

REDACTED – FOR PUBLIC INSPECTION

June 26, 2014

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

Received & Inspected  
JUN 30 2014  
FCC Mail Room

**Re: *In the Matter of ETC Annual Reports and Certifications, 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. 14-58, 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***

Dear Ms. Dortch:

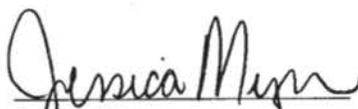
On behalf of Pierce Telephone Company (“Pierce”), please find enclosed two copies of Pierce’s FCC Form 481, along with the redacted versions of the Confidential Financial Information.

Also enclosed are copies of Pierce’s redacted five-year service quality improvement plan.

One copy of the FCC Form 481, containing Confidential Financial Information, is being filed under separate cover.

Please do not hesitate to contact me at (402) 441-4315 if you have any questions regarding this submission.

Respectfully submitted,

  
Jessica Meyer  
Consultant  
Consortia Consulting, Inc.

No. of Copies rec'd 04  
List ABCDE

FCC Form 481 - Carrier Annual Reporting  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0815  
July 2013

<010>	Study Area Code	371581
<015>	Study Area Name	PIERCE TEL CO
<020>	Program Year	2015
<030>	Contact Name: Person USAC should contact with questions about this data	Judy Christiansen
<035>	Contact Telephone Number: Number of the person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	jchristiansen@consortiaconsulting.com

Received & Inspected

JUN 30 2014

FCC Mail Room

ANNUAL REPORTING FOR ALL CARRIERS

54,313	54,422
Completion Required	Completion Required

		(check box when complete)	
<100>	Service Quality Improvement Reporting (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200>	Outage Reporting (voice) (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210>	<input checked="" type="checkbox"/> ← check box if no outages to report	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300>	Unfulfilled Service Requests (voice) <input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310>	Detail on Attempts (voice) <input type="text" value=""/> (attach descriptive document)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<320>	Unfulfilled Service Requests (broadband) <input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330>	Detail on Attempts (broadband) <input type="text" value=""/> (attach descriptive document)	<input type="checkbox"/>	<input checked="" 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="0.0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430>	Number of Complaints per 1,000 customers (broadband)		
<440>	Fixed <input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450>	Mobile <input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500>	Service Quality Standards & Consumer Protection Rules Compliance (check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510>	<input type="text" value="371581ne510.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>	<input type="text" value="371581ne610.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 checked="" type="checkbox"/>
<710>	Company Price Offerings (broadband) (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800>	Operating Companies and Affiliates (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900>	Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/> (if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000>	Voice Services Rate Comparability (check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010>	<input type="text" value=""/> (attach descriptive document)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1100>	Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/> (if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1200>	Terms and Condition for Lifeline Customers (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

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

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet</b>			
<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

<b>(100) Service Quality Improvement Reporting Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	371581
<015> Study Area Name	PIERCE TEL CO
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035> Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

<110> Has your company received its ETC certification from the FCC? (yes / no)

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)

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.

371581ne112.pdf

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

Name of Attached Document

Please check these boxes below to confirm that the attached 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		<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"/>









<010> Study Area Code 371581  
 <015> Study Area Name PIERCE TEL CO  
 <020> Program Year 2015  
 <030> Contact Name - Person USAC should contact regarding this data Judy Christiansen  
 <035> Contact Telephone Number - Number of person identified in data line <030> 4028181322 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> jchristiansen@consortiaconsulting.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	371581
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<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
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<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

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

## (1200) Terms and Condition for Lifeline Customers

Lifeline

Data Collection Form

FCC Form 481

OMB Control No. 3080-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	371581
<015>	Study Area Name	PIERCE TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

&lt;1210&gt; Terms &amp; Conditions of Voice Telephony Lifeline Plans

371581nel210.pdf

Name of Attached Document

&lt;1220&gt; Link to Public Website

HTTP

"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.

<010>	Study Area Code	371581
<015>	Study Area Name	PIERCE TEL CO
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.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 371581  
 <015> Study Area Name PIRCE TEL CO  
 <020> Program Year 2015  
 <030> Contact Name - Person USAC should contact regarding this data Judy Christiansen  
 <035> Contact Telephone Number - Number of person identified in data line <030> 4028181322 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> jchristiansen@consortiaconsulting.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.

