

**Voice Network Upgrades: 2016**

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served
Ethernet Transport Equipment Upgrade	MLCYIDXCDS0	March 2016	July 2016	[REDACTED]
Malad Fiber to the Premise - Relplace copper with fiber for all customers in the Malad Exchange	MLCYIDXCDS0	January 2015	December 2016	[REDACTED]
T1 add/electronics-core carrier ethernet - card add (FTTP)	MLCYIDXCDS0	January 2016	December 2016	[REDACTED]

**Voice Network Upgrades: 2017**

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served
Woodrutt to Border Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	MLCYIDXCDS0	March 2017	September 2017	[REDACTED]
Pocatello Valley Fiber to the Premise - Relplace copper with fiber for customers in the Holbrook Exchange	MLCYIDXCDS0	January 2017	December 2017	[REDACTED]

*Redacted for Public Inspection*

Voice Network Upgrades: 2018

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served
T1 add/electronics-core carrier ethernet - card add (FTTP)	MLCYIDXCDS0	January 2018	December 2018	[REDACTED]
Plant Routines/ ethernet transmission Electronics	MLCYIDXCDS0	January 2018	December 2018	[REDACTED]

Voice Network Upgrades: 2019

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served
T1 add/electronics-core carrier ethernet - card add (FTTP)	MLCYIDXCDS0	January 2019	December 2019	[REDACTED]

*Redacted for Public Inspection*

Broadband Upgrades: 2015

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served
Malad Fiber to the Premise - Replace copper with fiber for all customers in the Malad Exchange	MLCYIDXCDS0	January 2015	December 2016	[REDACTED]
Juniper to Holbrook Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	MLCYIDXCDS0	March 2015	September 2015	[REDACTED]
Yost to Beehive Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	MLCYIDXCDS0	March 2105	September 2015	[REDACTED]
Declo to Raft River Fiber - Connect two exchanges by fiber for rings and redundancy of networks.	MLCYIDXCDS0	March 2015	September 2015	[REDACTED]
Holbrook FAA Fiber to the Premise - Replace copper with fiber for customers in the Holbrook Exchange	MLCYIDXCDS0	May 2015	September 2015	[REDACTED]
Power Plant Upgrade	MLCYIDXCDS0	May 2015	September 2015	[REDACTED]
T1 add/electronics-core carrier ethernet - card add (FTTP)	MLCYIDXCDS0	January 2015	December 2015	[REDACTED]

*Redacted for Public Inspection*

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Ethernet Transport Equipment Upgrade	MLCYIDXCDS0	March 2016	July 2016	[REDACTED]
Malad Fiber to the Premise - Replace copper with fiber for all customers in the Malad Exchange	MLCYIDXCDS0	January 2015	December 2016	[REDACTED]
T1 add/electronics-core carrier ethernet - card add (FTTP)	MLCYIDXCDS0	January 2016	December 2016	[REDACTED]

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*Redacted for Public Inspection.*

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**Broadband Upgrades: 2019**

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*Redacted for Public Inspection*

Albion Telephone Company, Inc.  
Study Area 472213

Albion Telephone Company, Inc. projects that the capital expenditures, by Part 32 accounts for 2014 through 2019 related to the above identified projects will be:

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
2110 Land & General Support						
2210 Central Office Switching						
2230 Central Office Transmission						
2410 Cable & Wire Facilities						
Total Capital Expenditures						

Albion Telephone Company, Inc. projects that the operating expenditures, by Part 32 accounts for 2014 through 2019 related to the above identified projects will be:

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Plant Specific						
Plant Nonspecific						
Depreciation						
Customer Operations						
Corporate Operations						
Total Operating Expenses						

Albion Telephone Company, Inc. received USF fund in 2013 in the amount of:

High Cost Loop Support  
ICLS Support  
CAF intercarrier Comp

TOTAL

\$  
\$  
\$  
\$



*Redacted for Public Inspection*

## Item 510 VOICE/BROADBAND

Albion Telephone Company, Inc. understands and complies with the Idaho Public Utilities Commission's *Telephone Customer Relations Rules*, IDAPA 31.41.01, adopted under the general legal authority of the Public Utilities Law, Chapters 1 through 7, Title 61, Idaho Code, and the Telecommunications Act of 1988, Chapter 6, Title 62, Idaho Code, with regards to service. These telephone customer relations rules provide a set of fair, just, reasonable, and non-discriminatory rules regarding deposits, guarantees, billing, application for service, denial of service, termination of service, complaints to telephone companies, billing for interrupted service, and provisions of certain information about customer to authorities. We conduct an annual CPNI and Red Flag Training session that every employee must attend and certify to the training. We send out a pamphlet to all our customers annually that explain the Public Utilities Commission's Telephone Customer Relations Rules and at this same time all our of Customer Service Representative read and go over the pamphlet at a training session.

