

FCC Form 481 - Carrier Annual Reporting
Data Collection Form

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

<010>	Study Area Code	290570
<015>	Study Area Name	LORETO TEL CO
<020>	Program Year	2015
<030>	Contact Name: Person USAC should contact with questions about this data	Desda Hutchins
<035>	Contact Telephone Number: Number of the person identified in data line <030>	9319534351 ext.128
<039>	Contact Email Address: Email of the person identified in data line <030>	desda@lorettotel.com

ANNUAL REPORTING FOR ALL CARRIERS	54.313	54.422
	Completion Required	Completion Required

			(check box when complete)	
			54.313	54.422
			Completion Required	Completion Required
<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 type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300>	Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310>	Detail on Attempts (voice)	<input type="text"/> (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<320>	Unfulfilled Service Requests (broadband)	1	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330>	Detail on Attempts (broadband)	290570TN330.pdf (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	0.0	<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 type="checkbox"/>
<440>	Fixed	0.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<450>	Mobile	0.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<500>	Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510>	290570TN510.pdf (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>	290570TN610.pdf (attached 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 checked="" type="checkbox"/>	<input type="checkbox"/>
<1010>	<input type="text"/> (attach descriptive document)		<input type="checkbox"/>	<input type="checkbox"/>
<1100>	Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>	(if not, check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<1110>	<input type="text"/>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<1200>	Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input 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 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
--	--

<010>	Study Area Code	290570
<015>	Study Area Name	LORETTO TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Desda Hutchins
<035>	Contact Telephone Number - Number of person identified in data line <030>	9318534351 ext.128
<039>	Contact Email Address - Email Address of person identified in data line <030>	desda@lorettotel.com

<110>	Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" 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 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.

290570tn112.pdf

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

(900) Tribal Lands Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986 / OMB Control No. 3060-0819 July 2013
---	--

<010> Study Area Code	290570
<015> Study Area Name	LORETTO TEL CO
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Desda Hutchins
<035> Contact Telephone Number - Number of person identified in data line <030>	9318534351 ext. 128
<039> Contact Email Address - Email Address of person identified in data line <030>	desda@lorettotel.com

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

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), 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
--	--

<010>	Study Area Code	290570
<015>	Study Area Name	LORETTO TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Desda Hutchins
<035>	Contact Telephone Number - Number of person identified in data line <030>	9318534351 ext.128
<039>	Contact Email Address - Email Address of person identified in data line <030>	desda@lorettotel.com

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

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

(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
---	--

<010>	Study Area Code	290570
<015>	Study Area Name	LORETTO TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Desda Hutchins
<035>	Contact Telephone Number - Number of person identified in data line <030>	9318534351 ext.128
<039>	Contact Email Address - Email Address of person identified in data line <030>	desda@lorettotel.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

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code	290570
<015> Study Area Name	LORETTO TEL CO
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Desda Hutchins
<035> Contact Telephone Number - Number of person identified in data line <030>	9318534351 ext. 128
<039> Contact Email Address - Email Address of person identified in data line <030>	desda@lorettotel.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(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)(ii))

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))

(3014) If yes, does your company file the RUS annual report

(Yes/No)
 (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

290570TN3017.pdf

Name of Attached Document Listing Required Information

(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:

(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

(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

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010> Study Area Code	290570
<015> Study Area Name	LORETTO TEL CO
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Desda Hutchins
<035> Contact Telephone Number - Number of person identified in data line <030>	9318534351 ext.128
<039> Contact Email Address - Email Address of person identified in data line <030>	desda@lorettotel.com

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

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	LORETTO TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 06/24/2014
Printed name of Authorized Officer:	Louise Brown
Title or position of Authorized Officer:	President
Telephone number of Authorized Officer:	9318534351 ext.
Study Area Code of Reporting Carrier:	290570 Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010> Study Area Code	290570
<015> Study Area Name	LOREITTO TEL CO
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Desda Hutchins
<035> Contact Telephone Number - Number of person identified in data line <030>	9318534351 ext. 128
<039> Contact Email Address - Email Address of person identified in data line <030>	desda@lorettotel.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: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

Five-Year Network Improvement Plan
For Loretto Telephone Company

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

Section 54.202(a)(1)(ii) of the FCC’s rules originally was intended to apply to carriers designated as competitive ETCs under Section 214(e)(6) of the Communications Act and not to incumbent rural rate-of-return carriers (RLECs). The rule was necessary because: (1) competitive ETCs were to receive support based not on their own cost of service, but rather based on the costs of the incumbent LEC serving the area (known as

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 Inter-carrier 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 denied, Direct Comm. Cedar Valley, et al v. FCC, No. 11-9900*, www.ca10.uscourts.gov/opinions/11/11-9900.pdf (10th Cir. May 23, 2014); 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).

