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July 1, 2014

Via Hand Delivery

Ms. Marlene Dortch
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Re: FCC Form 481 - High-Cost Support Information and Low-Income Support Information
Pursuant to 47 C.F.R. §§ 54.313(a)-(g) and 54.422(a)

Dear Secretary Dortch:

Pursuant to 47 C.F.R. §§ 54.313(a)-(g) and 54.422(a) of the Federal Communication Commission's regulations, please find enclosed the FCC Form 481 for Interior Telephone Company, Inc. This form was also filed at the Regulatory Commission of Alaska (RCA) and USAC.

Interior Telephone Company, Inc. seeks confidential treatment for its financial information pursuant to the Protective Order, Connect America Fund, et al., WC Docket No. 10-90 et al., (Nov. 16, 2012). A redacted version is also being filed this date via the FCC's Electronic Comment Filing System. In addition, attached is a letter requesting confidential treatment under 47 C.F.R. §§ 0.457 and 0.459 of the initial § 54.202(a) Five-Year Service Quality Improvement Plan.

Please do not hesitate to contact me if you have any questions or I may be of any assistance.

Sincerely,

DYKEMA GOSSETT PLLC

Shannon M. Heim
4000 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402
Phone (612) 486-1586
Fax: (855) 223-7059
Email: sheim@dykema.com

SMHE/ebl

REDACTED - FOR PUBLIC INSPECTION



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Ms. Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Re: FCC Form 481 - High-Cost Support Information and Low-Income Support Information
Pursuant to 47 C.F.R. §§ 54.313(a)-(g) and 54.422(a)

Dear Ms. Dortch:

Pursuant to the Protective Order in *Connect America Fund, et al.*, WC Docket No. 10-90 *et al.* (Nov. 16, 2012) and 47 C.F.R. §§ 0.457 and 0.459, Interior Telephone Company, Inc., by its attorneys, hereby requests that certain materials and information be withheld from public inspection. Specifically, Interior Telephone Company, Inc. request confidential treatment of the Five-Year Service Quality Improvement Plan (the "Plan") attached to its Form 481 filing.

In support of its request for confidential treatment and pursuant to the requirements under 47 C.F.R. § 0.459(b), Interior Telephone Company, Inc. states the following:

1. *Identification of the specific information for which confidential treatment is sought.*

Interior Telephone Company, Inc. seeks confidential treatment of the Plan attached to the Form 481 filing accompanying this letter. The Plan contains sensitive financial information about Interior Telephone Company, Inc. as well as information about Interior Telephone Company, Inc.'s projected network improvements and upgrades for voice and broadband services during the period from 2015 through 2019.

2. *Identification of the Commission proceeding in which the information was submitted or description of the circumstances giving rise to the submission.*

The documents are being submitted as part of the annual Eligible Telecommunications Carrier ("ETC") Report (Form 481) mandated by 47 C.F.R. § 54.313.

Ms. Marlene Dortch, Secretary
July 1, 2014
Page 2

3. *Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged.*

The data described is highly confidential and sensitive commercial and financial information which constitutes trade secrets or sensitive commercial and financial information that would “customarily be guarded from competitors”¹ and is therefore exempted from mandatory disclosure under FOIA Exemption 4 and 47 C.F.R. § 0.457(d).²

4. *Explanation of the degree to which the information concerns a service that is subject to competition.*

The Plan relates to voice and broadband services provided by Interior Telephone Company, Inc. that are subject to competition from competitive local exchange carriers, cable television system operators, electric power utilities, fixed and mobile wireless service providers, and/or satellite carriers.

Specifically, the Plan sets forth in detail the services provided by Interior Telephone Company, Inc. over its existing network including location of customers, as well as planned network improvement and maintenance for 2015 through 2019, including project dates, populations impacted by the improvements and upgrades, and projected capital costs associated with maintaining the network. This information is competitively sensitive information related to the company’s existing network and planned upgrades and maintenance, and would benefit Interior Telephone Company, Inc.’s competitors if they were able to have access to this information.

5. *Explanation of how disclosure of the information could result in substantial competitive harm.*

Disclosure of the Plan is likely to result in substantial competitive harm to Interior Telephone Company, Inc. because the Plan could provide competitors with commercially sensitive insights related to Interior Telephone Company, Inc.’s operations, service offerings, and costs.

6. *Identification of any measures taken by the submitting party to prevent unauthorized disclosure.*

Interior Telephone Company, Inc. does not make the Plan or any of the information contained therein publically available in any way. The Plan is only made available to key

¹ 47 C.F.R. § 0.457(d)(2).

² 5 U.S.C. § 522(b)(4).

Ms. Marlene Dortch, Secretary
July 1, 2014
Page 3

employees with a direct need-to-know basis. This production has been completed by outside counsel.

7. *Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties.*

Interior Telephone Company, Inc. does not make the Plan available to the public and it has not previously allowed disclosure of the Plan to third parties that are not otherwise bound by confidentiality obligations.

8. *Justification of the period during which the submitting party asserts that the material should not be available for public disclosure.*

The Plan should be treated as confidential for an indefinite period, as Interior Telephone Company, Inc. will always be subject to competition and the competitive harms associated with the disclosure of the Plan.

9. *Any other information that the party seeking confidential treatment believes may be useful in assessing whether its request for confidentiality should be granted.*

None.

In order to provide adequate protection from public disclosure, Interior Telephone Company, Inc. requests that the Commission strictly limit distribution of the Plan within the Commission on a "need to know" basis and not allow any distribution outside of the Commission. In the event that any person or entity outside of the Commission requests disclosure of the Plan, Interior Telephone Company, Inc. requests that it be so notified immediately so that it can oppose such request or take other action to safeguard its interests as it deems necessary and appropriate.

Please do not hesitate to contact me if you have any questions or I may be of any assistance.

