

OCT 29 2013

FCC Mail Room



Lake Livingston Telephone Company

229 Stevens Lane Livingston, TX 77351

Phone: 936-566-4000 Fax: 936-566-5300

10/25/2013

To: Marlene H. Dortch, FCC Secretary

445 12th St. SW

Room TW-A325

Washington, DC 20554

Re: Docket No. 10-90

FCC Form 481 Filing for Lake Livingston Telephone Company

Please find the attached FCC Form 481, which contains certain information required pursuant to 47 CFR § 54.313, for Lake Livingston Telephone Company. Certain information included in this filing is Redacted for Public Inspection. A version with confidential information is being filed at the same time under a separate cover letter.

Thank you,

Terry Gentle

General Manager

Lake Livingston Telephone Company

No. of Copies rec'd 0+1
List ABCDE

OCT 29 2013

FCC Mail Room

FCC Form 481 - Carrier Annual Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0086/OMB Control No. 3060-0619 July 2013
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<010> Study Area Code	442104
<015> Study Area Name	LAKE LIVINGSTON TEL
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Terry Gentle
<035> Contact Telephone Number: Number of the person identified in data line <030>	936-566-4000
<039> Contact Email Address: Email of the person identified in data line <030>	tgentle@livingston.net

ANNUAL REPORTING FOR ALL CARRIERS	54.313	54.422
	Completion Required	Completion Required

			(check box when complete)	
			54.313	54.422
<100> Service Quality Improvement Reporting	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report				
<300> Unfulfilled Service Requests (voice)		<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)	(attach descriptive document)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)		<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)	(attach descriptive document)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	<input type="text" value="0.0"/>			
<420> Mobile	<input type="text" value="0.0"/>			
<430> Number of Complaints per 1,000 customers (broadband)			<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed	<input type="text" value="0.0"/>			
<450> Mobile	<input type="text" value="0.0"/>			
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <input type="text" value="442104tx510"/>	(attach descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <input type="text" value="442104tx610"/>	(attach descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if yes, complete attached worksheet)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)		<input type="checkbox"/>	<input type="checkbox"/>
<1010> <input type="text" value=""/>	(attach descriptive document)		<input type="checkbox"/>	<input type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if not, check to indicate certification)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1110>	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

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

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	442104
<015>	Study Area Name	LAKE LIVINGSTON TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Terry Gentle
<035>	Contact Telephone Number - Number of person identified in data line <030>	936-566-4000
<039>	Contact Email Address - Email Address of person identified in data line <030>	tgentle@livingston.net

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

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

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

Name of Attached Document (.pdf)

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

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

(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	442104
<015>	Study Area Name	LAKE LIVINGSTON TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Terry Gentle
<035>	Contact Telephone Number - Number of person identified in data line <030>	936-566-4000
<039>	Contact Email Address - Email Address of person identified in data line <030>	tgentle@livingston.net

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

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

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

- <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)

(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	442104
<015> Study Area Name	LAKE LIVINGSTON TEL
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Terry Gentle
<035> Contact Telephone Number - Number of person identified in data line <030>	936-566-4000
<039> Contact Email Address - Email Address of person identified in data line <030>	tgentle@livingston.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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<010>	Study Area Code	442104
<015>	Study Area Name	LAKE LIVINGSTON TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Terry Gentle
<035>	Contact Telephone Number - Number of person identified in data line <030>	936-566-4000
<039>	Contact Email Address - Email Address of person identified in data line <030>	tgentle@livingston.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans 442104tx1210