REDACTED – FOR PUBLIC INSPECTION

the “identical support rule”); and (2) competitive ETCs were to receive funding under the identical support rule before providing the service the funding was intended to support, while RLECs receive funding only after the carrier has expended the funds and filed detailed cost studies supporting the cost incurred. Section 54.202(a)(1)(ii) has not previously been applied to RLECs because RLECs’ support was based on their own previously-incurred actual cost to serve existing customers. The basis for funding is totally different, and thus the concept of providing future plans to support funding for build-out and network improvement does not make sense for RLECs.

Notwithstanding the logic of the Commission’s own existing rules and despite the fact that this rule was never intended to apply to RLECs, the Commission recently ordered RLECs to file five-year build-out plans.

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 Loretto Telephone Company (“Loretto” or the “Company”) is a rate-of-return carrier ETC and hereby submits its five-year network improvement plan. This plan is based upon our understanding that the FCC has frozen total federal USF support and is eliminating large amounts of support previously available through fees assessed for intercarrier compensation (ICC), effectively reducing support below levels that are necessary to maintain and operate existing network facilities.

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

REDACTED – FOR PUBLIC INSPECTION

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

Loretto Telephone Company is a family-owned telephone company that was purchased in 1946 by Ralph & Louise Passarella. In 1946 the monthly service charge was \$1.25 for a party line and \$2 for a private line. Many lines had up to 8 parties. Party lines were all disconnected by 1979. The first dial phones were installed in Loretto in 1952, the same year they first became available in the United States. As time passed, expansion became a logical business step. In 1952 Loretto added the St. Joseph and Iron City area to their company. In 1955 Loretto added the Leoma exchange and subsequently, the Ethridge Exchange was purchased. Years later the Five Point exchange was created and split out from the larger Leoma exchange.

In 1956 Loretto obtained a loan from the Rural Electrification Administration to build a new building and expand their services to rural areas in southern Lawrence County. At this time, nearly 900 rural families were able to have telephone service. This same loan enabled Loretto to improve service for their 343 subscribers by installing new dial exchange offices in Leoma and Loretto. Leoma was cut over on May 24, 1958. Loretto's construction program was on schedule for completion later that summer. The cut to the new dial equipment was completed in Loretto in July, 1958.

In 1967 Loretto Telephone Co. became the first in the state of Tennessee to offer touch-tone telephone and direct long-distance dialing. By 1979 there were almost 4,000 customers. The monthly rate had risen from \$2 for a private line in 1946 to \$10 for a residence and \$15 for a business in 1967.

REDACTED – FOR PUBLIC INSPECTION

By 1978 a new, completely electronic office was finished in Leoma. Its completion brought conference calling, call-waiting and call forwarding to the area. All central offices are 100% digital, offering SS7 capabilities plus equal access.

By 2004, the peak voice access lines served by Loretto were around 6,000. However, since then access lines have continued to decline and today Loretto serves around 4,200 customers with telephone and about 2,300 with broadband Internet service.

In 2005 Loretto installed an upgrade, GR-303, on the Siemens DCO so that we could interface to other equipment to provide DSL and other digital services. Loretto also began installation of fiber rings and Calix remotes as part of its fiber-to-the-node (“FTTN”) network. In 2010 Loretto installed a MetaSwitch softswitch and in 2013 it upgraded its CALIX equipment to E-7 to support Ethernet services.

Loretto was the third telephone company in the United States to begin offering DSL and over the years has added High-Speed DSL, Long Distance, PC Repair, and Med-Alert medical monitoring services.

The geographic area served by Loretto encompasses about 400 square miles and takes in Ethridge at the north end, then skirts around Lawrenceburg to Leoma, Loretto, Iron City, and St. Joseph to the south end of Lawrence County. The terrain is about 75% medium rocky and 25% very rocky.

Today, Loretto monitors and maintains 5 Local Exchange Offices and 19 Fiber Optic Remotes servicing over 14 communities throughout Lawrence County Tennessee. Loretto’s advanced monitoring systems report service events as they happen in real time. This crucial capability allows it to respond quickly and have a good understanding of the situation before technicians arrive at the scene.

REDACTED – FOR PUBLIC INSPECTION

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

Loretto serves the combined exchange area(s) of:

931 / 853 - Loretto	931 / 845 - St. Joseph
931 / 852 - Leoma	931 / 829 - Ethridge
931 / 556 - Five Points	

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

⁴ 47 U.S.C. § 254(e).

⁵ 47 C.F.R. § 54.314(a).

⁶ 47 C.F.R. § 54.314(b).

REDACTED – FOR PUBLIC INSPECTION

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 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 are, in fact, an integral part of the recovery of expenditures of rural incumbent local exchange carriers previously incurred in the provision, maintenance and upgrading of their provision of facilities and services for which the USF is intended. Loretto depends upon its receipt and utilization of federal universal service support to recover the already incurred cost of providing 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, Loretto's plan and progress reports will demonstrate not only how Loretto has used and will use USF for improvements and upgrades, but also for the provision and maintenance of the facilities and services to which the support was intended.