[Redacted box for document listing]

(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

371581ne3026.pdf, 371581ne3026.xlsx

Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0086/OMB Control No. 3060-0819 July 2013
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<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035> Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

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

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

Certification - Agent/Carrier Data Collection Form	FCC Form 481 OMB Control No. 3050-0986/QMR Control No. 3060-0819 July 2013
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<010> Study Area Code	371581
<015> Study Area Name	PIERCE TEL CO
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035> Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

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

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Judy Christiansen</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Judy Christiansen
Name of Reporting Carrier:	PIERCE TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 06/18/2014
Printed name of Authorized Officer:	Mary Bichlmeier
Title or position of Authorized Officer:	Company Accountant
Telephone number of Authorized Officer:	4023296225 ext.
Study Area Code of Reporting Carrier:	371581 Filing Due Date for this form: 06/30/2014
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.	

**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:	PIERCE TEL CO
Name of Authorized Agent or Employee of Agent:	Judy Christiansen
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 06/18/2014
Printed name of Authorized Agent or Employee of Agent:	Judy Christiansen
Title or position of Authorized Agent or Employee of Agent:	Consultant
Telephone number of Authorized Agent or Employee of Agent:	4028181322 ext.
Study Area Code of Reporting Carrier:	371581 Filing Due Date for this form: 06/30/2014
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.	

## Attachments





## Pierce Telephone Company, Inc.

### Ability to Remain Functional in Emergency Situations for Voice and Broadband Services FCC Form 481 – Line 610

1. Pierce Telephone Company, Inc. (PTC) has been providing high quality service in Nebraska since 1955. This includes operating in adverse conditions including blizzards, ice storms, thunderstorms, tornadoes and during prolonged power outages. PTC's management team, plant supervisors, plant technicians and customer service representatives have the training, experience and equipment necessary to respond to, manage and operate in emergency situations.
2. Pierce Telephone Company, Inc. follows applicable Rural Utilities Service (RUS) Telecommunications program practices and guidelines including the Telecommunications Engineering and Construction Manual (TE&CM) and other industry standards available to small telecommunications carriers. Pierce Telephone Company, Inc. also meets the requirements of the Nebraska Public Service Commission (NPSC) as applied to local exchange service.

### 3. Back-Up Power

#### 3.1. Central Office

- 3.1.1. Pierce Telephone Company, Inc. maintains storage batteries designed to provide a minimum reserve capacity consistent with RUS TE&CM 1751E-302, Power Requirements for Digital Central Office Equipment. 1751E-302 paragraph 2.3.4 recommends a minimum reserve capacity of 8 hours, or 3 hours if the central office is equipped with an emergency standby generator. This is consistent with Title 291, NPSC Telecommunications Rules and Regulations, Chapter 5, paragraph 002.05 Emergency Operations and Power.
- 3.1.2. Pierce Telephone Company, Inc. maintains a dedicated standby generator fueled with a 50 gallon reserve supply of diesel fuel at the Pierce central office and a standby generator fueled with a 500 gallon reserve supply of liquid propane gas (LPG) at the Hoskins central office. The standby units are equipped with an automatic transfer switch so that in the event of an interruption of the commercial electric power lasting more than a few minutes, the standby generator starts automatically and provides electrical power to the central office equipment, air conditioning and building lighting. The automatic transfer switch also exercises the standby unit periodically and an alarm indication is sent if the standby generator does not start so that telecommunications personnel can perform proactive maintenance.

**Pierce Telephone Company, Inc.**

**Ability to Remain Functional in Emergency Situations for Voice and Broadband Services  
FCC Form 481 – Line 610**

**3.2. Remote Equipment Cabinets**

3.2.1. Where electronic equipment in cabinets located remotely from the central office, is used to provide service, the cabinets are equipped with batteries designed to operate for a minimum of eight hours without commercial electrical power. In addition, Pierce Telephone Company, Inc. maintains portable AC standby generators for use in the event of prolonged commercial power interruptions and the cabinets are equipped with external receptacles to facilitate connection to portable generators.

