

<010> Study Area Code	280446
<015> Study Area Name	BAY SPRINGS TEL CO
<020> Program Year	2015
<030> Contact Name: Person USAC should contact with questions about this data	Veronica Martin
<035> Contact Telephone Number: Number of the person identified in data line <030>	6013549070 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	filingsRAD@tec.com

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ANNUAL REPORTING FOR ALL CARRIERS	54,313 Completion Required:	54,422 Completion Required:
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<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" 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		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	[Redacted] (attach descriptive document)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	[Redacted] (attach descriptive document)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)			
<410> Fixed	0.4038	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> [Redacted]	(attached 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> [Redacted]	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	(If yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010> [Redacted]	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)?	(If not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

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

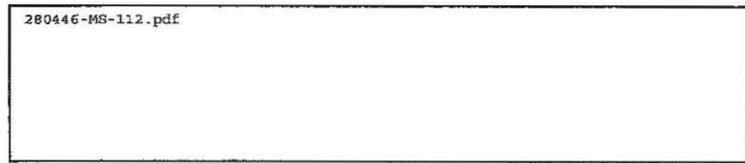
(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	280446
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<110> Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
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 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

Please check these boxes below to confirm that the attached documents(s), 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.

(1100) No Terrestrial Backhaul Reporting Data Collection Form

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

<010>	Study Area Code	280446
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<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	280446
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<020>	Program Year	2015
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<039>	Contact Email Address - Email Address of person identified in data line <030>	filingsRAD@tec.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans



Name of Attached Document

<1220> Link to Public Website

HTTP <http://www.tec.com/Terms>

"Please check these boxes below to confirm that the attached document(s), 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. 3060-0985/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	280446
<015>	Study Area Name	BAY SPRINGS TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	filingsRAD@tec.com

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

- Incremental Connect America Phase I reporting
 - <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)}
 - <2011> 3rd Year Certification {47 CFR § 54.313(b)(2)}
- Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}
 - <2012> 2013 Frozen Support Certification
 - <2013> 2014 Frozen Support Certification
 - <2014> 2015 Frozen Support Certification
 - <2015> 2016 and future Frozen Support Certification
- Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}
 - <2016> Certification Support Used to Build Broadband
- Connect America Phase II Reporting {47 CFR § 54.313(e)}
 - <2017> 3rd year Broadband Service Certification
 - <2018> 5th year Broadband Service Certification
 - <2019> Interim Progress Certification
 - <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	280446
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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.

(3010) Progress Report on 5 Year Plan Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) (Yes/No)
 (3014) If yes, does your company file the RUS annual report (Yes/No)

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

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

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

280446-MS-3017.pdf

Name of Attached Document Listing Required Information

(3018) If the response is no on line 3014, Is your company audited? (Yes/No)
 If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

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

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

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

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

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

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

(3024) Underlying information subjected to an officer certification.

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

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Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0815 July 2013
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<010> Study Area Code	260446
<015> Study Area Name	BAY SPRINGS TEL CO
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Veronica Hattin
<035> Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	filingsRAD@ec.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 U 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:	BAY SPRINGS TEL CO
Signature of Authorized Officer:	<i>James W. Gartner</i> Date 6-18-14
Printed name of Authorized Officer:	JAMES W. GARTNER
Title or position of Authorized Officer:	VICE PRESIDENT OF OPERATIONS
Telephone number of Authorized Officer:	601-354-9070
Study Area Code of Reporting Carrier:	260446 Filing Due Date for this form: 06/30/2014
<small>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(a), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.</small>	

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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	280446
<015> Study Area Name	BAY SPRINGS TEL CO
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035> Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	filingsRAD@ec.com

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

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
<small>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.</small>	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
<small>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.</small>	

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Attachments

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1. Bay Springs Telephone Company, Inc.'s demonstration of complying with applicable service quality standards and consumer protection rules:

In establishing this certification in its *2005 ETC Order*,¹ the FCC found that an ETC must make "a specific commitment to objective measures to protect consumers."²

The Commission found that for wireless ETCs, compliance with CTIA's Consumer Code for Wireless Service would satisfy this requirement" and that the sufficiency of other commitments would be considered on a case-by-case basis.³ In this context, the FCC stated, "to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law, compliance with such laws may meet our requirement."⁴

Bay Springs Telephone Company, Inc. ("Company") hereby certifies that it is complying with applicable service quality standards and consumer protection rules. The Company is subject to consumer protection obligations under state law. These obligations include, but are not limited to, the following: (1) filing a Local Exchange Tariff pursuant to the requirements of Mississippi Public Service Commission which disclose rates, terms and conditions of service to customers; (2) adherence to state consumer protection requirements governing telephone providers under Title 39 Utilities, Part III Rules and Regulations Governing Public Utility Service , Subpart 1, General

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

² *Id.* at para. 28.

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

⁴ *Id.* at n. 72.

Rules, and Subpart 3, Special Rules – Telephone Companies, including requirements for customer service, billing, consumer complaints, rates and charges, and under Miss. Code Ann. Title 77, Chapter 3 statutes; and (3) truth-in-billing requirements; and (4) CPNI, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy.

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Five-Year Network Improvement Plan
For Bay Springs Telephone Company, Inc.