Sincerely,

DYKEMA GOSSETT PLLC



Shannon M. Heim
SMHE/ebl

<010>	Study Area Code	G13011
<015>	Study Area Name	INTERIOR TEL CO INC
<020>	Program Year	2015
<030>	Contact Name: Person USAC should contact with questions about this data	Robert Dunn
<035>	Contact Telephone Number: Number of the person identified in data line <030>	9075632003 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	bdunn@telalaska.com

ANNUAL REPORTING FOR ALL CARRIERS		54,313 Completion Required	54,422 Completion Required
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		<i>(check box when complete)</i>	
<100>	Service Quality Improvement Reporting <i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	
<200>	Outage Reporting (voice) <i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210>	<input checked="" type="checkbox"/> ← check box if no outages to report	<input checked="" type="checkbox"/>	
<300>	Unfulfilled Service Requests (voice) <input type="text" value="0"/>	<input checked="" type="checkbox"/>	
<310>	Detail on Attempts (voice) <div style="border: 1px solid black; height: 40px; width: 100%;"></div> <i>(attach descriptive document)</i>	<input type="checkbox"/>	
<320>	Unfulfilled Service Requests (broadband) <input type="text" value="0"/>	<input checked="" type="checkbox"/>	
<330>	Detail on Attempts (broadband) <div style="border: 1px solid black; height: 40px; width: 100%;"></div> <i>(attach descriptive document)</i>	<input type="checkbox"/>	
<400>	Number of Complaints per 1,000 customers (voice)		
<410>	Fixed <input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420>	Mobile <input type="text" value=""/>	<input type="checkbox"/>	<input type="checkbox"/>
<430>	Number of Complaints per 1,000 customers (broadband)		
<440>	Fixed <input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	
<450>	Mobile <input type="text" value="0.0"/>	<input type="checkbox"/>	<input type="checkbox"/>
<500>	Service Quality Standards & Consumer Protection Rules Compliance <i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510>	<input type="text" value="G13011ak510.pdf"/> <i>(attached descriptive document)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600>	Functionality in Emergency Situations <i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610>	<input type="text" value="G13011ak610.pdf"/> <i>(attached descriptive document)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700>	Company Price Offerings (voice) <i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	
<710>	Company Price Offerings (broadband) <i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	
<800>	Operating Companies and Affiliates <i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900>	Tribal Land Offerings (Y/N)? <input checked="" type="radio"/> <input type="radio"/> <i>(if yes, complete attached worksheet)</i>	<input checked="" type="checkbox"/>	
<1000>	Voice Services Rate Comparability <i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	
<1010>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> <i>(attach descriptive document)</i>	<input type="checkbox"/>	
<1100>	Terrestrial Backhaul (Y/N)? <input type="radio"/> <input checked="" type="radio"/> <i>(if not, check to indicate certification)</i>	<input checked="" type="checkbox"/>	
<1110>	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	
<1200>	Terms and Condition for Lifeline Customers <i>(complete attached worksheet)</i>		<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>	<i>(check to indicate certification)</i>	<input type="checkbox"/>	
<2005>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

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

REDACTED - FOR PUBLIC INSPECTION

(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	613011
<015> Study Area Name	INTERIOR TEL CO INC
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Robert Dunn
<035> Contact Telephone Number - Number of person identified in data line <030>	9075632003 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	bdunn@telalaska.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.

613011ak112.pdf

Name of Attached Document

Please check these boxes below to confirm that the attached document(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.

**(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	613011
<015>	Study Area Name	INTERIOR TEL CO INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Robert Dunn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9075632003 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bdunn@telalaska.com

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

Interior Telephone Company Study area. All exchanges served by Interior Telephone Company are Alaska Native lands.

<920> Tribal Government Engagement Obligation

613011ak920.pdf

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)
Yes
Yes
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	613011
<015>	Study Area Name	INTERIOR TEL CO INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Robert Dunn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9075632003 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bdunn@telalaska.com

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

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

(1200) Terms and Condition for Lifeline Customers

FCC Form 481

Lifeline

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

Data Collection Form

July 2013

<010>	Study Area Code	613011
<015>	Study Area Name	INTERIOR TEL CO INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Robert Dine
<035>	Contact Telephone Number - Number of person identified in data line <030>	9073632003 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bdunne@telalaska.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

613011:ak1210.pdf

Name of Attached Document

<1220> Link to Public Website

HTTP <http://www.telalaska.com/lifeline>

"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

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

FCC Form 481

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

July 2013

<010>	Study Area Code	613011
<015>	Study Area Name	INTERIOR TEL CO INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Robert Dunn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9075632003 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bdunn@telalaska.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

<010> Study Area Code 613011
 <015> Study Area Name INTERIOR TEL CO INC
 <020> Program Year 2015
 <030> Contact Name - Person USAC should contact regarding this data Robert Dunn
 <035> Contact Telephone Number - Number of person identified in data line <030> 9075632003 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> rdunn@telalaska.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

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

613011ak3026.pdf

Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	613011
<015>	Study Area Name	INTERIOR TEL CO INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Robert Dunn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9075632003 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bdunn@telalaska.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:	INTERIOR TEL CO INC
Signature of Authorized Officer:	CERTIFIED ONLINE Date 06/27/2014
Printed name of Authorized Officer:	Brett Carter
Title or position of Authorized Officer:	VP Finance
Telephone number of Authorized Officer:	9075632003 ext.
Study Area Code of Reporting Carrier:	613011 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	613011
<015> Study Area Name	INTERIOR TEL CO INC
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Robert Dunn
<035> Contact Telephone Number - Number of person identified in data line <030>	9075632003 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	bdunn@te1alaska.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>	

Attachments

CONFIDENTIAL
NOT FOR PUBLIC INSPECTION

Five-Year Network Improvement Plan
For Interior 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

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 Interior Telephone Company (“ITC” or

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).

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

Interior Telephone Company was founded in 1968 in Fort Yukon, Alaska. The company steadily grew, bringing dial tone to some of the most remote, rugged and culturally diverse geographic areas in the United States. ITC now serves Alaskan communities such as Galena and Fort Yukon, where temperatures reach 90 degrees in the summer and 50 degrees below zero in winter; and communities located on the Kenai Peninsula and the Aleutian Islands, including Seward, Unalaska, Sand Point and King Cove. Only three of the 11 Alaskan communities that Interior serves are accessible by road.

Today ITC, through its affiliate TelAlaska NetWorks, is a provider of Internet services for both residents and businesses with a complete range of advanced voice and data network solutions.

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

Interior Telephone Company serves the combined exchange area(s) of:

Cold Bay	Port Lions
Fort Yukon	Sand Point
Galena	UnAlaska
Iliamna	Cooper Landing
King Cove	Seward/Moose Pass

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.*

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. Interior Telephone Company 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, Interior Telephone Company’s plan and progress reports will demonstrate not only how the Company 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.

⁹ *Id.* (emphasis supplied).

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 clarified that service quality improvements in the five-year plan “do not necessarily require additional construction of network facilities.”¹⁰ 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.”¹¹ The instructions also require that in subsequent annual progress reports which must include the total amount of universal service support received must provide this information “broken out separately by the amount spent on capital expenses and the amount spent on operating expenses.”¹² Accordingly, the Company's five-year plan separately provides both capital expenditures and operating expenses.