**4. Rerouting Traffic around Damaged Facilities**

4.1. In the event of damage to cable facilities owned by Pierce Telephone Company, Inc., our maintenance personnel would restore service using emergency splice kits kept on hand for these types of service disruptions. If the damaged facilities are not owned by Pierce Telephone Company, Inc. we would work with the carrier directly affected to identify the source of disruption and the estimated amount of time before service is restored.

4.2. Pierce Telephone Company, Inc. currently has diverse fiber routes. One route supports toll calling and the other route supports Internet service. In the event of an extended outage, contact would be made with the other service provider to provision temporary alternate routes supporting originating and terminating toll calls. Emphasis would first be placed on establishing connections to nearby PSAP, law-enforcement and emergency services.

**5. Managing Traffic Spikes**

5.1. Pierce Telephone Company, Inc. meets Title 291, NPSC Telecommunications Rules and Regulations, Chapter 5, paragraph 002.12 Dial Service Objectives for sufficient central office capacity and equipment during the "...average busy hour-busy season..."

5.2. Pierce Telephone Company, Inc. follows applicable RUS practices 522 and 322 when specifying, administrating, and assigning facilities within its control (as opposed to facilities ordered by connecting interexchange carriers).

**Pierce Telephone Company, Inc.**

**Ability to Remain Functional in Emergency Situations for Voice and Broadband Services  
FCC Form 481 – Line 610**

- 5.3. The Pierce and Hoskins central office switches are Genband DMS-10's operating at the 602.20 software release. The Pierce DMS-10 is equipped with 1175 access lines and the Hoskins DMS-10 is equipped with 302 access lines. The DMS-10's are designed to support up to 12,000 access lines by adding line and trunk interface equipment and network equipment only. In its current configuration the DMS-10's have additional capacity over and above the minimums specified to meet NPSC and RUS guidelines.
- 5.4. When traffic volumes greatly exceed specified criteria and additional capacity of the switch or connecting facilities, the DMS-10 continues to process calls but with potentially longer waiting times for dial tone, higher post-dialing delays and a higher probability of callers receiving all trunks busy indications (fast busy) and having to redial calls. Depending on the magnitude and duration of extreme peak demand, PTC would examine alternatives such as provisioning additional facilities and work with connecting carriers to expedite additional capacity.

**Pierce Telephone Company**

**Nebraska Telephone Assistance Program Terms and Conditions**

**Nebraska Telephone Assistance Program**

The Nebraska Telephone Assistance Program (NTAP) is available for qualifying customers of Pierce Telephone Company (the "Company"). NTAP assistance reduces the cost of basic, monthly local telephone service. Eligible consumers can receive up to \$12.75 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in NTAP. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

NTAP is administered by the Nebraska Public Service Commission.

**NTAP Eligibility Information**

**Program Based Eligibility**

To qualify for NTAP, subscribers must either have an income that is at or below 135% of the Federal Poverty Guidelines, or the subscriber, one or more of the subscriber's dependents, or the subscriber's household must receive benefits from one of the following assistance programs:

- Low-Income Home Energy Assistance Program (LIHEAP)
- Federal Public Housing Assistance (Section 8)
- Medicaid
- Children's Health Insurance Program/Kids Connection (SAM, MAC or EMAC)
- Supplemental Nutrition Assistance Program (SNAP); (formerly the Food Stamps Program)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- National School Lunch Program Free Lunch program
- State assistance programs (if applicable)

To receive an NTAP application, contact your local *Health and Human Services* agency caseworker or the *Nebraska Public Service Commission*, 1200 N Street, Suite 300, PO Box 94927, Lincoln, NE 68508-4927, Phone: 402-471-3101, Toll Free: 1-800-526-0017 or <https://ntap.gisworkshop.com/>

NTAP applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

**Income Based Eligibility**

In addition, consumers are eligible for NTAP if their household income is at or below 135% of the federal poverty guidelines.