In its *USF/ICC Transformation Order* and subsequent Orders, the Federal Communications Commission (“FCC” or “Commission”) requires Eligible Telecommunications Carriers (“ETCs”) to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(ii) of the Commission’s Rules by July 1, 2014 and to submit annual progress reports thereafter.¹ Section 54.202(a) (1) (ii) states in part that ETCs are to [s]ubmit a five-year plan that describes with specificity proposed improvements or upgrades to the [ETC’s] network throughout its proposed service area. Each [ETC] shall estimate the area and population that will be served as a result of the improvements”²

In its *March 5, 2013 Order*, the FCC specified that for rate-of-return carriers, the five-year plans “should describe the carrier’s network improvement plan, which should provide greater visibility into current plans to extend broadband service to unserved locations in rate-of-return service territories.”³ Bay Springs Telephone Company, Inc.

¹ See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-61 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*) at Para. 587; *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011); see also *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 12-147 (rel. Feb. 12, 2012) at Para. 5 (amending Section 54.313(a)(1) to clarify this requirement); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Third Order on Reconsideration, FCC 12-52 (rel. May 14, 2012) at Para. 10 (changing the filing deadline for the annual reports from April 1 to July 1); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 13-332 (rel. Mar. 5, 2013) (“*March 5, 2013 Order*”) at Para’s. 4, 6-9. Delaying Five Year Plan until July 1, 2014 see WC Docket No. 10-90, Order, DA 13-1115, Para. 8 (released May 16, 2013).

² 47 C.F.R. § 54.202(a) (1) (ii).

³ *March 5, 2013 Order* at Para. 9 *citing* Section 54.202(a) (1) (ii).

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("Bay Springs" or the "Company") is a rate-of-return carrier ETC and hereby submits its five-year network improvement plan.

I. The Challenges Faced by the Company in Providing Voice and Broadband to its Rural Service Area

A. Description of the Company and its Service Area

Bay Springs is a Rural LEC that provides services to approximately 7,000 households and businesses in central Mississippi. As a carrier of last resort Bay Springs faces increased hardship recovering cost due to diminishing returns on investment from the *USF/ICC Transformation Order*, as well as the loss of access revenue. Much of the area is rural Mississippi farmland, where there are few customers per square mile. While Bay Springs is the carrier of last resort cellular and cable carriers may choose to provide service only to more populated towns without providing service to the high cost areas which results in a distinct financial advantage for competition that is further amplified through increased regulatory burdens on rate of return local exchange carriers.

B. The Exchanges Contained Within the Company's Study Area

Bay Springs serves the combined exchange area(s) of:

Bay Springs	Walters
Soso	Polkville
White Oak	Louin
Homewood	Rose Hill
Sylvarena	Pittman
Old Taylorsville	Big Creek

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II. The Company Has Used and Will Use Universal Service Support Only For the Intended Purposes

Section 254(e) of the Communications Act of 1934, as amended requires ETCs to use Universal Service support (“USF”) “only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.”⁴ Pursuant to Section 54.314 of the FCC’s rules, in order for state-designated ETCs to receive USF for the coming year, states must annually file certifications by October 1 stating that all federal high-cost support provided to such carriers within the state “was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.”⁵ ETCs not designated by a state must file similar certifications with the FCC.⁶

In its *USF/ICC Transformation Order*, the FCC clarified that prior to making the Section 254(e) certifications, states should conduct a “rigorous examination of the factual information” contained in the annual Section 54.313 reports, of which the five year network improvement plan and annual progress reports are a part, in determining whether they can certify that carriers’ support has been used and will be used only for the purpose for which the support was intended.⁷ The FCC said that it would also use the reports to verify certifications filed by ETCs that are not state-designated.⁸ In this context, the Commission stated, “[i]n light of the public interest obligations we adopt in this Order, a

⁴ 47 U.S.C. § 254(e).

⁵ 47 C.F.R. § 54.314(a).

⁶ 47 C.F.R. § 54.314(b).

⁷ See *USF/ICC Transformation Order* at Para. 612.

⁸ *Id.*

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key component of this [Section 254(e)] certification will now be that support is being used to maintain and extend modern networks capable of providing voice and broadband service.”⁹

Essentially, under the existing rules and processes, the federal USF received by the Company and other incumbent rural telephone companies are, in fact, an integral part of the recovery of expenditures of rural incumbent local exchange carriers incurred in the provision, maintenance and upgrading of their provision of facilities and services for which the USF is intended. Bay Springs depends upon its receipt and utilization of federal universal service support to provide rural telephone customers with affordable and quality voice and broadband services.

Accordingly, given the critical role the network improvement plan and the progress reports will have in the annual Section 254(e) certification process, Bay Springs’s plan will demonstrate not only how the Bay Springs has used and will use USF not only for improvements and upgrades, but also for the provision and maintenance of the facilities and services to which the support was intended.

III. The Company’s Five-Year Network Improvement Plan

When the Commission adopted its five-year plan requirements for FCC-designated ETCs in its *2005 ETC Order*, it set forth the following criteria as to how the ETC is to describe with “specificity” the proposed improvements or upgrades to the ETC's network throughout its service area:

- (1) how signal quality, coverage, or capacity will improve due to the receipt of high-cost support throughout the area for which the ETC seeks

⁹ *Id.* (emphasis supplied).