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

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

ITC advises that this improvement plan has been carefully crafted, matching measured network deployment, improvement and quality service levels with known financial implications of the Transformation Order upon the company's support cash-flows. The uncertainty of such cash flows being received in the outer-years as a result of current and potential regulatory action on rural rate-of-return carriers has resulted in the Company taking a balanced yet realistic approach.

The environment in which the Company operates remains dynamic, not static. As a result, Interior Telephone Company, Inc. reserves the opportunity to modify its plan in response to further regulatory decisions as they are adopted, and their implication upon the Company's financial viability in providing the required services and service level quality becomes known.

The Company will re-evaluate this plan on an annual basis. Action, however, may also be taken abruptly on the presented plan for both current and outer years in the event of evolving regulatory conditions, customer demand and needs and/or changes in technology (vendor)-driven support. All adjustments to the improvement plan in this document will be reflected and explained in subsequent annual progress reports.

A. The Company's Major Network Improvement Projects

Based upon this framework, Appendix A reflects Interior Telephone Company's major network improvement projects for the five calendar years 2015 through 2019, areas and population associated with those projects and voice and broadband relationship. The 5 year network improvement plan will describe how ITC plans to improve, upgrade, and maintain its telecommunications network over the period serving all communities in its study area. ITC study area includes 10 exchanges as provided in Section I. B. of this document. ITC's study area reaches a population base of 13, 333.¹³ Projects described below will be started and completed in the project year. Due to the current uncertainty of the amounts of support funds the company may receive in future years, ITC advises the Commission that the deployment of specific network improvement projects may be modified, and the meeting of projected service goals muted, to accommodate the actual amount of support that will be received.

B. How These Projects Will Improve the Network

[REDACTED]

¹³ 2010 Census

[REDACTED]



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. 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.”¹⁴ Interior Telephone Company hereby responds to the Commission’s invitation and provides the following:

All the Interior Telephone Company markets, with the exception of Seward/Moose Pass and Cooper Landing are not connected by roads and are only fed by satellite backhaul facilities. Seward/Moose Pass and Cooper Landing have both

¹⁴ *March 5, 2013 Order* at Para. 10.

microwave and fiber middle mile access and currently support the broadband service level of 4Mbps downstream/1Mbps upstream. The village of Iliamna has both microwave and fiber middle mile access but is not connected by roads and is not able to support the broadband service level because of cost prohibitive backhaul facilities¹⁵. Iliamna is able to support the broadband service level of 1Mbps downstream/256kpbs upstream. The Commission has acknowledged this issue in the 3rd Order on Reconsideration the Federal Communications Commission at Paragraph 46¹⁶ and in reference to Five-Year Build Out Plans the March 5, 2013 Order FCC DA 13-332 at Paragraph 11¹⁷.

All of Interior's other villages without terrestrial backhaul, are able to support the broadband service level of 1Mbps downstream/256kpbs upstream. ITC continues to seek economically sound solutions to address the provisioning of required broadband speeds given the extremely high costs of middle mile transport.

¹⁵ FCC 12-52 paras. 45-46

¹⁶ 46. We appreciate the concerns raised by the Alaska Rural Coalition and ACS that it may not be cost-effective to serve certain customers due to the high cost of backhaul. Rather than granting a blanket exemption of the broadband obligations established for rate-of-return companies in the USF/ICC Transformation Order, we clarify, as the Alaska Rural Coalition requests, that our current rules provide sufficient flexibility to take into account any unique circumstances that may impact the ability of rate-of-return companies to extend broadband to their customers, including backhaul costs. As the Coalition notes, rate-of-return carriers are required to provide service meeting the specified characteristics on reasonable request, which, the Commission explained in the Order, was an obligation similar to the voice deployment obligation many of those carriers were already subject to. This obligation, enforced in the first instance by the relevant ETC-designating authority (generally the state), permits these entities to take into account backhaul costs or other unique circumstances that may make it cost-prohibitive to extend service to particular customers, in Alaska or any other area. We intend to carefully monitor developments in this regard and will consider making further clarifications or revisions if necessary.

¹⁷ 11. The Bureau does not expect a rate-of-return carrier to plan to build out terrestrial wireline broadband service to all locations within its study area. The Commission has recognized that there are some areas of the country where it is cost prohibitive to extend broadband using terrestrial wireline technology, and that in some areas satellite or fixed wireless technologies may be more cost effective options to extend service.³⁴ Indeed, we are aware anecdotally that rate-of-return carriers today use a mix of technologies to serve their customers.³⁵ For that reason, we expect rate-of-return carriers to develop plans that reflect the cost characteristics of their service territories and current funding levels, setting forth what sort of broadband service build-out is reasonable over the five-year time period.

Study Area Code	613011
Study Area Name	Interior Telephone Company
Company Contact Name	Robert Dunn
Contact Telephone Number	907-563-2003
Contact Email Address	bdunn@telalaska.com

APPENDIX A - PROJECT LIST FOR 2015-2019

Project	Project Year	Areas	Population	Percent Voice	Percent Broadband
[REDACTED]	2016	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	2016				
	2016				
	2016				
	2016				
	2016				
	2016				
	2016				
	2016				
	2016				
	2016				
	2016				
	2016				
	2016				
	2016				

Study Area Code	<u>613011</u>
Study Area Name	<u>Interior Telephone Company</u>
Company Contact Name	<u>Robert Dunn</u>
Contact Telephone Number	<u>907-563-2003</u>
Contact Email Address	<u>bdunn@telalaska.com</u>

APPENDIX A - PROJECT LIST FOR 2015-2019

Project	Project Year	Areas	Population	Percent Voice	Percent Broadband
[REDACTED]	2017	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	2017				
	2017				
	2017				
	2017				
	2017				
	2017				
	2017				
	2017				
	2017				
	2017				
	2017				

Study Area Code	613011
Study Area Name	Interior Telephone Company
Company Contact Name	Robert Dunn
Contact Telephone Number	907-563-2003
Contact Email Address	bdunn@telalaska.com

APPENDIX A - PROJECT LIST FOR 2015-2019

Project	Project Year	Areas	Population	Percent Voice	Percent Broadband
[REDACTED]	2018	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	2018				
	2018				
	2018				
	2018				
	2018				
	2018				