2014 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,755	\$19,683	\$18,117
2	\$21,236	\$26,541	\$24,422
3	\$26,717	\$33,399	\$30,726
4	\$32,198	\$40,257	\$37,031
5	\$37,679	\$47,115	\$43,335
6	\$43,160	\$53,973	\$49,640
7	\$48,641	\$60,831	\$55,944
8	\$54,122	\$67,689	\$62,249
For each additional person, add	\$5,481	\$6,858	\$6,305

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

**Numbers of Minutes-of-Use Provided as Part of NTAP Program Service**

The Company's Voice NTAP service includes unlimited local minutes-of-use within the toll-free calling area. The Company's Voice NTAP Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the NTAP service, Toll blocking is available to eligible consumers at no cost.

**Rates**

Subscribers may receive the NTAP credit on any type or grade of local service, including bundled services that are normally offered by the Company. Advertised rates do not include any applicable taxes or surcharges.

**Recertification of NTAP Eligibility**

NTAP recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for NTAP will result in termination of the NTAP recipient's monthly NTAP discount and de-enrollment from NTAP.

**Additional NTAP Program Information**

NTAP is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined as an individual or group of individuals who live together at the same address and share income and expenses. NTAP is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

**Pierce Telephone Company**  
**Certification of Compliance with Applicable Service Quality Standards and**  
**Consumer Protection Rules for Voice and Broadband Services**

Service quality standards and consumer protection rules for broadband are not as defined as the rules for voice services. The Company complies with any service quality standards and consumer protection rules for broadband that are out there now and any that will be defined in the future.

Service Quality Standards

For voice services, the Company:

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.

For voice and broadband services, the Company:

- Advertises the availability of its services and the charges using media of general distribution and/or on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call or toll-free telephone number during business hours.
- Directs after hour calls to the Company's voice mail which allows customers to leave a message and a repairman will be paged.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
  - Answer all incoming calls promptly.
  - Respond to all inquiries for information promptly and courteously.
  - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
  - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.
- Meets or exceeds the standards established by the state commission and provides any reports required in accordance with the state commission's rules.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

If complaints are filed with the Company regarding consumer protection rules, the complaint is immediately investigated, the matter tracked and any corrective action noted. This process ensures that problems are addressed and corrections made.

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M. JANE FOGLE  
WILLIAM E. FOGLE



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June 16, 2014

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Administrator  
Universal Service Administrative Company  
2000 L Street, N.W., Suite 200  
Washington, DC 20036

RE: WC Docket No. 10-90 – Section 54.313(f)(2)  
Pierce Telephone Company (SAC 371581)

I certify that Pierce Telephone Company is not audited in the ordinary course of business. I also certify that the reported data included in the attached financials that have been reviewed by DA&E, Certified Public Accountants, is accurate.

Certification Signature:

*Mary J Bichlmeier*

Name:

Mary J Bichlmeier

Title:

Company Accountant/Assistant Treasurer

Date:

06/16/2014

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**PIERCE TELEPHONE COMPANY, INCORPORATED**

**Financial Statements and Schedule**

**Years Ended December 31, 2013 and 2012**

**(With Independent Accountant's Review Report Thereon)**

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PIERCE TELEPHONE COMPANY, INCORPORATED

Index to Financial Statements and Schedule

Years Ended December 31, 2013 and 2012

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Supplementary Schedule - Statistical Information	13



Kurt J. Moyal, CPA  
Thomas L. Stevenson, CPA  
Daniel E. Vinckenberg, CPA  
Sonja A. Cattau, CPA  
Troy E. Knust, CPA  
Tim J. Coufal, CPA  
Casey J. Moscrip, CPA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors  
Pierce Telephone Company, Incorporated:

We have reviewed the accompanying balance sheet of Pierce Telephone Company, Incorporated as of December 31, 2013 and 2012, and the related statements of operations and comprehensive income or loss, stockholder's equity, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

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

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

*Dohman, Akerlund & Eddy, LLC*

April 1, 2014

PIERCE TELEPHONE COMPANY, INCORPORATED

Balance Sheets

December 31, 2013 and 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents, including construction funds of ██████ in 2013 and ██████ in 2012	\$ ██████	██████
Due from subscribers and agents	██████	██████
Inventory, at cost	██████	██████
Prepaid expenses	██████	██████
Total current assets	██████	██████
Other assets:		
Due from affiliated companies, net	██████	██████
Other investment	██████	██████
Miscellaneous physical property	██████	██████
Less accumulated depreciation	██████	██████
Net miscellaneous physical property	██████	██████
Total other assets	██████	██████
Property and equipment, at cost	██████	██████
Less accumulated depreciation	██████	██████
Net property and equipment	██████	██████

See accompanying notes to financial statements.