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

⁸ *Id.*

⁹ *Id.* (emphasis supplied).

REDACTED – FOR PUBLIC INSPECTION

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 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.

Notwithstanding the policy inconsistencies noted above, 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

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.*

REDACTED – FOR PUBLIC INSPECTION

in specific areas, the five-year plan should so indicate.”¹² The instructions also require that in subsequent years, ETCs must file a progress report on the five-year plan, pursuant to 47 C.F.R. §54.313(a)(1), including maps explaining progress towards meeting the deployment targets, the amount of universal service support received, how support was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year. The information regarding the total amount of universal service support received must also be broken out separately by the amount spent on capital expenses and the 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

Based upon this framework, and the fact that existing federal support is frozen and neither predictable nor sufficient to ensure universal service at rates, terms and conditions comparable to urban areas, *Appendix A* reflects Loretto’s major network improvement projects for the year 2015 through calendar year 2019¹⁴ along with the start and completion dates, capital costs, areas and population associated with those projects. It should be noted the scheduled projects are limited in scope due to the limited funding available.

¹² Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), March 2014, Line 112

¹³ Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), March 2014, Line 112

¹⁴ Although the FCC has not specified what it considers to be “year one” of the five year plan, the Company believes that it is the FCC’s intent for the calendar year 2015 to be considered “year one” due to the fact that the first progress report on the plan is due July 1, 2015 and all of the other reporting requirements contained in Section 54.313 are based on the calendar year.

REDACTED – FOR PUBLIC INSPECTION

B. How These Projects Will Improve the Network

For the five-year period 2015 to 2019, Loretto's proposed projects will provide for the continued maintenance and ongoing additions of broadband and voice services that it schedules in the normal course of business. The capital expenditures included herein are based upon Loretto's expectation of limited federal funding that is neither predictable nor sufficient to provide true broadband service on a universally available basis. Loretto desires to continue upgrading and extending its broadband network. Current FCC rules targeting broadband speeds of 4 Mbps down and 1 Mbps up are clearly already dated. The data suggest the average available broadband speed currently is in excess of 10 Mbps, and the FCC has targeted minimum speeds in excess of 100 Mbps for urban areas while encouraging the deployment of Gigabit networks.

Project 1 - This project is for outside plant extensions to serve additional broadband customers via ADSL and will expand the network. New cards will need to be placed in remote terminal equipment as well as central office equipment to support the broadband services. The project will be for the entire study area and will be ongoing over the five years 2015 to 2019. This project will impact an estimated population of 10,771 and will improve broadband as well as voice services. The estimated capital expenditures for this project are \$68,148.

Project 2 - This project is for the replacement of batteries in the remotes. It will be for the entire study area and will be ongoing over the five years 2015 to 2019. This project will impact an estimated population of 10,771 and will improve both broadband and voice services. The estimated capital expenditures for this project are \$13,500.

REDACTED – FOR PUBLIC INSPECTION

Project 3 - This project is for the expansion of special access. Upgrading and replacement of equipment will be needed in the central offices and remotes to support the services. It will be for the entire study area and will be ongoing over the five years 2015 to 2019. This project will impact an estimated population of 10,771 and will improve voice services. The estimated capital expenditures for this project are \$16,250.

Project 4 - This project is for new generators for the switching equipment. It will be for the entire study area and will be ongoing over the five years 2015 to 2019. This project will impact an estimated population of 10,771 and will improve both broadband and voice services. The estimated capital expenditures for this project are \$15,000.

Projects 5 & 6 - These projects are for the maintenance and upgrade to the cable and wire facilities along with associated materials and supplies. Loretto will be conducting maintenance on existing cable and wire facilities as a means of reducing trouble reports and replacing outdated equipment. It will be for the entire study area and will be ongoing over the five years 2015 to 2019. This project will impact an estimated population of 10,771 and will improve both broadband and voice services. The estimated capital expenditures for this project are \$300,000.

Project 7 - This project is for the replacement of company service vehicles to ensure vehicles are at the ready for daily and emergency work. It will be for the entire study area and will be ongoing over the five years 2015 to 2019. This project will impact an estimated population of 10,771 and will improve both broadband and voice services. The estimated capital expenditures for this project are \$150,000.

Project 8 - This project is for certain support assets and replacement of company computer hardware and software. It will be for the entire study area and will be ongoing

REDACTED – FOR PUBLIC INSPECTION

over the five years 2015 to 2019. This project will impact an estimated population of 10,771 and will improve both broadband and voice services. The estimated capital expenditures for this project are \$25,000.