Study Area Code	<u>613011</u>
Study Area Name	<u>Interior Telephone Company</u>
Company Contact Name	<u>Robert Dunn</u>
Contact Telephone Number	<u>907-563-2003</u>
Contact Email Address	<u>bdunn@telalaska.com</u>

APPENDIX A - PROJECT LIST FOR 2015-2019

Project	Project Year	Areas	Population	Percent Voice	Percent Broadband
	2019				
	2019				
	2019				
	2019				
	2019				
	2019				
	2019				
	2019				

Study Area Code	613011
Study Area Name	Interior Telephone Company
Company Contact Name	Robert Dunn
Contact Telephone Number	907-563-2003
Contact Email Address	bdunn@telalaska.com

Appendix B: 5-Year Proposed Capital Expenditures and Operating Expenses

Regulated Capital Expenditure (CapEX) Projections							
Account	Description	2015	2016	2017	2018	2019	Total Projected CapEx 2015-2019
2111 & 2121	Land & Building						
2112	Vehicles						
2114	Special Purpose Vehicles						
2116	Other Work Equipment						
2122-2124	Support Assets						
2210	Switching Equipment						
2232	Circuit Equipment						
2410	Cable & Wire Facilities						
1220	Materials & Supplies						
	Total Capital Expenditures						

Regulated Operating Expenditure (OpEx) Projections							
Account	Operating Expenses	2015	2016	2017	2017	2018	Total Projected OpEx 2015-2019
6110-6410	Plant Specific Operations						
6530	Plant Nonspecific Operations						
6561	Depreciation and Amortization						
6610-6620	Customer Operations						
6711-6720	Corporate Operations						
	Total Operating Expenses						

Interior Telephone Company

500: Service Quality Standards & Consumer Protection Rules Compliance

510: Interior Telephone Company certifies that it is in compliance with applicable consumer protection and service quality standards as set forth in Alaska Administrative Rules 3 AAC 53.450 and consumer protection rules as defined in 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft. A manual for each of those programs is in place and is part of the employees' handbook. Employee training is conducted and new hires are instructed on the programs as required by their job functions.

Interior Telephone Company

600: Functionality in Emergency Situations

610: Interior Telephone Company certifies that it has and will continue to take steps to remain functional in emergency situations in compliance with requirements set forth in 47 CFR 54.202(a)(2).

Interior Telephone Company has ten telecommunication local exchange serving areas. It uses (central office) switches from several different manufacturers (vendors) to provide the service. The manufacturers include Redcom, Metaswitch, Genband (formerly Nortel) and Lucent. Additionally, several of its serving areas have remote nodes. The node manufacturers include Calix (formerly Occam) and AFC. Each central office and interconnecting network equipment site contains provisions for reserve power to keep all equipment operating without interruption for at least eight hours at the busy-hour load following any failure of the primary electric power source. All switches and nodes have 8 hour battery back-up. Additionally, the switches have back-up generators which will provide power indefinitely.

At eight of Interior Telephone Company's local exchange service areas, it provides a stand-alone switch (not connected to other central offices) directly connected to two separate IXCs. There are separate cable routes to each IXC. If either route is damaged access to long distance is attainable through a dial around process. At two of its local exchange service areas, it connects to IXCs on a collapsed SONET ring. All of Interior Telephone Company's switches are non-blocking blocking and capable of handling traffic spikes resulting from emergency situations.

Interior Telephone Company has established procedures to be followed by its employees in the event of emergencies.

(710) Broadband Price Offerings
Data Collection Form

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

<010>	Study Area Code	613011
<015>	Study Area Name	INTERIOR TEL CO INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Robert Dunn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9075632003 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bdunn@telalaska.com

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service Download Speed (Mbps)	Broadband Service Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
AK	Cold Bay	39.9	0.0	39.9	0.256	0.064	6.0	Overage Charge
AK	Cold Bay	44.9	0.0	44.9	0.256	0.128	6.0	Overage Charge
AK	Cold Bay	79.9	0.0	79.9	0.512	0.128	8.0	Overage Charge
AK	Cold Bay	84.9	0.0	84.9	0.512	0.256	10.0	Overage Charge
AK	Cold Bay	99.9	0.0	99.9	1.0	0.256	12.0	Overage Charge
AK	Cold Bay	109.9	0.0	109.9	1.0	0.512	12.0	Overage Charge
AK	Cooper Landing	30.0	0.0	30.0	0.256	0.128	0.0	Other, No limit on usage allowance
AK	Cooper Landing	45.0	0.0	45.0	0.512	0.256	0.0	Other, No limit on usage allowance
AK	Cooper Landing	65.0	0.0	65.0	1.0	0.512	0.0	Other, No limit on usage allowance
AK	Cooper Landing	85.0	0.0	85.0	2.0	1.0	0.0	Other, No limit on usage allowance
AK	Cooper Landing	125.0	0.0	125.0	3.0	1.0	0.0	Other, No limit on usage allowance
AK	Cooper Landing	155.0	0.0	155.0	4.0	1.0	0.0	Other, No limit on usage allowance
AK	Fort Yukon	39.9	0.0	39.9	0.256	0.064	6.0	Overage Charge
AK	Fort Yukon	44.9	0.0	44.9	0.256	0.128	6.0	Overage Charge
AK	Fort Yukon	79.9	0.0	79.9	0.512	0.128	8.0	Overage Charge
AK	Fort Yukon	84.9	0.0	84.9	0.512	0.256	10.0	Overage Charge
AK	Fort Yukon	99.9	0.0	99.9	1.0	0.256	12.0	Overage Charge
AK	Fort Yukon	109.9	0.0	109.9	1.0	0.512	12.0	Overage Charge
AK	Galena	39.9	0.0	39.9	0.256	0.064	6.0	Overage Charge
AK	Galena	44.9	0.0	44.9	0.256	0.128	6.0	Overage Charge
AK	Galena	79.9	0.0	79.9	0.512	0.128	8.0	Overage Charge

(710) Broadband Price Offerings
Data Collection Form

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

<010>	Study Area Code	613011
<015>	Study Area Name	INTERIOR TEL CO INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Robert Dunn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9075632003 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bdunn@telalaska.com