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PIERCE TELEPHONE COMPANY, INCORPORATED

Statements of Operations and Comprehensive Income or Loss

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Local service	\$ [REDACTED]	[REDACTED]
Toll service and access charges	[REDACTED]	[REDACTED]
Billing and collection revenue	[REDACTED]	[REDACTED]
Directory advertising and other revenue	[REDACTED]	[REDACTED]
Total operating revenues	[REDACTED]	[REDACTED]
Operating expenses:		
Plant specific operations	[REDACTED]	[REDACTED]
Plant nonspecific operations	[REDACTED]	[REDACTED]
Depreciation	[REDACTED]	[REDACTED]
Customer operations	[REDACTED]	[REDACTED]
Corporate operations	[REDACTED]	[REDACTED]
Total operating expenses	[REDACTED]	[REDACTED]
Operating income (loss)	[REDACTED]	[REDACTED]
Operating taxes, other	[REDACTED]	[REDACTED]
Net operating income (loss)	[REDACTED]	[REDACTED]
Non-operating income (deductions):		
Investment income	[REDACTED]	[REDACTED]
Gain on sale of available-for-sale securities	[REDACTED]	[REDACTED]
Net deregulated income, including depreciation expense of [REDACTED] in 2013 and [REDACTED] in 2012	[REDACTED]	[REDACTED]
Special charges, contributions	[REDACTED]	[REDACTED]
Valuation allowance recovery (expense)	[REDACTED]	[REDACTED]
Total non-operating income (deductions), net	[REDACTED]	[REDACTED]
Income (loss) prior to fixed charges	[REDACTED]	[REDACTED]
Fixed charges:		
Interest on long-term debt	[REDACTED]	[REDACTED]
Other interest	[REDACTED]	[REDACTED]
Total fixed charges	[REDACTED]	[REDACTED]
Net earnings (losses)	[REDACTED]	[REDACTED]
Other comprehensive income (loss):		
Gains recognized and included in net earnings	[REDACTED]	[REDACTED]
Net increase in unrealized gains on securities	[REDACTED]	[REDACTED]
Comprehensive income (loss)	\$ [REDACTED]	[REDACTED]

See accompanying notes to financial statements.

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PIERCE TELEPHONE COMPANY, INCORPORATED

Statements of Stockholder's Equity

Years Ended December 31, 2013 and 2012

	<u>Common Stock</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balances at December 31, 2011	█	█	█	█
Net earnings			█	█
Losses on sale of securities included in net earnings		█		█
Net increase in unrealized gains on securities		█		█
Dividends, █ per share			█	█
Balances at December 31, 2012	█		█	█
Net loss			█	█
Balances at December 31, 2013	█	█	█	█

See accompanying notes to financial statements.

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PIERCE TELEPHONE COMPANY, INCORPORATED

Statements of Cash Flows

Years Ended December 31, 2013 and 2012

<u>Increase or Decrease in Cash and Cash Equivalents</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from subscribers and agents	[REDACTED]	[REDACTED]
Cash paid to suppliers and employees	[REDACTED]	[REDACTED]
Investment income received	[REDACTED]	[REDACTED]
Interest paid	[REDACTED]	[REDACTED]
Net cash provided by operating activities	[REDACTED]	[REDACTED]
Cash flows from investing activities:		
Expenditures for miscellaneous physical property	[REDACTED]	[REDACTED]
Proceeds from sale of available-for-sale securities	[REDACTED]	[REDACTED]
Expenditures for property and equipment	[REDACTED]	[REDACTED]
Net receipts from (payments to) affiliated companies	[REDACTED]	[REDACTED]
Net cash provided (used) by investing activities	[REDACTED]	[REDACTED]
Cash flows from financing activities, principal payments on long-term debt	[REDACTED]	[REDACTED]
Net increase (decrease) in cash and cash equivalents	[REDACTED]	[REDACTED]
Cash and cash equivalents at beginning of year	[REDACTED]	[REDACTED]
Cash and cash equivalents at end of year	[REDACTED]	[REDACTED]