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designation; (2) the projected start date and completion date for each improvement and the estimated amount of investment for each project that is funded by high-cost support; (3) the specific geographic areas where the improvements will be made; and (4) the estimated population that will be served as a result of the improvements.¹⁰

In that order, the FCC clarified that service quality improvements in the five-year plan “do not necessarily require additional construction of network facilities.”¹¹ Accordingly, the improvements listed in the plan may be projects related to the expansion of the network (one or multiple services), projects related to updating technology to accommodate new services or higher bandwidth or maintenance projects, such as to reduce trouble reports or replace outdated equipment. Additionally, in some cases, the projects may be ones that improve or upgrade the entire network rather than discrete areas within a study area or they may be ones that are ongoing projects that have no specific start and completion dates.

The instructions to the Form 481 state “[r]ecipients may describe where improvements are expected to occur by wire center or census block, as appropriate. To the extent no improvements are planned in specific areas, the five-year plan should so indicate.”¹² The instructions also require that in subsequent annual progress reports which must include the total amount of universal support received must provide this information “broken out separately by the amount spent on capital expenses and the

¹⁰ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“2005 ETC Order”).

¹¹ *Id.*

¹² Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), July 2013, Line 112

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amount spent on operating expenses.”¹³ Accordingly, the Company’s five-year plan separately provides both capital expenditures and operating expenses.

A. The Company’s Major Network Improvement Projects

Bay Springs has several major projects planned for the next 5 years as well as many ongoing maintenance projects. Over the next 5 years Bay Springs intends on upgrading from copper to fiber for the following wire centers; Shell, Shelby, Lorena, Wedgeworth, and Rufus in addition to building fiber to the business district in downtown Bay Springs. The only other non-ongoing project during this period is going to be a new remote addition, the Martinsville remote will be added in the White Oak exchange. In addition to these projects there will be several ongoing projects including, transport upgrades, central office power upgrades, building improvements, new computers, new vehicles, battery replacements, test equipment upgrades, other work equipment, outside plant repairs, and broadband expansion and upgrades.

B. How These Projects Will Improve the Network

In 2015-2019 Bay Springs has several planned projects to expand its fiber network in order to increase speed and reliability of both broadband and traditional telephone services within its network. The first two projects scheduled in 2015 are fiber upgrades to the Shell and Shelby remote, these should affect roughly 315 and 814 residents respectively and allow them access to 4 mbps down 1 mbps up or faster high-speed internet services as well as providing more reliable phone service. The final project planned for 2015 is a fiber build-out to the Bay Springs business district this will increase service reliability and provide greater bandwidth for the estimated 193 business

¹³ Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), July 2013, Line 112

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owners and residents in the area. During 2017 there are two major projects to be completed both of them fiber additions. Bay Springs will build fiber to the Lorena remote to increase speed and reliability of the network for a projected 365 residents in the area. Additionally Bay Springs will build fiber to the Wedgeworth remote in order to provide internet speeds of 4mbps/1mbps and greater to the area and its estimated 200 residents. In 2019 Bay Springs plans to add a new remote, the Martinsville remote, will be added in the White Oak exchange. This remote will allow an estimated 275 residents access to high speed internet services at speeds of 4mbps/1mbps or higher. The final major project Bay Springs submits is the 2019 Rufus remote fiber addition, this will allow 225 people access to faster internet.

Ongoing projects include transport upgrades that will update antiquated technology which will soon be unsupported throughout the network and help reduce trouble tickets. Various other upgrades during this time include building improvements, new computers, new vehicles, and other work equipment; these will be used to replace outdated equipment and address maintenance issues. Bay Springs requires all batteries be tested regularly to insure reliability of the network under emergency situations, which means regular battery replacement throughout the five years. Routine outside plant upgrade projects will be regarded as the normal course of business for maintaining plant facilities and the network. Finally there will be various broadband upgrades, and central office power upgrades. These projects will help to expand the network and update technology to allow higher broadband internet bandwidth speeds. See Appendix A for a full breakdown including cost of the various projects.

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**C. Part 32 and Yearly Breakdown of Estimated Capital Expenditures
 Associated with the Projects and Operating Expenses**

Appendix B included herein specifies the projects listed in Appendix A in terms of the Part 32 capital expenditures categories and in terms of the years in which the costs are expected to occur along with depreciation expense associated with the capital expenditures. In a separate section, the projected operating expenses are provided.

**D. List of Community Anchor Institutions to Which the ETC Currently
 Provides Service**

Although the FCC's *USF/ICC Transformation Order* only requires listing of community anchor institutions to which the ETC newly began providing service in progress reports, Bay Springs hereby provides the FCC with a list of community anchor institutions to which it currently provides service.¹⁴ The list of community anchor institutions is included herein as Appendix C.