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service Download Speed (Mbps)	Broadband Service Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
AK	Galena	84.9	0.0	84.9	0.512	0.256	10.0	Overage Charge
AK	Galena	99.9	0.0	99.9	1.0	0.256	12.0	Overage Charge
AK	Galena	109.9	0.0	109.9	1.0	0.512	12.0	Overage Charge
AK	Iliamna	39.9	0.0	39.9	0.256	0.064	6.0	Overage Charge
AK	Iliamna	44.9	0.0	44.9	0.256	0.128	6.0	Overage Charge
AK	Iliamna	79.9	0.0	79.9	0.512	0.128	8.0	Overage Charge
AK	Iliamna	84.9	0.0	84.9	0.512	0.256	10.0	Overage Charge
AK	Iliamna	99.9	0.0	99.9	1.0	0.256	12.0	Overage Charge
AK	Iliamna	109.9	0.0	109.9	1.0	0.512	12.0	Overage Charge
AK	King Cove	39.9	0.0	39.9	0.256	0.064	6.0	Overage Charge
AK	King Cove	44.9	0.0	44.9	0.256	0.128	6.0	Overage Charge
AK	King Cove	79.9	0.0	79.9	0.512	0.128	8.0	Overage Charge
AK	King Cove	84.9	0.0	84.9	0.512	0.256	10.0	Overage Charge
AK	King Cove	99.9	0.0	99.9	1.0	0.256	12.0	Overage Charge
AK	King Cove	109.9	0.0	109.9	1.0	0.512	12.0	Overage Charge
AK	Port Lions	45.95	0.0	45.95	0.256	0.128	4.0	Overage Charge
AK	Port Lions	55.95	0.0	55.95	0.256	0.128	6.0	Overage Charge
AK	Port Lions	99.9	0.0	99.9	1.0	0.256	12.0	Overage Charge
AK	Sand Point	39.9	0.0	39.9	0.256	0.064	6.0	Overage Charge
AK	Sand Point	44.9	0.0	44.9	0.256	0.128	6.0	Overage Charge
AK	Sand Point	79.9	0.0	79.9	0.512	0.128	8.0	Overage Charge

(710) Broadband Price Offerings
Data Collection Form

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

<010>	Study Area Code	613001
<015>	Study Area Name	INTERIOR TEL CO INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Robert Dunn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9075632003 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bdunn@telalaska.com

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached (select)
AK	Sand Point	84.9	0.0	84.9	0.512	0.256	10.0	Overage Charge
AK	Sand Point	99.9	0.0	99.9	1.0	0.256	12.0	Overage Charge
AK	Sand Point	109.9	0.0	109.9	1.0	0.512	12.0	Overage Charge
AK	Seward/MoosePass	30.0	0.0	30.0	0.256	0.128	0.0	Other, No limit on usage allowance
AK	Seward/MoosePass	45.0	0.0	45.0	0.512	0.256	0.0	Other, No limit on usage allowance
AK	Seward/MoosePass	65.0	0.0	65.0	1.0	0.512	0.0	Other, No limit on usage allowance
AK	Seward/MoosePass	85.0	0.0	85.0	2.0	1.0	0.0	Other, No limit on usage allowance
AK	Seward/MoosePass	125.0	0.0	125.0	3.0	1.0	0.0	Other, No limit on usage allowance
AK	Seward/MoosePass	155.0	0.0	155.0	4.0	1.0	0.0	Other, No limit on usage allowance
AK	Unalaska	45.0	0.0	45.0	0.128	0.064	4.0	Overage Charge
AK	Unalaska	59.9	0.0	59.9	0.256	0.064	6.0	Overage Charge
AK	Unalaska	64.9	0.0	64.9	0.256	0.128	6.0	Overage Charge
AK	Unalaska	79.9	0.0	79.9	0.512	0.128	8.0	Overage Charge
AK	Unalaska	84.9	0.0	84.9	0.512	0.256	10.0	Overage Charge
AK	Unalaska	99.9	0.0	99.9	1.0	0.256	12.0	Overage Charge
AK	Unalaska	109.9	0.0	109.9	1.0	0.512	12.0	Overage Charge

Interior Telephone Company

920: Tribal Engagement Document

Tribal lands in Alaska are defined differently than what typically is used to describe tribal lands and tribal authority in the contiguous 48 States. Alaska Native Regions were not carved out of existing reservations and occupy a different legal status than allotments which are defined as Indian Country under 18 USC Sec. 1151. They include all Alaska Native Regions established pursuant to the Alaska Native Claims Settlement Act. (ANCSA), 43 U.S.C Sec. 1601. ANCSA lands do not qualify as Indian Country. This Act extinguished the Alaska tribes' aboriginal title to land, while creating village and regional corporations that received title to certain lands within 12 geographic regions of the state. The shareholders of those ANCSA corporations are primarily tribal members and their descendants. The ANCSA regions consist of the entire State of Alaska and are defined as tribal lands.

TelAlaska, Inc.'s subsidiary, Interior Telephone Company (ITC) is a public utility corporation (Certificate No. 165) providing local exchange telephone service to the following communities: Cold Bay, Cooper Landing, Fort Yukon, Galena, Iliamna, King Cove, Port Lions, Sand Point, Seward, Moose Pass and Unalaska. Three of these communities are located on a road system, the rest are remote isolated communities spread across a large area of the State: from 800 miles west of Anchorage on the Aleutian Islands, to over 400 miles north of Anchorage near the Arctic Circle on the Yukon River.

921: Needs Assessment and Deployment Planning with Focus on Anchor Institutions

ITC strives to work in conjunction with its Alaskan Native community leaders and anchor institutions to assess, plan and deploy telecommunication facilities in its exchange service areas. During 2013, ITC undertook the following steps to communicate with its Alaskan Native community: Using its assembled list of native leaders with contact information for all of federally recognized tribes in ITC's serving areas from the Federal Register, Brenda Shepard, CEO and Dave Goggins, V.P. Operations initiated direct contact via phone calls to native leaders, covering each of ITC's exchanges. The purpose of these calls was to discuss and describe the Tribal Government Engagement Obligation as reported in the July 19, 2012 FCC Public Notice and open or continue a dialogue with the local leaders. During these direct conversations, the native community leaders offered direct and candid feedback on the quality of ITC's voice and broadband services to their community as well as what if any concerns they may have regarding new service opportunities. Ms. Shepard and Mr. Goggins shared ITC's plans on future network activity and provided the native leaders with direct contact information for any future discussions.

922: Feasibility and Sustainability Planning Tribal Land Network

See narrative response to 921.

923: Marketing Services in a Culturally Sensitive Manner

Interior Telephone Company staff has strived to devise marketing strategies that are culturally sensitive. Given that all of ITC's customers reside on Alaska Native Region lands, the intent of its marketing strategy is to appeal to, and be appropriate for, Alaskan Natives. ITC management and staff have attended regularly scheduled monthly community events and meetings. In addition, ITC staff work directly with local leaders and residents in the communities, which keeps ITC's marketing message continually fresh, relevant, and sensitive to the culture of those currently served and to be served in the future. Marketing materials also feature photos of Alaska Native families rather than purchased images from stock photo companies.