(Continued)

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PIERCE TELEPHONE COMPANY, INCORPORATED

Statements of Cash Flows  
(Continued)  
Years Ended December 31, 2013 and 2012

<u>Reconciliation of Net Earnings or Losses to Net Cash Provided by Operating Activities</u>	<u>2013</u>	<u>2012</u>
Net earnings (losses)	██████████	██████████
Adjustments to reconcile net earnings (losses) to net cash provided by operating activities:		
Depreciation of property and equipment	██████████	██████████
Depreciation of miscellaneous physical property	██████████	██████████
Valuation expense (recovery)	██████████	██████████
Non-cash patronage dividends	██████████	██████████
Gain on sale of available-for-sale securities	██████████	██████████
Decrease (increase) in:		
Due from subscribers and agents	██████████	██████████
Inventory	██████████	██████████
Prepaid expenses	██████████	██████████
Increase (decrease) in:		
Accounts payable	██████████	██████████
Accrued expenses	██████████	██████████
Customer deposits	██████████	██████████
Advance billings and payments	██████████	██████████
Total adjustments	██████████	██████████
Net cash provided by operating activities	██████████	██████████

Supplemental Disclosures of Cash Flows Information

Included in accounts payable was ██████████ and ██████████ for the purchase of property and equipment as of December 31, 2013 and 2012, respectively.

Non-cash dividends paid to Pierce totaled ██████████ during 2012.

Proceeds from sale of property and equipment of ██████████ are located in due from affiliates at December 31, 2013.

See accompanying notes to financial statements.

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PIERCE TELEPHONE COMPANY, INCORPORATED

Notes to Financial Statements

December 31, 2013 and 2012

(1) Summary of Significant Accounting Policies

General

Pierce Telephone Company, Incorporated (the Company) is a wholly-owned subsidiary of Pierce Telecommunications, Inc. (Pierce), a holding company headquartered in Pierce, Nebraska. The Company is also affiliated with Pierce's wholly-owned subsidiary, Sapius, Inc. (SAP), which is an investment holding company. Additionally, the Company is affiliated with Fogle Enterprises, LLC (Fogle), Nebraska Long Distance, LLC (NLD), and PBN, LLC (PBN) through common ownership by Pierce. Fogle maintained an investment in a wireless phone system venture and currently has no operations, while NLD is an operating company which provides long distance telephone and communication services. PBN provides ETS ethernet transport and internet services. The Company provides telephone services to two exchanges in northeastern Nebraska and maintains its accounting records in accordance with the rules and regulations of the Nebraska Public Service Commission and utilizes the Uniform System of Accounts prescribed by the Federal Communications Commission. The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America.

Use of estimates

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

Cash and cash equivalents and statements of cash flows

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Additionally, advances to affiliated companies are presented on the net cash flow basis.

Investment securities

Investment securities that are held for short-term resale are classified as trading securities and carried at fair value. Debt securities that management has the ability and intent to hold to maturity are classified as held-to-maturity and carried at cost, adjusted for amortization of premium and accretion of discounts using methods approximating the interest method. Other marketable securities are classified as available-for-sale and are carried at fair value. Realized and unrealized gains and losses on trading securities are included in net income. Unrealized gains and losses on securities available-for-sale are recognized as direct increases or decreases in stockholder's equity. Cost of securities sold is recognized using the specific identification method.

(Continued)

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PIERCE TELEPHONE COMPANY, INCORPORATED

Notes to Financial Statements

Due from subscribers and agents and allowance for doubtful receivables

Expenses include a provision for doubtful accounts to allow for estimated uncollectible accounts. This provision is based on past experience and on analysis of current accounts receivable collectibility. Accounts are considered delinquent based on passage of a specified period of time and consideration of payment history. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. No allowances were deemed necessary for 2013 or 2012.

Inventory valuation

Inventories of material and supplies are valued at the lower of cost or market. Cost is generally determined using the first-in, first-out method.

Miscellaneous physical property

Depreciation of miscellaneous physical property is computed using the straight-line method over the estimated useful life of the related asset.