F. Determination of Reasonableness

In its *March 5, 2013 Order*, the Commission stated, "We encourage rate-of-return carriers to explain in their five-year plans what criteria the carrier will use to determine whether a request for broadband is reasonable and how the carrier will decide which areas are feasible to extend terrestrial broadband service to, and which areas are not feasible to serve with terrestrial technologies, given current funding levels."¹⁵ Bay Springs hereby responds to the Commission's invitation and provides the following: Bay Springs maintains a broadband internet service request list. Once the threshold of seven

¹⁴ The FCC has defined community anchor institutions in Section 54.5 of its Rules as "schools, libraries, health care providers, community colleges, other institutions of higher education, and other community support organizations and entities."

¹⁵ *March 5, 2013 Order* at Para. 10.

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requests in a given area is achieved a facilities and demographic study on the area will be generated to determine if the area meets the minimum density for a broadband aggregation device to be deployed.

Study Area Code: 280446
 Study Area Name: Bay Springs Telephone Company, Inc.
 Company Contact Name: Lisa Wington
 Contact Telephone Number: (601) 354-9070
 Contact Email Address: FillinsRAD@TEC.com

APPENDIX A - PROJECT LIST FOR 2015-2019

Project	Start Date	Completion	Areas	Population[1]	Total Dollars	Notes from JSI Separations Contact & Company Discussion	
						Part 32 Account	Voice, Broadband, Both, etc.
Shell to Old Taylorsville Fiber Add	2015	2015	Old Taylorsville Exchange Shell remote	314	[REDACTED]	2423	Both
Fiber To Business District Project	2015	2015	Business District Bay Springs Exchange	193	[REDACTED]	2423	Both
Soso - Shelby Fiber Add	2015	2015	Soso Exchange Shelby Remote	814	[REDACTED]	2423	Both
Homewood to Lorena Fiber Add	2017	2017	Homewood Exchange Lorena remote	367	[REDACTED]	2423	Both
Lorena to Wedgeworth Fiber Add	2017	2017	White Oak Exchange Wedgeworth Remote	206	[REDACTED]	2423	Both
White Oak to Martinsville Remote Add	2019	2019	White Oak Exchange Martinsville Remote	277	[REDACTED]	2423 2232 2111	Both Both Both
Walters to Rufus Fiber Add	2019	2019	Walters Exchange Rufus Remote	230	[REDACTED]	2423	Both
Transport Upgrade	2015	2019	All Exchanges	51,177	[REDACTED]	2212	Both
Central Office Power Upgrades	2015	2019	All Exchanges	51,177	[REDACTED]	2212	Both
Building Improvements	2015	2019	All Exchanges	51,177	[REDACTED]	2121	Both
New Computers	2015	2019	All Exchanges	51,177	[REDACTED]	2124	Both
New Vehicles	2015	2019	All Exchanges	51,177	[REDACTED]	2112	Both
Battery Replacement	2015	2019	All Exchanges	51,177	[REDACTED]	2232	Both
Test Equipment Upgrade	2015	2019	All Exchanges	51,177	[REDACTED]	2123	Both
Other Work Equipment	2015	2019	All Exchanges	51,177	[REDACTED]	2114	Both
Routine Outside Plant Upgrade Project	2015	2019	All Exchanges	51,177	[REDACTED]	2423	Both
Broadband Upgrade and Expansions	2015	2019	All Exchanges	51,177	[REDACTED]	2232	Broadband
Totals					\$ [REDACTED]		

Study Area Code 280446
 Study Area Name Bay Springs Telephone Company, Inc.
 Company Contact Nam Lisa Wigington
 Contact Telephone Nur (601) 354-9070
 Contact Email Address FilingsRAD@TEC.com

APPENDIX B: 5-Year Proposed Capital Expenditures and Operating Expenses
 (1) Use the chart below to break out the regulated portion of the cost/expense on a per-year basis
 Please note that the 5-Year Plan should include regulated plant/expenses only.

Regulated Capital Expenditure (CapEX) Projections							
Account	Description	2015	2016	2017	2018	2019	Total Projected CapEx 2015-2019
2111 & 2121	Land & Building						
2112	Vehicles						
2122-2124	Support Assets						
2210	Switching Equipment						
2232	Circuit Equipment						
2410-2440	Cable & Wire Facilities						
1220	Materials & Supplies						
	Total Capital Expenditures						\$ 5,705,198

Regulated Operating Expenditure (OpEx) Projections							
Account	Operating Expenses	2015	2016	2017	2018	2019	Total Operating Expenses 2015-2019
6110-6120	General Support Maintenance						
6210	Switching Maintenance						
6230	COE Transmission Maintenance						
6410	Cable & Wire Facilities						
6530	Non-Specific (Testing, Plant Op., Engineering)						
6561-2110	General Support Depreciation						
6561-2210	Switching Depreciation						
6561-2230	Circuit Equip Depreciation						
6561-2410	Cable & Wire Depreciation						
6610-6620	Customer Operations						
6711-6720	Corporate Operations						
7240	Ad Valorem Expense						
	Total Operating Expenses						\$ 50,680,000

Note: Cell J20, Total Projected CapEx, should equal Total from Project List (cell G42)