Item 610

Pursuant to 47 C.F.R. § 54.313(a)(6) and/or 47 C.F.R § 54.422(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Albion Telephone Company (ATC) meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to ATC's central offices by use of fixed generator and batteries that provide it with 24 hours of emergency power service. In addition, ATC's field electronics have 8 hours of back-up power by use of fixed/mobile generators and batteries. ATC also has two separate networks, ETHERNET and SONET technology in its network that allows for self-healing network should an equipment failure occur in its core network and will automatically reroute traffic. ATC is capable of managing traffic spikes resulting from emergency situations.

(700) Price Offerings Including Voice Rate Data  
Data Collection Form

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

<010> Study Area Code 472213  
 <015> Study Area Name ALBION TEL CO-ATC  
 <020> Program Year 2015  
 <030> Contact Name - Person USAC should contact regarding this data Julie Laumb  
 <035> Contact Telephone Number - Number of person identified in data line <030> 2086735335 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> jlaumb@atccomm.com

<701> Residential Local Service Charge Effective Date   
 <702> Single State-wide Residential Local Service Charge

<703>

<a1>	<a2>	<a3>	<b1>	<b2>	<b3>	<b4>	<b5>	<c>
State	Exchange (ILEC)	SAC (CETC)	Rate Type	Residential Local Service Rate	State Subscriber Line Charge	State Universal Service Fee	Mandatory Extended Area Service Charge	Total per line Rates and Fees
ID	ALBION		FR	25.76	0.0	0.16	0.0	25.92
ID	ALBION 1		MS	16.0	0.0	0.16	0.0	16.16
ID	ALBION 2		MS	14.0	0.0	0.16	0.0	14.16
ID	ALMO		FR	25.76	0.0	0.16	0.0	25.92
ID	ALMO 1		MS	16.0	0.0	0.16	0.0	16.16
ID	ALMO 2		MS	14.0	0.0	0.16	0.0	14.16
ID	ARCO		FR	25.76	0.0	0.16	0.0	25.92
ID	ARCO 1		MS	16.0	0.0	0.16	0.0	16.16
ID	ARCO 2		MS	14.0	0.0	0.16	0.0	14.16
ID	ELBA		FR	25.76	0.0	0.16	0.0	25.92
ID	ELBA 1		MS	16.0	0.0	0.16	0.0	16.16
ID	ELBA 2		MS	14.0	0.0	0.16	0.0	14.16
ID	HOLBROOK		FR	25.76	0.0	0.16	0.0	25.92
ID	HOLBROOK 1		MS	16.0	0.0	0.16	0.0	16.16
ID	HOLBROOK 2		MS	14.0	0.0	0.16	0.0	14.16
ID	HOWE		FR	25.76	0.0	0.16	0.0	25.92
ID	HOWE 1		MS	16.0	0.0	0.16	0.0	16.16
ID	HOWE 2		MS	14.0	0.0	0.16	0.0	14.16
ID	MACKAY		FR	25.76	0.0	0.16	0.0	25.92
ID	MACKAY 1		MS	16.0	0.0	0.16	0.0	16.16
ID	MACKAY 2		MS	14.0	0.0	0.16	0.0	14.16





Response to Line 1000  
Albion Telephone Company, Inc.  
472213

### Voice Services Comparability Report

Pursuant to 47 C.F.R. § 54.313 (a) (10) Albion Telephone Company, Inc. ("ATC") is in compliance with the requirement that voice services is no more than two standard deviations above the national average urban rate for voice service of \$46.96 as specified in Public Notice DA 14-384 issued on March 20, 2014. ATC's current total local end-user rate<sup>1</sup> of \$25.76 (which includes a local fee of \$25.76 and a mandated state fees of \$.16) It is not above the standard deviation as specified in the USF/ICC Transformation Order.<sup>2</sup>

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<sup>1</sup> Local End User Rate as defined in USF/ICC Transformation Order 26 FCC Rcd at 17751, Para. 238

<sup>2</sup> USF/ICC Transformation Order, 26 FCC Rcd at 17694, Para. 84 (footnote included) "The standard deviation is a measure of dispersion. The sample standard deviation is the square root of the sample variance. The sample variance is calculated as the sum of the squared deviations of the individual observations in the sample of data from the sample average divided by the total number of observations in the sample minus one. In a normal distribution, about 68 percent of the observations lie within one standard deviation above and below the average and about 95 percent of the observations lie within two standard deviations above and below the average."