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. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	442104
<015>	Study Area Name	LAKE LIVINGSTON TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Terry Gentle
<035>	Contact Telephone Number - Number of person identified in data line <030>	936-566-4000
<039>	Contact Email Address - Email Address of person identified in data line <030>	tgentle@livingston.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)}	<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"/>
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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	Name of Attached Document Listing Required Information _____
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(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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<010>	Study Area Code	442104
<015>	Study Area Name	LAKE LIVINGSTON TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Terry Gentle
<035>	Contact Telephone Number - Number of person identified in data line <030>	936-566-4000
<039>	Contact Email Address - Email Address of person identified in data line <030>	tgentle@livingston.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, contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	<input type="checkbox"/>
(3011)			
(3012)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))		<input checked="" type="checkbox"/> (Yes/No)
(3014)	If yes, does your company file the RUS annual report Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:		<input type="checkbox"/> (Yes/No)
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation		
(3018)	If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:	Name of Attached Document Listing Required Information	<input checked="" type="checkbox"/> (Yes/No)
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications		<input checked="" type="checkbox"/>
(3020)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(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:		<input checked="" type="checkbox"/>
(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,		<input checked="" type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input checked="" type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input checked="" type="checkbox"/>
(3025)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	442104tx3026

Certification - Reporting 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	442104
<015>	Study Area Name	LAKE LIVINGSTON TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Terry Gentle
<035>	Contact Telephone Number - Number of person identified in data line <030>	936-566-4000
<039>	Contact Email Address - Email Address of person identified in data line <030>	tgentle@livingston.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:	
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	FEC Form 481 OMB Control No. 3060-0936/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	442104
<015> Study Area Name	LAKE LIVINGSTON TEL
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Terry Gentle
<035> Contact Telephone Number - Number of person identified in data line <030>	936-566-4000
<039> Contact Email Address - Email Address of person identified in data line <030>	tgentle@livingston.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) <u>Josh Fondren</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:	Josh Fondren
Name of Reporting Carrier:	LAKE LIVINGSTON TEL
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 10/14/2013
Printed name of Authorized Officer:	Stephen Blount
Title or position of Authorized Officer:	President
Telephone number of Authorized Officer:	9365664000
Study Area Code of Reporting Carrier:	442104 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:	LAKE LIVINGSTON TEL
Name of Authorized Agent or Employee of Agent:	Josh Fondren
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 10/14/2013
Printed name of Authorized Agent or Employee of Agent:	Josh Fondren
Title or position of Authorized Agent or Employee of Agent:	Consultant
Telephone number of Authorized Agent or Employee of Agent:	918-376-9901
Study Area Code of Reporting Carrier:	442104 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

LAKE LIVINGSTON TELEPHONE COMPANY – SAC 442104

FCC Form - Program Year 2014

Line 510

COMPLIANCE WITH SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES - §54.313(a)(5)

Lake Livingston Telephone Company (“Lake Livingston” or “the Company”) complies with all applicable service quality standards and consumer protection rules as required by the Public Utility Commission of Texas (“PUC”) and the Federal Communications Commission (“FCC”).

The rates, terms and conditions under which the Company operates are identified in its Local Exchange Tariff, which is approved by the PUC. The Company’s tariff contains provisions regarding its customer service and protection practices, including resolving customer disputes, applying for, refusing, disconnection and cancellation of service. Rates and terms of service are disclosed to customers upon application for service as part of a packet of information for new customers.

Service quality standards are established by the PUC and Lake Livingston consistently meets or exceeds those requirements. The Company provides quarterly reports to the Texas PUC pursuant to the commission’s rules.

The protection of its customers’ privacy and information is a constant part of Lake Livingston’s quality of service. The Company has a policy and operating procedures that comply with the FCC’s Customer Proprietary Network Information (“CPNI”) rules (47 C.F.R 64.2001 – 64.2011). Certification of Lake Livingston’s compliance with the FCC’s CPNI rules is filed with the FCC annually.

Lake Livingston Telephone Company (SAC 442104)

Statement Regarding the Ability to Function in Emergency Situations

47 CFR § 54.313(a)(6)

Form 481, Line 610

Lake Livingston Telephone Company (LLTC) is an incumbent local exchange carrier operating in the state of Texas, and is an eligible telecommunications carrier (ETC) designated by the Texas Public Utilities Commission (TPUC). As such, LLTC is subject to the regulatory authority of the TPUC and operates under the relevant rules and laws of the state of Texas.