C. Estimated Capital Expenditures and Operating Expenses

The first table in *Appendix B* included herein specifies the Capital Expenditures (projects) in *Appendix A*, by Part 32 account, along with the respective year in which the expenditures are expected to occur. In the second table of *Appendix B*, the projected operating expenses are provided, including depreciation expense for both embedded plant investment and for Capital Expenditures, which begins when the Capital Expenditures are projected to be placed into service.

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, Loretto hereby provides the FCC with a list of community anchor institutions to which it currently provides service.¹⁵ The list of community anchor institutions is included herein as *Appendix C*.

¹⁵ 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."

Loretto Telephone Company, Inc.

P.O. BOX 130 • 136 SO. MAIN STREET
LORETTO, TENNESSEE 38469

August 6, 2013

Carrier Response

Carrier Name: Loretto Telephone Company, Inc.

Ref. Complaint #: 13-C00512482

Mr. Gillespie has had phone service and Internet service with Loretto Telephone Company, Inc. for several years.

He initially was subscribed to 1.5Mbps. He is 20,800 feet from our DSLAM. This is a very good speed to reach this distance. We can get this speed because Loretto Tel. provides quality facilities. At the 1.5Mbps Mr. Gillespie had no problems.

The first of July Mr. Gillespie asked if he could get 3Mbps, not 300Mbps as stated in his complaint. We told him we would give it our best effort, but could not guarantee that he would get 3Mbps at the distance he is from our DSLAM.

We first installed some repeaters that we had salvaged from customers who had disconnected service. We tried for two days and could not get his broadband to stay up. We then installed a new repeater on July 9, 2013. This new repeater was providing Mr. Gillespie 3.2Mbps until July 15. We monitored this service every day after July 9. Our records show that his service did not drop but one time. We tried to call Mr. Gillespie several times to see if he had unplugged his DSL modem. He is known to have done that in the past. We could not reach him and he did not return our call.

On July 15th Mr. Gillespie's service was disconnected for non-pay. His service has been disconnected for this reason, and bad checks, several times in the past. As of this date, August 6, 2013 he has not made any attempt to pay his bill and get reconnected.

Our 3Mbps services in \$69.95, not \$80.00 as Mr. Gillespie stated in his comments.

Also in his complaint he mentions Gillight Enterprizes. Mr. Gillespie is a Lifeline customer and businesses are not allowed Lifeline service. We have informed Mr. Gillespie in the past that he cannot advertise his number under a business name without subscribing to business service and rates.

He also shows that he had two phone numbers. One number has dial tone. The other number is a Sira number, no dial tone.



Loretto 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 FCC 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.³In 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

Loretto 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 Rules of Tennessee Regulatory Authority, Chapter 1220-4-1-.03 and the Tennessee Code Annotated, Title 65, Chapter 5, Part 1, §65-5-102, which disclose rates, terms and conditions of service to customers; (2) adherence to state consumer protection requirements governing telephone providers which require implementation of Basic Utility Obligations in accordance with the Rules of Tennessee Regulatory Authority, Chapter 1220-4-2-.29, Consumer Safeguards as identified in the Rules of

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.

Tennessee Regulatory Authority, Chapter 1220-4-2-.55, anti-slamming procedures as required in the Rules of Tennessee Regulatory Authority, Chapter 1220-4-2-.56;(3) truth-in-billing requirements in accordance with the Rules of Tennessee Regulatory Authority, Chapter 1220-4-2-.58; and (4) CPNI, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy.

Company is subject to consumer protection obligations for broadband services under federal law. These obligations include, but are not limited to the following: public disclosure of accurate information regarding network management practices, performance, and commercial terms of broadband internet access services, as a means of providing sufficient information for consumers to make informed choices regarding use of such services, and for content, application, services and device providers to develop, market, and maintain internet offerings as a specified in F.C.C. 47 C.F.R. Part 8 § 8.3.

Loretto Telephone Company Inc.'s Ability to Function in Emergency Situations

Loretto Telephone Company, Inc. ("Company") hereby certifies that it is able to function in emergency situations as set forth in Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.202(a)(2)¹ and Rules of the Tennessee Regulatory Authority, Chapter 1220-4-2. 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 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.

In accordance with the Rules of Tennessee Regulatory Authority, Chapter 1220-4-2, 1220-4-2-.23 Emergency Operation, the Company's central offices have adequate provision for emergency power. 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. In addition, Company has an emergency operations plan and/or disaster recovery plan in place.

Company's standby generators and battery back-up support both voice and broadband network equipment should an emergency situation occur.

¹ 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."

REDACTED FOR PUBLIC INSPECTION

"Loretto Telephone Company, Inc. does not offer any specialized voice telephone service plans to Lifeline subscribers. The only voice telephony service plans offered to Lifeline subscribers are the same plans that are generally available to the public. Our website, www.lorettotel.com, outlines the terms and conditions."