPANY AND SUBSIDIARY

SCHEDULE OF TELEPHONE PLANT IN SERVICE - OKLAHOMA

December 31, 2012

Assets

	<u>Balance December 31, 2011</u>	<u>Additions</u>	<u>Disposals/ Reclass- ifications</u>	<u>Balance December 31, 2012</u>
Land				
Motor Vehicles				
Other Work Equipment				
Buildings				
Furniture				
Office Support Equipment				
General Purpose Computers				
COE - ADSL Multiplex				
Circuit Equip. - Local CXR				
Poles				
Buried Cable				
Buried Cable - Right of Way				
Buried Cable - Drops				
Buried Fiber				
Aerial Wire				

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See independant accountants' review report.

Accumulated Depreciation

<u>Annual Depreciation Rate</u>	<u>Balance December 31, 2011</u>	<u>Additions</u>	<u>Disposals/ Reclass- ifications</u>	<u>Balance December 31, 2012</u>
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LAVACA TELEPHONE COMPANY AND SUBSIDIARY

SCHEDULE OF OPERATIONS BY STATE

Year Ended December 31, 2012

	<u>Arkansas</u>	<u>Oklahoma</u>	<u>Total</u>
Operating Revenues:			
Local service			
Access and long-distance			
Miscellaneous			
Total Operating Revenues			
Operating Expenses:			
Plant specific			
Plant non-specific:			
Depreciation and amortization			
Network and other			
Customer operations			
Corporate operations			
Total Operating Expenses			
Net Operating Revenue			
Operating Taxes:			
Other operating taxes			
Total Operating Taxes			
Net Operating Income			
Interest Income			
Interest Expense			
Net Regulated Income			
Nonregulated Income			
Net Income			

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