Property and equipment

Maintenance and repairs of property and replacement of items determined to be less than units of property are charged to expense. Replacement and renewal of items considered to be units of property are charged to the property and equipment accounts. Most property and equipment retired or otherwise disposed of in the ordinary course of business, together with the cost of removal less salvage, is charged to accumulated depreciation. At the time of retirement or disposition of specifically identifiable units of equipment, accounts are relieved of cost and accumulated depreciation and gains or losses on the transactions are taken into income. Depreciation of property and equipment is determined using the straight-line method based on the estimated service lives. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. No asset impairments were recognized during the years ended December 31, 2013 and 2012.

Advertising and promotion costs

Advertising and promotion costs are expensed as incurred.

(Continued)

PIERCE TELEPHONE COMPANY, INCORPORATED

Notes to Financial Statements

Revenues

Telecommunication service revenues are recognized when related services are provided.

Income taxes

Effective January 1, 2000, the Company elected to be taxed under the Subchapter S provisions of the Internal Revenue Code. Under these provisions, the Company is a Qualified Subchapter S subsidiary and its parent will recognize the Company's otherwise taxable income and will then "pass through" this income to its stockholders who are ultimately responsible for any income tax liabilities that may exist. Neither the Company nor its parent incurs income tax expense on such income; however, it can be subject to an excess net passive income tax and certain recapture taxes if certain requirements are met.

The Company has adopted Financial Accounting Standards Board guidance related to accounting for any uncertainties in income taxes and required disclosures thereon. This guidance prescribes a minimum threshold a tax position is required to meet before being recognized on the financial statements. There were no unrecognized tax benefits or accruals for uncertain tax positions as of December 31, 2013 and 2012. The Company has not recognized any interest or penalties in relation to income tax filings as of or for the years ended December 31, 2013 or 2012. Additionally, the Company's status of being a Qualified Subchapter S subsidiary entity has been maintained and remains the tax position of the Company. Finally, tax years ended December 31, 2011 through 2013 all remain open (via the parent company) and are subject to potential examination by taxing jurisdictions.

Subsequent events

The Company has evaluated subsequent events through April 1, 2014, which is the date the financial statements were considered "available to be issued".

(2) Cash and Cash Equivalents

A summary of cash and cash equivalents as of December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Operating cash	██████████	██████████
Construction funds	██████████	██████████
Petty cash	██████████	██████████
Outstanding checks and other in-transit items	██████████	██████████

(Continued)

PIERCE TELEPHONE COMPANY, INCORPORATED

Notes to Financial Statements

The Company's cash and cash equivalents at December 31, 2013 consisted of checking and money market accounts. All income associated with cash and cash equivalents is reported as non-operating income in the statements of operations and comprehensive income or loss.

The Company maintains cash deposits with major banks which from time to time may exceed federally insured limits. The Company periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal.

(3) Affiliated Companies and Related Party Transactions

Pierce provides employee services to the Company at scheduled rates per hour. Related cost of these services totaled [REDACTED] and [REDACTED] in 2013 and 2012, respectively, including amounts capitalized in property and equipment of [REDACTED] and [REDACTED], respectively.

Cumulative balances due to the Company at December 31, 2013 and 2012 from Pierce are as follows:

	<u>2013</u>	<u>2012</u>
Due from parent company, net	[REDACTED]	[REDACTED]
Valuation allowance	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]

A valuation allowance of [REDACTED] was established as of December 31, 2013 as resources available to Pierce were not adequate to repay the Company in full for all outstanding advances due. No valuation allowance was determined necessary as of December 31, 2012.

Additionally, the Company had miscellaneous receivables totaling [REDACTED] and [REDACTED] due from NLD and PBN as of December 31, 2013 and 2012, respectively. Balances due to SAP and NLD as of December 31, 2013 and 2012 totaled [REDACTED] and [REDACTED], respectively.