924: Rights-of-Way Processes

ITC obtains Right of Way permits from the State of Alaska, Federal agency or tribal organization which has the legal ROW authority over these lands. Local village administrations are also contacted as applicable before accessing roads, easements or private property, informed of the intended project and offered opportunities for feedback. ITC engineers design plans to ensure total compliance with all Right of Way permitting requirements.

925: Compliance with Land Use Permitting Requirements

ITC complies with all federal, state and/or local land use permitting requirements as applicable. There are no known specific tribal permitting requirements. As a component of its telecommunications infrastructure deployment planning process, ITC communicates with local village council representatives to inform them of planned land uses, provides a map of the impacted areas, offers opportunities for feedback and if applicable, obtains a letter of non-objection for placement of network facilities.

926: Compliance with Facility Siting Rules

ITC works to ensure that all required facility siting rules, federal, state, and other are completed to the satisfaction of these governmental authorities and consistent with the needs of the Alaska Native communities.

927: Compliance with Environmental Review Processes

ITC works to ensure that all required environmental assessments, federal, state, and other are completed to the satisfaction of these governmental authorities and consistent with the needs of the Alaska Native communities.

928: Compliance with Cultural Preservation Review Process

As an Alaskan company, ITC has the highest sensitivity regarding preserving the cultural integrity of the land. Understanding that Alaska native lands are rich with artifacts and ancient burials, ITC ensures that applicable cultural preservation requirements are always followed.

929: Compliance with Tribal Business and Licensing Requirements

N/A. ITC complies with all business and licensing requirements of the State of Alaska.

Interior Telephone Company

1200: Terms and Condition for Lifeline Customers

Interior Telephone Company provides local wireline voice telephony service to eligible Lifeline subscribers.

1221: Information describing the terms and conditions of the local wireline voice telephony service offered to Lifeline subscribers by Interior Telephone Company are outlined in the tariff sheets below.

1222: Local wireline service is provided by Interior Telephone Company at a flat rate per month and includes unlimited local calling. This is the same service offered to Lifeline subscribers.

1223: Lifeline subscribers may choose to block toll access at no charge to them or choose a long distance provider of their choice for the best toll calling plans and rates available to them.

INTERIOR TELEPHONE COMPANY, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE

A. GENERAL

Enhanced Lifeline Service is a reduction in basic local service charges for residential service, available only to qualifying low income customers living on tribal lands. Qualifying customers pay reduced charges for a primary residential line as a result of the application of payments from the state and the interstate universal service funds and a waiver of the qualifying customer's end user subscriber line charge. All customers in the Company's service area are deemed to live on tribal lands.

B. REGULATIONS

1. Enhanced Lifeline Service will be offered to any requesting customer meeting the following criteria in (a) and /or (b) below:

a. The customer lives in a household with income at or below 135 percent of the current official Federal Poverty Income Guidelines published annually in the Federal Register by the United States Department of Health and Human Services. For purposes of applying the poverty guideline, the term "family unit" means all persons who occupy a housing unit, whether they are related to each other or not.

b. The customer participates in one of the following programs:

- Supplemental Security Income (SSI)
- Food Stamps
- Medicaid
- Federal Public Housing Assistance
- Low Income Home Energy Assistance
- Bureau of Indian Affairs general assistance
- Tribally administered Temporary Assistance for Needy Families
- Head Start Programs (only those meeting its income qualifying standard)
- National School Lunch Program (free meals program only)
- Alaska Temporary Assistance Program
- Alaska Adult Public Assistance Program
- VA Disability Pension
- Child Care Assistance Program - PASS I, PASS II, PASS III
- WIC - Women, Infants & Children Program
- Alaska State Housing Corporation Programs

(N)
|
|
(N)

Tariff Advice No. TA121-165 Effective: April 10, 2009

Issued By: INTERIOR TELEPHONE COMPANY, INC.

By: Brenda Shepard Title: CEO

INTERIOR TELEPHONE COMPANY, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE - continued

B. REGULATIONS - continued

1. Eligibility requirements: (continued)

b. (continued)

- Public Housing
- Interest Rate Reduction for Low Income Borrowers
- Home Investment Partnership Program "HOME"
- Low Income Housing Tax Credit Program
- Senior Citizen Housing Development Fund
- State of Alaska Heating Assistance Program
- Pioneer Home Payment Assistance
- Denali Kid Care
- Senior Care

(N)

(N)

c. The customer must sign, under penalty of perjury, a document certifying:

1. The customer's income is at or below the 135 percent threshold specified in B.1.a. preceding or the customer is receiving benefits from one of the programs listed in B.1.b. preceding.
2. Name of the program from which the customer is receiving benefits.
3. That the customer will notify the Company if the customer's income exceeds the 135 percent threshold specified or he/she no longer participates in an eligible program.
4. The number of individuals in the customer's household and the customer's household income. .
 - i. The customer is required to provide documentation of the income in the form of: a previous year's state, federal, or tribal tax return; a current income statement from an employer or paycheck stub; a statement of benefits from the U.S. Social Security Administration; a statement of benefits from the U.S. Department of Veterans Affairs; a retirement or pension statement of benefits; an unemployment or workers' compensation statement of benefits; a federal or tribal notice letter of participation in general assistance ; a divorce decree or child support document, or any other official document demonstrating proof of income.
 - ii. If the customer provides documentation that does not cover one full year, the documentation must cover at least three consecutive months in the current calendar year.

Tariff Advice No. TA121-165 Effective: April 10, 2009

Issued By: INTERIOR TELEPHONE COMPANY, INC.

By: _____ Title: CEO
Brenda Shepard

REDACTED - FOR PUBLIC INSPECTION

RCA No. 165 Original Sheet No. 344

Cancelling Sheet No. _____

INTERIOR TELEPHONE COMPANY, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE - continued

B. REGULATIONS - continued

4. Enhanced Lifeline Service includes the following:
- Single party, voice grade access to the public switched network;
 - Access to emergency service;
 - Access to operator service;
 - Access to interexchange service, unless toll blocking is chosen;
 - Access to directory assistance, unless directory assistance restriction is chosen; and,
 - Toll blocking, if requested.

Tariff Advice No. TA Effective: _____

Issued By: INTERIOR TELEPHONE COMPANY, INC.