### Thank you!

- Another great year for the accounting team. We know it takes a lot of time and effort to be prepared and appreciate the hard work by everyone to make it happen.

### Audit wrap

- Draft trial balances, journal entries, and financial statements on February 21st
- Target final bound reports by February 28<sup>th</sup>
- Board meeting - TBD
- Report copies – 3 bound long version, PDF of long and short

### Items we are waiting on to complete the audit

- None

### Our remaining work

- Final reviews and preparation of financial statements

## 2013 AUDIT COMMENTS

### NECA overearnings liability

NECA recently issued a letter clarifying the closing pool rates of return for 2013 and 2012 at 8.22% and 7.03%, respectively. These rates are both significantly lower than the authorized rate of return of 11.25% and the rates earned in prior years. As a result, a liability of \$185k is required to reflect the continued decline of the pool rates of return. There continues to be downward pressure on pool rates going forward so as a result, we recommend monitoring the rates and adjusting the accrual as necessary throughout the year. ATC already had a liability of approximately \$230k, which was not adjusted downward due to this uncertainty.

### Time study

During 2013, ATC conducted a time study to evaluate if changes needed to be made in the time reporting. While some changes were made in 2013, it appears that additional changes should be made in 2014 as well. We discussed Wes' and Robert's time noting that Robert's time should be split between plant admin and circuit, while Wes' likely needs to be allocated through several general ledger accounts. Currently the only time being coded to switching is from the outside contractor. While the majority of the work is completed by the contractor, there is likely someone from ATC that should also be coding some time to switching. We recommend that once all the changes are made, the labor distribution report be reviewed to ensure there are no accounts that have no labor coded to them.

### Group audits

In 2012, the accounting standards expanded the audit requirements related to equity method investments. Each year are now required to evaluate the significance of equity method investments (Syringa Networks) to a company's financial statements. With the continued growth in profitability, Syringa Networks continues to be more significant to ATC. When an investment is deemed to be significant we have to decide whether we are going to accept responsibility for the audit of the investment or rely on the other auditor.

Accepting responsibility for the audit would require us to perform additional procedures on Syringa Networks. Rather than follow this approach, we will send a letter to Travis Jeffries confirming a few pieces of information that will allow us to rely on their work rather than perform additional procedures on the Syringa Networks audit. We continue to be responsible for testing the transactions recorded on ATC's books.

In our audit opinion, we will make reference to the fact that Travis Jeffries audited Syringa Networks. This is what we anticipate to include in the audit opinion: Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Syringa Networks, LLC an equity method investee, which statements reflect total assets constituting 23% of total assets at December 2013. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Syringa Networks, LLC is based solely on the report of the other auditors.

### Internal control testing

The purpose of our audit was to express an opinion on the financial statements and not to express an opinion on the effectiveness of internal control. That said, our audit procedures included consideration of internal control over financial reporting and procedures to test the effectiveness of internal controls that impact other procedures we perform to complete the audit. We noted the following items during our procedures related to internal controls:

- An adjustment was made to life insurance policies for changes Rich made with his split dollar policies. Any time changes are made to agreements accounting should be notified as there may be a financial statement impact.

Adjusting journal entries identified during the audit (and attached to this memo) are generally linked to a control deficiency.

- We have reviewed the cause of all proposed and actual adjusting journal entries and determined that they do not rise to the level of significant deficiencies or material weaknesses.

### NEW RULES, DEVELOPMENTS AND ACCOUNTING ALERTS

#### Categorization of legacy network equipment

NECA has issued clarification that prohibits the reclassification of legacy network equipment into a different separations category after the traffic sensitive revenue requirement was frozen with the

FCC order reforming USF and intercarrier compensation in 2011. NECA is requiring officers to certify that they are in compliance with this new guidance as part of the process of being eligible to receive support and settlements from the NECA pool. Companies that have re-categorized legacy equipment may be exposed to reduced settlements or support from NECA going forward based on this guidance.