Bay Springs List of Anchor Institutions
APPENDIX C

Anchor Institution	FullServiceAddress
BAY SPRINGS CHAMBER OF COMMERCE	2572 B HWY 15, BAY SPRINGS, MS 39422
BAY SPRINGS CHAMBER OF COMMERCE	439 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS CITY HALL	39 S SIXTH ST, BAY SPRINGS, MS 39422
BAY SPRINGS ELEMENTARY FAX	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS ELEMENTARY OFFICE	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS ELEMENTARY OFFICE	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS ELEMENTARY SPEECH	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH ATHLETICS	258 HWY 528, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH ATHLETICS	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH FAX	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH LIBRARY	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH OFFICE	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH OFFICE	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH ROTC	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH SCHOOL	510 HIGHWAY 18, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH SCHOOL	510 HIGHWAY 18, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH STUDENT	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS HIGH/ELEMENTARY CAFETERIA	510 HWY 18, BAY SPRINGS, MS 39422
BAY SPRINGS MIDDLE ASSISTANT PRINCIPAL	124 EDMUND KING RD, BAY SPRINGS, MS 39422
BAY SPRINGS MIDDLE CAFETERIA	124 EDMUND KING RD, BAY SPRINGS, MS 39422
BAY SPRINGS MIDDLE COUNSELOR	124 EDMUND KING RD, BAY SPRINGS, MS 39422
BAY SPRINGS MIDDLE FAX	124 EDMUND KING RD, BAY SPRINGS, MS 39422
BAY SPRINGS MIDDLE LIBRARY	124 EDMUND KING RD, BAY SPRINGS, MS 39422
BAY SPRINGS MIDDLE OFFICE	124 EDMUND KING RD, BAY SPRINGS, MS 39422
BAY SPRINGS MIDDLE OFFICE	124 EDMUND KING RD, BAY SPRINGS, MS 39422
BAY SPRINGS MIDDLE SCHOOL	124 EDMUND KING RD, BAY SPRINGS, MS 39422
BAY SPRINGS MIDDLE SPEECH	124 EDMUND KING RD, BAY SPRINGS, MS 39422
BAY SPRINGS MUNICIPAL LIBRARY	2747 HWY 15, BAY SPRINGS, MS 39422
BAY SPRINGS POLICE DEPARTMENT	39 S SIXTH ST, BAY SPRINGS, MS 39422
BAY SPRINGS USDA SERVICE CENTER	20 A E EIGHTH AVE, BAY SPRINGS, MS 39422
BAY SPRINGS USDA SERVICE CENTER	20 E EIGHTH AVE, BAY SPRINGS, MS 39422
DEPT OF HEALTH - BAY SPRINGS	2761 HWY 15, BAY SPRINGS, MS 39422
DEPT OF PUBLIC SAFETY	29 W EIGHTH AV, BAY SPRINGS, MS 39422
FBI - MORTON	6365 HWY 13 S, MORTON, MS 39117
FBI ENG & RESEARCH FACILITY	2315 CR 20, ROSE HILL, MS 39356
HEIDELBERG POLICE DEPARTMENT	29 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER CO BEAT 2 SUPERVISOR	1763 HWY 503, ROSE HILL, MS 39356
JASPER CO BEAT 2 SUPERVISOR	43 CR 5131, ROSE HILL, MS 39356
JASPER CO COMPULSORY SCHOOL ATTENDENCE	127 EDMUND KING RD, BAY SPRINGS, MS 39422
JASPER CO ELECTION COMMISSIONER	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER CO-OP EXTENSION SERVICE	37 B W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER COUNTY ADMINISTRATORS OFFICE	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER COUNTY AGENT	37 B W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY ASSISTANT ADM OFFICE	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER COUNTY BAPTIST ASSOCIATION	21 E THIGPEN RD, BAY SPRINGS, MS 39422
JASPER COUNTY BEAT 1 SUPERVISOR	1411 CR 23, BAY SPRINGS, MS 39422
JASPER COUNTY BOARD	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER COUNTY BOARD OF SUPERVISORS	27 W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY CHANCERY CL	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER COUNTY CHILD SUPPORT DEPARTMENT	37 A W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY CIRCUIT CLERK	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER COUNTY CIVIL DEFENSE	37 D WEST EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY COURT ROOM	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER COUNTY CRIME LINE	2988 HWY 15, BAY SPRINGS, MS 39422
JASPER COUNTY E-911	29 W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY E-911	37 D W EIGHTH AVE, BAY SPRINGS, MS 39422