By: _____ Title: CEO

Jack H Rhyner

REDACTED - FOR PUBLIC INSPECTION

INTERIOR TELEPHONE COMPANY, INC.

GENERAL EXCHANGE SERVICES

EXPANDED LINKUP ASSISTANCE

A. GENERAL

Expanded Linkup Assistance is a program for qualifying low income customers which includes a reduction in the Company's customary charge for service connection for a single residential line connection at a customer's principal place of residence, and a deferred schedule of payment of the charges assessed for commencing service, for which the customer does not pay interest. Expanded Linkup will provide a reduction to any standard charges imposed on qualifying low-income individuals as a condition of initiating service, including both line extension and initial connection charges. Expanded Linkup support provides for:

- A 100% reduction, up to \$100 of a qualifying subscriber's initial connection charges (C)
- Total maximum support amount of \$100 per qualifying low income subscriber. (C)

The supported services under this section do not include charges assessed for facilities or equipment that fall on the customer's side of the demarcation point, i.e. customer premises equipment and inside wiring charges.

B. REGULATIONS

1. Expanded Linkup will be offered to any requesting applicant meeting all the criteria as listed for Enhanced Lifeline Services.

Tariff Advice No. TA133-165 Pursuant to Fed Reg Vol. 77, No 42, Mar. 2, 2012 Effective: July 1, 2012

Issued By: INTERIOR TELEPHONE COMPANY, INC.

By: _____
Brenda Shepard

Title: CEO

RCA No. 165 Original Sheet No. 351

Cancelling Sheet No. _____

INTERIOR TELEPHONE COMPANY, INC.

GENERAL EXCHANGE SERVICES

EXPANDED LINKUP ASSISTANCE - continued

B. REGULATIONS - continued

2. Eligible customers shall be allowed to receive benefit under this schedule for a second or subsequent time only for a principal place of residence with an address different from the residence address at which the Expanded Linkup was previously provided.

Tariff Advice No. TA Effective: _____

Issued By: INTERIOR TELEPHONE COMPANY, INC.

By: _____ Title: CEO

Jack H Rhyner

REDACTED - FOR PUBLIC INSPECTION

RCA No. 165 First Revised Sheet No. 516

Cancelling _____ Original Sheet No. 516

INTERIOR TELEPHONE COMPANY, INC.

RATE SCHEDULE

ENHANCED LIFELINE SERVICE

A. APPLICABILITY

The rates and terms specified herein apply to residential customers who meet the eligibility requirements for Enhanced Lifeline Service shown in the General Exchange Services section of this tariff.

B. RATES

Monthly Recurring Rate

All Exchange Areas

\$.00

(R)

The reductions from the local residential service charges are from state and interstate universal service funds.

Tariff Advice No. TA133-165 Pursuant to Fed Reg Vol. 77, No 42, Mar. 2, 2012 Effective: July 1, 2012

Issued By: INTERIOR TELEPHONE COMPANY, INC.

By: _____
Brenda Shepard

Title: CEO

INTERIOR TELEPHONE COMPANY, INC.

RATE SCHEDULE

EXPANDED LINKUP ASSISTANCE

A. APPLICABILITY

The rates and terms specified herein apply to all residential customers who meet the eligibility requirements for Expanded Linkup Assistance as shown in the General Exchange Services section of this tariff.

B. RATES

Expanded Linkup is available only to qualifying low income customers residing on Tribal Lands. Expanded Linkup support provides for a 50% discount on the first \$60 of a qualifying subscriber's initial connection charges up to a maximum of \$30, and an additional \$70 to cover 100% of any remaining charges associated with initiating service between \$60 and \$130, for a total maximum support amount of \$100 per qualifying low income subscriber. The supported services under this section do not include charges assessed for facilities or equipment that fall on the customer's side of the demarcation point, i.e. customer premises equipment and inside wiring charges.

Tariff Advice No. TA Effective: _____

Issued By: INTERIOR TELEPHONE COMPANY, INC.

By: _____ Title: CEO

Jack H Rhyner

REDACTED - FOR PUBLIC INSPECTION

Interior Telephone Company

3000: Rate of Return Carriers Additional Documentation

54.313(g) Areas with no terrestrial backhaul

All the Interior Telephone Company markets, with the exception of Seward/Moose Pass and Cooper Landing are not connected by roads and are only fed by satellite backhaul facilities. Seward/Moose Pass and Cooper Landing have both microwave and fiber middle mile access and currently support the broadband service level of 4Mbps downstream/1Mbps upstream. The village of Iliamna has both microwave and fiber middle mile access but is not connected by roads and is not able to support the broadband service level because of cost prohibitive backhaul facilities¹. Iliamna is able to support the broadband service level of 1Mbps downstream/256kpbs upstream. Per the 3rd Order on Reconsideration the Federal Communications Commission has acknowledged this issue at Paragraph 46.

46. We appreciate the concerns raised by the Alaska Rural Coalition and ACS that it may not be cost-effective to serve certain customers due to the high cost of backhaul. Rather than granting a blanket exemption of the broadband obligations established for rate-of-return companies in the *USF/ICC Transformation Order*, we clarify, as the Alaska Rural Coalition requests, that our current rules provide sufficient flexibility to take into account any unique circumstances that may impact the ability of rate-of-return companies to extend broadband to their customers, including backhaul costs. As the Coalition notes, rate-of-return carriers are required to provide service meeting the specified characteristics on *reasonable* request, which, the Commission explained in the *Order*, was an obligation similar to the voice deployment obligation many of those carriers were already subject to. This obligation, enforced in the first instance by the relevant ETC-designating authority (generally the state), permits these entities to take into account backhaul costs or other unique circumstances that may make it cost-prohibitive to extend service to particular customers, in Alaska or any other area. We intend to carefully monitor developments in this regard and will consider making further clarifications or revisions if necessary.

All of Interior's other villages without terrestrial backhaul, are able to support the broadband service level of 1Mbps downstream/256kpbs upstream. Interior Telephone Company continues to seek economically sound solutions to address the provisioning of required broadband speeds given the extremely high costs of middle mile transport.

3005: Interior Telephone Company is a Privately held ROR Carrier and submits below a full and complete annual report of the company's financial condition and operations as of the end of the preceding fiscal year pursuant to 47 CFR 54.313(f)(2).