LLTC is subject to TPUC rules regarding the ability to remain functional in emergency situations by (1) maintaining at least eight hours of backup power to ensure functionality without local alternating current (AC) commercial power, (2) establishing the ability to reroute traffic around damaged facilities and to manage traffic spikes resulting from emergency situations, and (3) establishing procedures for employees to follow in an emergency to prevent or minimize interruption or impairment of telecommunications services.

LLTC has 2 fixed generators at the Central Office. LLTC also has 6 portable generators capable of providing the required level of backup power, and that can be deployed as necessary to LLTC's switching and remote sites. LLTC's network is capable of rerouting traffic around damaged facilities, although this ability is not absolute and may be limited in certain circumstances. However, LLTC follows all industry standard practices in ensuring its network remains functional during different types of emergency situations.



REGULATORY ADVISORY

REGULATORY ADVISORY NO. 1827

TO: TSTCI Member Companies
 DATE: February 11, 2013
 TOPIC: Updated 2013 Poverty Guidelines

The U.S. Department of Health and Human Services has updated the 2013 Poverty Guidelines which are applicable for Lifeline customers who qualify based on income. As you know, to obtain the Lifeline discounts based upon income, the customer is required to provide the Low Income Discount Administrator (LIDA) with a completed enrollment form and documentation of household income. LIDA then will include eligible customers in the eligible customer list companies download each month from the LIDA's ftp site.

PURA Sec. 55.015 mandates that a customer whose income is at or below 150% of the federal poverty guidelines is eligible for Lifeline Services.

Although your company is not responsible for determining eligibility based on income and LIDA now manages the self-certification process for customers who qualify for the Lifeline Services, we are including the 2013 Federal Poverty Guidelines in this advisory for your information.

Household Size	Poverty Level	150% of Poverty Level
1	\$11,490/yr.	\$17,235/yr. or \$1,436.25/mo.
2	\$15,510/yr.	\$23,265/yr. or \$1,938.75/mo.
3	\$19,530/yr.	\$29,295/yr. or \$2,441.25/mo.
4	\$23,550/yr.	\$35,325/yr. or \$2,943.75/mo.
5	\$27,570/yr.	\$41,355/yr. or \$3,446.25/mo.
6	\$31,590/yr.	\$47,385/yr. or \$3,948.75/mo.
7	\$35,610/yr.	\$53,415/yr. or \$4,451.25/mo.
8	\$39,630/yr.	\$59,445/yr. or \$4,953.75/mo.
Each Additional Person – Add	\$4,020/yr.	\$6,030/yr. or \$502.50/mo.

The 2013 Poverty Guidelines were published in the Federal Register on January 24, 2013; and have recently been updated on the PUC's website at:

<http://www.puc.texas.gov/consumer/lowincome/Assistance.aspx>.

Customers can obtain the self-enrollment form for Lifeline Discounts by calling toll free 1-866-454-8387 or by completing the online application through the PUC's website.

Please contact Cammie Hughes at (512) 343-2587 or send an email to cammie@tstci.org if you have any questions regarding this advisory.

CONFIDENTIALITY NOTICE: This communication and any files and/or documents attached to it are intended only for the use of the person or entity to which it is addressed. It contains information that may be privileged, confidential and exempt from disclosure under applicable law. If you have received this communication in error, you are hereby notified that any disclosure, copying, distribution or taking of any action in reliance on the contents of this communication is strictly prohibited. Please notify the sender immediately by electronic mail and destroy all forms of this communication (electronic or paper). For further explanation of TSTCI's confidentiality policy, please see Membership Alert No. 001.

LAKE LIVINGSTON TELEPHONE COMPANY, INC.

**Financial Statements and
Auditor's Report**

December 31, 2012 and 2011

Redacted - For Public Inspection

LAKE LIVINGSTON TELEPHONE COMPANY, INC.