Bay Springs List of Anchor Institutions

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JASPER COUNTY EMERGENCY MANAGEMENT	37 D W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY HUMAN SERVICES	37 A W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY HUMAN SERVICES	37 A W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY PAULDING CHANCERY CLERK	1782 HWY 503, ROSE HILL, MS 39356
JASPER COUNTY SHERIFF	29 W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY SOCIAL SERVICES	37 A W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER COUNTY SOLID WASTE	1782 HWY 503, ROSE HILL, MS 39356
JASPER COUNTY SOLID WASTE	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER COUNTY SUPERVISORS	4277 HWY 15, LOUIN, MS 39338
JASPER COUNTY TAX ASSESSOR OFFICE	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JASPER COUNTY WELFARE	37 A W EIGHTH AVE, BAY SPRINGS, MS 39422
JASPER GENERAL HOSPITAL	15 S SIXTH ST, BAY SPRINGS, MS 39422
JASPER GENERAL HOSPITAL	15 S SIXTH ST, BAY SPRINGS, MS 39422
JASPER GENERAL HOSPITAL	342 CR 1725, BAY SPRINGS, MS 39422
JASPER GENERAL HOSPITAL PHYSICAL THERAPY	17 S SIXTH ST, BAY SPRINGS, MS 39422
JONES COUNTY BARN BEAT 2	76 SOSO-BIG CREEK RD, SOSO, MS 39480
JONES COUNTY BARN BEAT NO 2	767 SOSO-BIG CREEK RD, SOSO, MS 39480
JONES COUNTY COMPULSORY SCHOOL ATTENDANC	254 SPRINGHILL RD, SOSO, MS 39480
JONES COUNTY E	22 MASON ST, LAUREL, MS 39443
JUSTICE COURT CLERK	27 W EIGHTH AV, BAY SPRINGS, MS 39422
JUSTICE COURT CLERK	27 W EIGHTH AV, BAY SPRINGS, MS 39422
LOUIN CITY HALL	2988 HWY 15, BAY SPRINGS, MS 39422
LOUIN CITY HALL	4240 HWY 15, LOUIN, MS 39338
MISSISSIPPI EMPLOYMENT COMMISSION	37 C W EIGHTH AVE, BAY SPRINGS, MS 39422
MONTROSE CITY HALL	381 CR 20, LOUIN, MS 39338
MS ARMY NATIONAL GUARD	15 DICKIE WARE AV, BAY SPRINGS, MS 39422
MS DEPT OF AGRICULTURE & COMMERCE	803 MOSELLE-SEMINARY RD, PITTMAN, MS 39459
MS DEPT OF WILDLIFE AND FISHERS PARK	271 FSR 563 A, MORTON, MS 39117
MS STATE HUMAN SERVICES	37 W EIGHTH AVE, BAY SPRINGS, MS 39422
NATIONAL TAX CENTERS OF BAY SPRINGS	1760 C HWY 15, BAY SPRINGS, MS 39422
NATIONAL TAX CENTERS OF BAY SPRINGS	2760 C HWY 15, BAY SPRINGS, MS 39422
PAULDING COURT HOUSE	1782 HWY 503, ROSE HILL, MS 39356
PAULDING COURT HOUSE	1782 HWY 503, ROSE HILL, MS 39356
PAULDING JUSTICE COURT	1782 HWY 503, ROSE HILL, MS 39356
PAULDING TAX COLLECTOR	1782 HWY 503, ROSE HILL, MS 39356
PLEASANT RIDGE VOLUNTEER FIRE DEPARTMENT	22 HOLLY RD, BIG CREEK, MS 39437
POLKVILLE LIBRARY	6334 HWY 13, MORTON, MS 39117
POLKVILLE LIBRARY	6891 HWY 13, MORTON, MS 39117
POLKVILLE LIBRARY	PO BOX 409, BAY SPRINGS, MS 39422
POLKVILLE TOWN HALL	6606 HWY 13, MORTON, MS 39117
POLKVILLE VOLUNTEER FIRE DEPARTMENT	6386 HWY 13, MORTON, MS 39117
RANKIN COUNTY BOARD OF SUPERVISORS	256 A TOWER RD, WALTERS, MS 39042
RANKIN COUNTY E	104 WALTERS RD, WALTERS, MS 39042
SCOTT COUNTY 911	2988 HWY 15, BAY SPRINGS, MS 39422
SOSO CITY HALL & POLICE	1136 HWY 28 W, SOSO, MS 39480
SOSO CITY HALL AND POLICE DEPARTMENT	1136 HWY 28 W, SOSO, MS 39480
SOSO COMMUNITY WATER	11 SAWMILL ST, SOSO, MS 39480
SOSO COMMUNITY WATER DISTRIBUTION TANK	112 SOSO INGRAM RD, SOSO, MS 39480
SOSO POLICE DEPARTMENT	1136 HWY 28 W, SOSO, MS 39480
SOSO VOLUNTEER FIRE DEPARTMENT	1136 HWY 28 W, SOSO, MS 39480
STATE OF MISSISSIPPI FORESTRY	2705 HWY 15, BAY SPRINGS, MS 39422
STRINGER ATTENDANCE CENTER	122 CR 17, STRINGER, MS 39481
STRINGER ATTN CENTER - CAREER CENTER	POB 68, STRINGER, MS 39481
STRINGER ATTN CENTER - GIFTED DEPT	POB 68, STRINGER, MS 39481
STRINGER ATTN CENTER - OFFICE	POB 68, STRINGER, MS 39481
STRINGER ATTN CENTER - SPECIAL SVCS	POB 68, STRINGER, MS 39481
STRINGER ATTN CENTER-ATHLETIC	P. O. BOX 68, STRINGER, MS 39481
STRINGER ATTN CENTER-ATHLETIC	POB 68, STRINGER, MS 39481