3019: Interior Telephone Company files as an audited single company a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers as

¹ FCC 12-52 paras. 45-46

provided by USAC in the FCC Form 481 Operating Report for Privately-Held Rate of Return Carriers upload template. This report includes data for the preceding fiscal year and the prior fiscal year for Interior Telephone Company. An officer of the company certifies the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

3020: A pdf of Interior Telephone Company's Balance Sheet, Income Statement and Statement of Cash Flows.

3021: Interior Telephone Company submits the Report of Independent Certified Public Accountants, Grant Thornton, LLP, that performed Interior Telephone Company's financial audit.

		Totals that can not be zero
Worksheet	Input Item	Lir
3005a BalanceSheet	Total Assets	
3005a BalanceSheet	Total Liabilities and Equity	
3005b IncomeStatement	Input items for prior year	
3005b IncomeStatement	Input items for current year	

ed consolidated company

Filed as audited consolidated company

ary of reviewed consolidated company

Filed as subsidiary of audited consolidated company

CERTIFICATION

ort are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

Date

PART A. BALANCE SHEET

	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
			CURRENT LIABILITIES		
			25. Accounts Payable		
			26. Notes Payable		
			27. Advance Billings and Payments		
			28. Customer Deposits		
			29. Current Mat. L/T Debt		
			30. Current Mat. L/T Debt-Rur. Dev.		
			31. Current Mat.-Capital Leases		
			32. Income Taxes Accrued		
			33. Other Taxes Accrued		
			34. Other Current Liabilities		
			35. Total Current Liabilities (25 thru 34)		
			LONG-TERM DEBT		
			36. Funded Debt-RUS Notes		
			37. Funded Debt-RTB Notes		
			38. Funded Debt-FFB Notes		
			39. Funded Debt-Other		
			40. Funded Debt-Rural Develop. Loan		
			41. Premium (Discount) on L/T Debt		
			42. Reacquired Debt		
			43. Obligations Under Capital Lease		
			44. Adv. From Affiliated Companies		
			45. Other Long-Term Debt		
			46. Total Long-Term Debt (36 thru 45)		
			OTHER LIAB. & DEF. CREDITS		
			47. Other Long-Term Liabilities		
			48. Other Deferred Credits		
			49. Other Jurisdictional Differences		
			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
			EQUITY		

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM

PRIOR YEAR

THIS YEAR

cluding Depreciation & Amortization)

0)

ion

+30-26)

Year



<015> Interior Telephone Company

<020>

<030> Robert Dunn

<035> (907)563-2003

<039> bdunn@telalaska.com

Person USAC should contact regarding this data

Phone Number - Number of person identified in data line <030>

Email Address - Email Address of person identified in data line <030>

PART C. STATEMENTS OF CASH FLOWS

Cash and Equivalents plus RUS Construction Fund)

CASH FLOWS FROM OPERATING ACTIVITIES

Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities

Deferred Income Taxes

Changes in Operating Assets and Liabilities

(Increase) in Accounts Receivable

(Increase) in Materials and Inventory

(Increase) in Prepayments and Deferred Charges

(Increase) in Other Current Assets

(Increase) in Accounts Payable

(Increase) in Advance Billings & Payments

(Increase) in Other Current Liabilities

Provided/(Used) by Operations

CASH FLOWS FROM FINANCING ACTIVITIES

(Increase) in Notes Receivable

(Increase) in Notes Payable

(Increase) in Customer Deposits

(Increase) in Long Term Debt (Including Current Maturities)

(Increase) in Other Liabilities & Deferred Credits

(Increase) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital

Dividends

Capital Credits Retired

Provided/(Used) by Financing Activities

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisitions (Property, Plant & Equipment)

Investments

Dispositions of Assets & Jurisdictional Differences



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Grant Thornton LLP
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Anchorage, AK 99501
T 907.264.6620
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Board of Directors
Interior Telephone Company, Inc.

We have audited the accompanying financial statements of Interior Telephone Company, Inc., which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interior Telephone Company, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

As discussed in Note 1 and Note 8 to the financial statements, the Company adopted new accounting guidance in 2013 related to the accounting for goodwill, which allows for the amortization of goodwill in lieu of an annual impairment assessment. Our opinion is not modified with respect to this matter.

Grant Thornton LLP

Anchorage, Alaska
March 31, 2014

INTERIOR TELEPHONE COMPANY, INC.

Balance Sheets

December 31,

Assets	2013	2012
Current assets:		
Cash and cash equivalents		
Due from affiliate		
Accounts receivable		
Materials and supplies		
Prepaid expenses		
Deferred tax assets		
Total current assets		
Other assets		
Goodwill, net		
Total goodwill and other assets		
Property, plant and equipment		
Plant in service		
Less accumulated depreciation		
Net plant in service		
Plant under construction		
Net property, plant and equipment		
Total assets		
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable		
Advance billings and customer deposits		
Accrued liabilities		
Total current liabilities		
Deferred tax liabilities		
Other long-term liabilities		
Total liabilities		
Stockholder's equity:		
Common stock, \$3.33335 par value, 100,000 shares authorized, issued and outstanding		
Additional paid-in capital		
Retained earnings		
Total stockholder's equity		
Total liabilities and stockholder's equity		

See accompanying notes to financial statements.

INTERIOR TELEPHONE COMPANY, INC.

Statements of Income

Years ended December 31,

	2013	2012
Operating revenues:		
Basic local network services		
Network access services		
Miscellaneous		
Uncollectible revenue		
Total operating revenues		
Operating expenses:		
Plant specific operations		
Plant nonspecific operations		
Depreciation and amortization		
Customer operations		
Corporate operations		
Total operating expenses		
Operating income		
Other income (expense):		
Interest income		
Other expense, net		
Total other income (expense), net		
Income before income taxes		
Income taxes		
Net income		

See accompanying notes to financial statements.

INTERIOR TELEPHONE COMPANY, INC.

Notes to Financial Statements

December 31,

	2013	2012
Cash flows from operating activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		
Deferred income taxes		
Change in operating assets and liabilities:		
Accounts receivable		
Materials and supplies		
Prepaid expense		
Due from affiliate		
Other assets		
Accounts payable		
Advance billings and customer deposits		
Accrued liabilities		
Other long-term liabilities		
Net cash provided by operating activities		
Cash flows from investing activities:		
Construction and acquisition of plant		
Proceeds from the sale of assets		
Net cash used in investing activities		
Cash flows from financing activities:		
Dividends paid		
Net cash used in financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period		
Reclassification of amounts due from affiliate		
Cash and cash equivalents at end of period		
Supplemental information:		
Allocated income taxes paid to Parent		
Accrued purchases of property and equipment		

See accompanying notes to financial statements.