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Notes to the Financial Statements	8 - 9



**MIZE & HOUSER
& COMPANY P.A.**

The Board of Directors
Lake Livingston Telephone Company, Inc.
San Antonio, Texas

Independent Auditor's Report

We have audited the accompanying balance sheets of Lake Livingston Telephone Company, Inc. (the Company) as of December 31, 2012 and 2011, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Mize Houser & Company P.A.

Redacted - For Public Inspection

Certified Public Accountants

Overland Park, Kansas
June 19, 2013

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LAKE LIVINGSTON TELEPHONE COMPANY, INC.

Balance Sheets
December 31.

<u>Assets</u>	2012	2011
Current assets:		
Cash and cash equivalents	\$	\$
Telecommunications accounts receivable:		
Customers, less allowance for doubtful accounts of [REDACTED] in 2012 and 2011		
Interexchange carriers, net		
Other accounts receivable		
Accounts receivable, affiliates		
Materials and supplies		
Refundable income taxes		
Prepaid expenses		
Deferred income taxes		
Total current assets		
Noncurrent assets:		
Investment in nonregulated facilities, net of accumulated depreciation of [REDACTED] and [REDACTED] in 2012 and 2011, respectively		
Prepaid expenses		
CoBank stock		
Total noncurrent assets		
Property, plant and equipment:		
Telecommunications plant in service		
Less accumulated depreciation		
Net property, plant and equipment		
Total assets	\$	\$

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The accompanying summary of significant accounting policies and notes are an integral part of these statements.

Liabilities and Stockholder's Equity

	<u>2012</u>	<u>2011</u>
Current liabilities:		
Current maturities of long-term debt	\$	\$
Accounts payable		
Advance billings and customer deposits		
Accrued compensation and benefits		
Accrued operating taxes		
Other current liabilities		
Total current liabilities		
Long-term liability:		
Deferred income taxes		
Total liabilities		
Stockholder's equity:		
Common stock, [redacted] shares authorized, [redacted] shares issued and [redacted] shares outstanding		
Additional paid in capital		
Retained earnings		
Less [redacted] shares of common stock held in treasury, at cost		
Total stockholder's equity		
Total liabilities and stockholder's equity	\$	\$

LAKE LIVINGSTON TELEPHONE COMPANY, INC.

Statements of Income
Years Ended December 31,

	2012	2011
Operating revenues:		
Local network service revenue	\$	\$
Long distance network service revenue		
Miscellaneous revenue		
Total operating revenues		
Operating expenses:		
Plant specific		
Plant non-specific:		
Depreciation		
Network and other		
Customer operations		
Corporate operations		
Total operating expenses		
Total net operating income		
Operating taxes:		
Deferred operating income tax expense		
Other operating taxes		
Total operating taxes		
Net income from operations		
Nonoperating (expense) income:		
Nonregulated net (loss), including depreciation of [REDACTED] in 2012 and 2011, respectively		
Interest and dividend income		
Deferred nonoperating income tax benefit		
Other, net		
Total nonoperating (expense)		
Income before fixed charges		
Fixed charges:		
Interest on long-term debt		
Amortization of debt issue costs		
Total fixed charges		
Net income	\$	\$

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The accompanying summary of significant accounting policies
and notes are an integral part of these statements.

LAKE LIVINGSTON TELEPHONE COMPANY, INC.

Statements of Changes in Stockholder's Equity
Years Ended December 31, 2012 and 2011

	<u>Common Stock</u>	<u>Additional Paid In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Stockholder's Equity</u>
Balance at December 31, 2010	\$				
Net income for the year					
Balance at December 31, 2011					
Dividends issued					
Net income for the year					
Balance at December 31, 2012	\$				

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The accompanying summary of significant accounting policies and notes are an integral part of these statements.

LAKE LIVINGSTON TELEPHONE COMPANY, INC.