Bay Springs List of Anchor Institutions

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STRINGER ATTN CENTER-TECH LAB	POB 68, STRINGER, MS 39481
STRINGER ATTND CENTER - LIBRARY	P. O. BOX 68, STRINGER, MS 39481
SYLVA BAY ACADEMY	17 HWY 531, BAY SPRINGS, MS 39422
SYLVA BAY ACADEMY	17 HWY 531, BAY SPRINGS, MS 39422
SYLVA BAY ACADEMY	PO BOX 409, BAY SPRINGS, MS 39422
TOWN OF BAY SPRINGS	39 S SIXTH ST, BAY SPRINGS, MS 39422
TOWN OF BAY SPRINGS	39 S SIXTH ST, BAY SPRINGS, MS 39422
TOWN OF BAY SPRINGS	39 S SIXTH ST, BAY SPRINGS, MS 39422
TOWN OF BAY SPRINGS	52 S THIRD ST, BAY SPRINGS, MS 39422
U S POSTAL SERVICE	1036 HWY 28 W, SOSO, MS 39480
U S POSTAL SERVICE	14 N THIRD ST, BAY SPRINGS, MS 39422
U S POSTAL SERVICE	14 N THIRD ST, BAY SPRINGS, MS 39422
U S POSTAL SERVICE	1783 HWY 503, ROSE HILL, MS 39356
U S POSTAL SERVICE	4246 HWY 15, LOUIN, MS 39338
U S POSTAL SERVICE	4698 HWY 18, ROSE HILL, MS 39356
USDA	803 MOSELLE-SEMINARY RD, PITTMAN, MS 39437
USDA FSIS	3683 HWY 15, BAY SPRINGS, MS 39422
WALTERS VOLUNTEER FIRE DEPARTMENT	125 WALTERS RD, WALTERS, MS 39042
WEEMS COMM MENTAL HEALTH CENTER	9 N SECOND ST, BAY SPRINGS, MS 39422
WEEMS JASPER COUNTY	32 E SECOND AVE, BAY SPRINGS, MS 39422
WEEMS JASPER COUNTY	9 N SECOND ST, BAY SPRINGS, MS 39422
WEEMS MENTAL HEALTH	32 E SECOND AVE, BAY SPRINGS, MS 39422
WEEMS MENTAL HEALTH	32 E SECOND AVE, BAY SPRINGS, MS 39422
WEEMS WEST JASPER	32 E SECOND AVE, BAY SPRINGS, MS 39422
WEST JASPER BUSINESS OFFICE	510 HWY 18, BAY SPRINGS, MS 39422
WEST JASPER CHILD NUTRITION	510 HWY 18, BAY SPRINGS, MS 39422
WEST JASPER CO SCHOOL DISTRICT	510 HIGHWAY 18, BAY SPRINGS, MS 39422
WEST JASPER DISTRICT OFFICE	510 HWY 18, BAY SPRINGS, MS 39422
WEST JASPER DISTRICT OFFICE	510 HWY 18, BAY SPRINGS, MS 39422
WEST JASPER GED/ALTERNATIVE SCHOOL	510 HWY 18, BAY SPRINGS, MS 39422
WEST JASPER SCHOOLS FAX	510 HWY 18, BAY SPRINGS, MS 39422
WEST JASPER SPECIAL SERVICES FAX	510 HWY 18, BAY SPRINGS, MS 39422
WEST JASPER SPECIAL SERVICES OFFICE	510 HWY 18, BAY SPRINGS, MS 39422
WEST JONES CAFETERIA	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES ELEMENTARY SCHOOL	5652 HWY 84 W, BIG CREEK, MS 39437
WEST JONES ELEMENTARY SCHOOL	5652 HWY 84 W, BIG CREEK, MS 39437
WEST JONES ELEMENTARY SCHOOL	5652 HWY 84 W, BIG CREEK, MS 39437
WEST JONES ELEMENTARY SCHOOL	5652 HWY 84 W, BIG CREEK, MS 39437
WEST JONES ELEMENTARY SCHOOL	5652 HWY 84 W, BIG CREEK, MS 39437
WEST JONES ELEMENTARY SCHOOL	5652 HWY 84 W, BIG CREEK, MS 39437
WEST JONES ELEMENTARY SCHOOL	5652 HWY 84 W, BIG CREEK, MS 39437
WEST JONES HIGH SCHOOL	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES HIGH SCHOOL	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES HIGH SCHOOL	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES HIGH SCHOOL	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES HIGH SCHOOL	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES HIGH SCHOOL	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES HIGH SCHOOL	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES HIGH SCHOOL	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES HIGH SCHOOL	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES MIDDLE SCHOOL	254 SPRINGHILL RD, SOSO, MS 39480
WEST JONES MIDDLE SCHOOL LIBRARY	254 SPRINGHILL RD, SOSO, MS 39480

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INSTRUCTIONS- See RUS Bulletin 1744-2	PERIOD ENDING December, 2013

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

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

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**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

MS0506

PERIOD ENDED

December, 2013

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

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Bay Springs	30.70	20.75	793	1,295	2,058	762.00	53.00
Big Creek	30.70	20.75	52	654	706	349.00	38.00
Homewood	30.70	20.75	36	572	608	388.00	41.00
Louin	30.70	20.75	19	358	377	217.00	13.00
Old Taylorsville	30.70	20.75	12	198	210	142.00	14.00
Pittman	30.70	20.75	23	494	517	265.00	22.00
Polkville	30.70	20.75	21	272	293	153.00	23.00
Rose Hill	30.70	20.75	40	608	648	436.00	30.00
Soso	30.70	20.75	120	1,249	1,369	695.00	76.00
Sylvarena	30.70	20.75	16	344	360	214.00	23.00
Walters	30.70	20.75	14	314	328	150.00	12.00
White Oak	30.70	20.75	10	166	176	130.00	15.00
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			1,126	6,524	7,650	3,901.00	358.00
No. Exchanges	12						