(Continued)

PIERCE TELEPHONE COMPANY, INCORPORATED

Notes to Financial Statements

(4) Property and Equipment

A summary of property and equipment at December 31, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Intangibles		
Land		
Motor vehicles		
Other work equipment		
Buildings		
Furniture		
Office support equipment		
Company communications equipment		
Computer software		
General purpose computers		
Digital switching		
Circuit equipment		
Customer premises wiring		
Pole lines		
Buried cable		
Conduit system		

The composite depreciation rate was [REDACTED] in 2013 and [REDACTED] in 2012.

Depreciation expense (including non-regulated depreciation) during 2013 and 2012 totaled [REDACTED] and [REDACTED], respectively.

(5) Operating Leases

The Company leases a copy machine and postage machine under various terms requiring future payments. Rental expense under the terms of these lease agreements were [REDACTED] and [REDACTED] in 2013 and 2012, respectively.

Remaining future minimum rental payments required under the leases are as follows:

Year Ending December 31,	
2014	[REDACTED]
2015	
2016	
2017	

(Continued)

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PIERCE TELEPHONE COMPANY, INCORPORATED

Notes to Financial Statements

(6) Retained Earnings

A summary of retained earnings at December 31, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Corporate earnings prior to Subchapter S elections	██████████	██████████
Undistributed Subchapter S earnings reflected in income tax returns filed or to be filed for periods ended December 31, 2013 or prior	██████████	██████████
Undistributed Subchapter S earnings (losses) not yet taxed due to timing differences in reporting certain transactions for financial accounting and income tax purposes	██████████ ██████████	██████████ ██████████

(7) Reclassification

The Company's 2012 financial statements have been reclassified to conform with 2013 presentation.

PIERCE TELEPHONE COMPANY, INCORPORATED

Statistical Information

Years Ended December 31, 2013 and 2012

	2013		2012	
	Total	Amount Per Station	Total	Amount Per Station
Number of stations at end of year		<u>1,363</u>		<u>1,394</u>
Operating revenues:				
Local service				
Toll service and access charges				
Billing and collection				
Directory advertising and other				
Total operating revenues				
Property and equipment				
Less accumulated depreciation				
Net property and equipment				
Total liabilities				
Total stockholder's equity				
Total operating expenses (excluding taxes)				
Operating taxes (excluding income taxes)				
Net operating income (loss)				
Fixed charges				
Return on rate base				
Percentage of net earnings (losses) to year-end stockholder's equity				
Ratio of liabilities to stockholder's equity				
Ratio of net operating income (loss) to fixed charges				

Title 47 §54.202(a)(1)(ii) Five-Year Plan

Due: July 1, 2014

Company Name: Pierce Telephone Company, Inc.

Company Headquarters: Pierce, Nebraska

Narrative

Pursuant to FCC order DA 13-1115 dated May 16, 2013, rate of return carriers are required to file five year plans consistent with Title 47 Section 54.202(a)(1)(ii). The five-year plan should describe with specificity proposed improvements or upgrades to the applicant's network throughout its proposed service area. The Pierce Telephone Company, Inc. (PTC) service areas are the exchanges of [REDACTED] and [REDACTED] in Nebraska.

Per the USAC reminder dated February 27, 2014 and the NECA reminder dated March 10, 2014, the initial five-year build out plan should include: (1) specific proposed improvements or upgrades to the network planned for 2015-2019, (2) an estimate of the area and population that will be served as a result of the improvements and (3) to the extent no improvements are planned, the five-year plans should so indicate.

Specific Proposed Improvements or Upgrades

As Universal Service Funds are allocated dependent on past plant investment, the primary planned use of such funds is cost of money, capital recovery, income and property tax payments, and maintenance in support of this previously constructed plant.

This past investment included deployment of fiber-fed digital loop carrier equipment providing ADSL services over copper loops, bringing broadband service to [REDACTED] of the [REDACTED] and [REDACTED] service areas.

In addition to past investments in broadband plant, PTC also currently plans the following specific improvements or upgrades for calendar years 2015-2019:

- Fiber-to-the-Premises deployment to targeted areas of the [REDACTED] and [REDACTED] service areas.

It should be noted, however, that due to multiple unknowns, PTC will continue to evaluate these currently planned improvements/upgrades based on technical requirements, customer demands, and financial feasibility.

Estimate of the Area and Population Served As a Result of Proposed Improvements or Upgrades

- [REDACTED]
- [REDACTED]