Statements of Cash Flows
Years Ended December 31,

	2012	2011
Cash flows from operating activities:		
Net income	\$	\$
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		
Amortization		
Loss on disposal of assets		
Noncash CoBank dividends		
Deferred income taxes		
Decrease (increase) in accounts receivable		
Decrease in materials and supplies		
(Increase) decrease in refundable income taxes		
Decrease in prepaid expenses		
(Decrease) increase in accounts payable		
(Decrease) increase in other current liabilities		
Net cash provided by operating activities		
Cash flows from investing activities:		
Acquisition of property, plant and equipment		
Cash proceeds from retirement of CoBank stock		
Net cash (used in) investing activities		
Cash flows from financing activities:		
Payments on long-term debt		
Dividends paid in cash		
Net cash (used in) financing activities		
 Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of year		
Cash and cash equivalents at end of year	\$	\$
Supplemental cash flow disclosures:		
Cash payments for interest during year	\$	\$
Cash payments for income taxes during year	\$	\$
Property and equipment purchased with accounts payable at year-end	\$	

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

LAKE LIVINGSTON TELEPHONE COMPANY, INC.

Summary of Significant Accounting Policies Years Ended December 31, 2012 and 2011

Organization

Lake Livingston Telephone Company, Inc. (the Company) is a wholly owned subsidiary of McHenry Corporation (McHenry) and provides local telephone and related services to customers in the Lake Livingston area in Southeast Texas. The Company also provides these customers with access to the long distance network and receives revenues for provision of this access from interexchange carriers. In addition, the Company provides nonregulated services including internet, cable television, long distance (through June of 2012), and sales and service of nonregulated telecommunications equipment. During July of 2012, the Company transferred its subscriber long distance resale service to Lake Livingston Communications, Inc. (LLCOM), a wholly owned subsidiary of McHenry.

Telecommunications Plant

Telecommunications plant in service at December 31, 2012 and 2011 is stated at original cost. For financial statement purposes, the Company records depreciation on plant in service on a straight-line basis at annual rates prescribed by the Texas Public Utility Commission (TPUC), which will amortize the depreciable property over its estimated useful life. Nonregulated facilities are stated at cost and depreciated on accelerated and straight-line methods over their estimated useful lives. Management annually reviews these assets to determine whether carrying values have been impaired.

For income tax purposes, the Company provides for depreciation utilizing both straight-line and accelerated methods as prescribed by income tax regulations.

Materials and Supplies

Materials and supplies inventories are valued on the average cost basis.

Income Taxes

The Company files its federal income tax return on a consolidated basis with McHenry and LLCOM. Income tax expense or benefit is computed based on the taxable income or loss of the Company at the marginal tax rate in effect. Any consolidated tax benefit or expense is allocated to the entity from which the benefit or expense originated.

Deferred income taxes are provided for temporary differences between the income tax bases and financial statement bases of assets and liabilities.

Revenue Recognition

Compensation for Intrastate/Intralata services is received through tariffed long distance rates filed with the TPUC and billed to the end user. The Company retains all Intrastate/Intralata long distance billed to the end user and receives assistance from the Texas Universal Service Fund (TUSF) related to the provision of this intrastate long distance service.

Compensation for Intrastate/Interlata service is received through tariffed access charges as filed with the TPUC. These access charges are billed to the Interlata long distance carrier and retained by the Company.

The Company has filed its own tariff with the Federal Communications Commission (FCC) for its Interstate access charges. These access charges are billed to the appropriate long distance carrier and retained by the Company.

LAKE LIVINGSTON TELEPHONE COMPANY, INC.

Summary of Significant Accounting Policies
Years Ended December 31, 2012 and 2011

Revenue Recognition (continued)

In addition, the Company receives support from the Universal Service Fund (USF) related to the cost of providing local telephone service in high cost areas, as well as recovery of certain revenues impacted by the "USF/ICC Transformation Order". The amount of such support is determined based on Company specific data.

The Company reports all USF and TUSF payments received as long distance network service revenue. For the years ended December 31, 2012 and 2011, [REDACTED]

Trade Accounts Receivable

Trade accounts receivable, both customers and interexchange carriers, are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to trade accounts receivable. Changes in the allowance for doubtful accounts have not been material to the financial statements.