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**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

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BORROWER DESIGNATION

MS0506

PERIOD ENDED

December, 2013

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

4. BROADBAND SERVICE

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Details on Least Expensive Broadband Service						
			Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)	
Bay Springs	1,954	871	37	256	256	24.95	Package	DSL	
Big Creek	663	346	6	256	256	24.95	Package	DSL	
Homewood	516	213	11	256	256	24.95	Package	DSL	
Louin	342	201	14	256	256	24.95	Package	DSL	
Old Taylorsville	200	136	4	256	256	24.95	Package	DSL	
Pittman	494	309	5	256	256	24.95	Package	DSL	
Polkville	274	162	8	256	256	24.95	Package	DSL	
Rose Hill	555	269	9	256	256	24.95	Package	DSL	
Soso	1,316	747	18	256	256	24.95	Package	DSL	
Sylvarena	264	135	3	256	256	24.95	Package	DSL	
Walters	301	187	8	256	256	24.95	Package	DSL	
White Oak	150	73	3	256	256	24.95	Package	DSL	
Total	7,029	3,649							

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PART D. SYSTEM DATA

1. No. Plant Employees	34	2. No. Other Employees	15	3. Square Miles Served	1,201	4. Access Lines per Square Mile	6.37	5. Subscribers per Route Mile	1.96
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PART E. TOLL DATA

1. Study Area ID Code(s) a. 280446 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one) Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis
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PART F. FUNDS INVESTED IN PLANT DURING YEAR

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

PART G. INVESTMENTS IN AFFILIATED COMPANIES

INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(a)	(b)	(c)	(d)	(e)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

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PART H. CURRENT DEPRECIATION RATES

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

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	20.00%
2. Land and support assets - Aircraft	20.00%
3. Land and support assets - Special purpose vehicles	20.00%
4. Land and support assets - Garage and other work equipment	20.00%
5. Land and support assets - Buildings	2.50%
6. Land and support assets - Furniture and Office equipment	8.30%
7. Land and support assets - General purpose computers	33.34%
8. Central Office Switching - Digital	10.00%
9. Central Office Switching - Analog & Electro-mechanical	10.00%
10. Central Office Switching - Operator Systems	10.00%
11. Central Office Transmission - Radio Systems	6.70%
12. Central Office Transmission - Circuit equipment	10.00%
13. Information origination/termination - Station apparatus	100.00%
14. Information origination/termination - Customer premises wiring	100.00%
15. Information origination/termination - Large private branch exchanges	100.00%
16. Information origination/termination - Public telephone terminal equipment	100.00%
17. Information origination/termination - Other terminal equipment	100.00%
18. Cable and wire facilities - Poles	5.00%
19. Cable and wire facilities - Aerial cable - Metal	6.50%
20. Cable and wire facilities - Aerial cable - Fiber	6.50%
21. Cable and wire facilities - Underground cable - Metal	5.00%
22. Cable and wire facilities - Underground cable - Fiber	5.00%
23. Cable and wire facilities - Buried cable - Metal	5.00%
24. Cable and wire facilities - Buried cable - Fiber	5.00%
25. Cable and wire facilities - Conduit systems	1.70%
26. Cable and wire facilities - Other	5.00%

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PART I – STATEMENT OF CASH FLOWS

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

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NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

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2. Bay Springs Telephone Inc's Ability to Function in Emergency Situations

Bay Springs Telephone Company, Inc. ("Company") hereby certifies that it is able to function in emergency situations as set forth in §54.202(a)(2).⁵ The Company's network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2). The Company can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations will also allow the Company to manage traffic spikes throughout its network, as emergency situations require.

Specifically, each central office building is supplied with standby generators and battery back-up that enable the central office to keep running until power is restored so long as fuel is available, or until system changes are made to reroute traffic. The Company has battery backup at all office locations and in its electronic equipment sites. Length of run time is determined by the equipment serving the area and the number of customers working out of the equipment. Generators are installed at all Central Office locations. They will continue to run as long as the Company has access to propane.

⁵ Section 54.202(a)(2) requires ETCs that are designated by the Commission to "demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations."

Voice Services Rate Comparability

Bay Springs Telephone Company, Inc.'s calculation for rate floor certification:

Bay Springs Telephone Company, Inc. (Bay Springs) certifies that its pricing of fixed voice services is no more than two standard deviations about the applicable national average urban rate floor for voice services. Bay Springs calculates the average local voice rate using the following formula:

Local Rate + State SLC + State USF + Mandatory EAS

The local rate for Bay Spring's customers is \$22.75, there is no state SLC or USF and no mandatory EAS. Based on the formula above, Bay Springs Residential rates are \$22.75, well below the threshold of \$46.96 set by the Wireline Competition Bureau.

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