Amortization

The Company incurred certain costs in obtaining its long-term financing. These costs were amortized on a straight-line basis over the terms of the loans.

Statement of Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LAKE LIVINGSTON TELEPHONE COMPANY, INC.

Notes to the Financial Statements
Years Ended December 31, 2012 and 2011

1. Related Parties

On November 10, 1995, all of the common stock of the Company was purchased by McHenry from TDS Telecommunications Corporation. McHenry was formed in order to purchase the Company.

During the years ended December 31, 2012 and 2011, the Company made certain payments on behalf of McHenry. [REDACTED]

LLTC bills its customers for long distance services provided by LLCOM and collects payments on behalf of LLCOM. [REDACTED]

2. Long-Term Debt

[REDACTED] The loan was secured by all real and personal property owned or acquired by the Company, a guaranty from McHenry, and all common stock in the Company owned by McHenry. The payment of dividends or other distributions was limited by terms of the loan agreement. The loan agreement contained various restrictive covenants, which included maintaining specified financial ratios. The term note was paid off in June 2012.

3. Income Taxes

The Company files an income tax return in the United States federal jurisdiction. The Company is generally no longer subject to federal income tax examinations by taxing authorities for years before 2009. There are currently no income tax examinations of the Company's income tax returns in progress.

The Company files its income tax returns on a consolidated basis with McHenry and LLCOM. Current income tax expense is computed based on the Company's taxable income at the marginal rate in effect.

The provision for income taxes differs from that computed by applying statutory rates to the income before income taxes, as indicated in the following analysis:

	<u>2012</u>	<u>2011</u>
Federal income tax expense at 34%	[REDACTED]	[REDACTED]
Nondeductible expenses	[REDACTED]	[REDACTED]
Effect on change in income tax rates used to calculate deferred income tax asset and liability, treated as a change in accounting estimate in 2012	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]
Total income tax expense recorded	[REDACTED]	[REDACTED]

The differences between the basis of the Company's assets and liabilities for income tax reporting purposes and for financial reporting purposes are principally from the use of accelerated depreciation for income tax purposes and the expected future income tax benefits of the federal net operating loss carryforwards. [REDACTED]

LAKE LIVINGSTON TELEPHONE COMPANY, INC.

Notes to the Financial Statements
Years Ended December 31, 2012 and 2011

4. Retirement Plans

The Company participates in a tax deferred 401(k) profit sharing plan whereby eligible employees may contribute amounts of their compensation, up to the maximum allowable by IRS regulations, to the plan. [REDACTED]

[REDACTED] No profit sharing contributions were made for the year ended December 31, 2011.

5. Concentrations

The Company maintains cash at financial institutions in Missouri and Texas. At certain times, the Company has amounts on deposit in excess of the Federal Deposit Insurance Corporation limits. The Company also maintains a money market account at a brokerage firm whose security accounts are insured up to specified limits by the Securities Investor Protection Corporation. The Company monitors the financial stability of the financial institutions and brokerage firm and does not believe there is a significant credit risk associated with the deposits.

6. Operating Leases

The Company had a lease for access to buried cable, which terminated effective January 1, 2012. [REDACTED]

The Company also had an operating lease, as the lessor, for the use of a radio tower site, which terminated effective January 1, 2012. [REDACTED]

7. Contingency

In December 2011, the FCC released the Order and "Further Notice of Proposed Rulemaking" (FNPRM), with the stated objective of reforming and modernizing the universal service and intercarrier compensation system. As of the report date, the FCC has issued six additional orders for reconsideration and several clarifying orders in an attempt to clarify and more clearly define various aspects of the original order.

Numerous petitions for reconsideration of various aspects of the Order and FNPRM have been filed by certain affected companies and telecommunications industry organizations. A portion of these petitions have been addressed by the FCC but others remain unresolved at this time.

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

8. Reclassification

Certain amounts in the 2011 financial statements have been reclassified to conform with 2012 treatment.

9. Subsequent Events

The Company has evaluated subsequent events through June 19, 2013 the date the financial statements were available to be issued.