### **USAC/FCC audit update**

In 2013, USAC began to conduct full audits under the Beneficiary/Contributor Audit Program (BCAP). BCAP is the successor oversight program to the FCC OIG audits conducted in three waves from 2007 to 2010 and represents the USAC's long-term plan for oversight of companies that contribute to and receive funding from the Universal Service Fund. During 2014, there are indications that USAC will significantly expand the audit program and that fieldwork in the expanded program will most likely begin during the second and third quarters of 2014.

While the number of planned audits is still unclear, the population has been expanded to include contributors as well as recipients. We anticipate that the following areas will be considered high risk and will receive significant attention from the auditors conducting the work:

Continuing property records	FCC Form 499-A	Separations study adjustments
Part 64 allocations	Affiliate transactions	CO equipment classification

### **Tangible property regulations finalized**

In late November 2013, the IRS issued the Final Tangible Property Regulations. These Regulations are effective for tax years beginning on or after January 1, 2014. They apply to all taxpayers with tangible real and personal property. However, they provide an exception for telecommunications providers. The IRS recognizes that such providers incur significant costs to build and maintain their networks and therefore has exempted them from certain rules.

The area of opportunity that remains is in building components. The Regulations allow for retirement (and thus potential accelerated loss recognition) of components of buildings that are replaced. For example, if your company replaces the roof of an owned office building, costs attributable to the "old roof" can be retired even if they weren't specifically identified at the time they were capitalized.

The tax team will contact you to identify areas of opportunity or risk and provide you with recommendations on how to implement and comply with these new rules.

### **Accelerated tax depreciation**

The sun has set on the generous first year deductions allowed on tangible property placed in service. Bonus depreciation and the increased Section 179 allowances have not been renewed for 2014 and beyond. This could cause the current liability for income tax payments to shoot up this year. Furthermore, the reversal of the accelerated depreciation that has been taken in past years could drive up the liability even higher.

### **Safe harbor election for repairs and maintenance**

There are some elections available to soften the blow of reversing bonus depreciation. In 2011, IRS issued two safe harbor elections which allow telephone and cellular companies to expense a set percentage of their capital additions as a repair and maintenance deduction. Electing this safe harbor means the IRS will not examine or ask any questions about this particular deduction if the return were to be selected for audit.

The safe harbor percentage available for wireline network assets is 12% of qualifying additions. The percentage for wireless network assets is 5% of qualifying additions. Therefore, applying this method could provide a significant tax deduction each year. Our tax team will work with you to determine if your company would benefit from this election.

### **COMMUNICATION WITH THOSE CHARGED WITH CORPORATE GOVERNANCE**

#### **Our responsibility under U.S. Generally Accepted Auditing Standards**

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### **Sensitive accounting policies and estimates**

- Depreciation, Part 64 adjustments

#### **Difficulties encountered in performing the audit**

None

#### **Corrected and uncorrected misstatements**

See attached lists.

#### **Disagreements with management**

None

#### **Management representations**

We have requested certain representations from management that are included in the management representation letter dated as of the report date.

#### **Management consultations with other independent accountants**

None

#### **Other audit findings or issues**

No significant findings

#### **Internal control deficiencies**

No material weaknesses

#### **Items communicated to RUS**

No items to report

# Albion Telephone Company

2013 Audit Exit Memo

MOSS-ADAMS<sub>LLP</sub>

Certified Public Accountants | Business Consultants

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According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME Albion Telephone Company (Prepared with Audited Data)
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<i>INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.</i>	PERIOD ENDING December, 2013	BORROWER DESIGNATION ID0504
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**CERTIFICATION**

*We hereby certify that 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.*

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**  
*(Check one of the following)*

All of the obligations under the RUS loan documents have been fulfilled in all material respects.
  There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report.

Richard Redman 3/20/2014  
 DATE

**PART A. BALANCE SHEET**

	BALANCE PRIOR YEAR	BALANCE END OF PERIOD		BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>ASSETS</b>			<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment In Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Recquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = 69.17% of Total Assets

Redacted for Public Inspection

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

ID0504

PERIOD ENDING

December, 2013

INSTRUCTIONS- See RUS Bulletin 1744-2

**PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

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

**Redacted for Public Inspection**

USDA-RUS	BORROWER DESIGNATION ID0504
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	PERIOD ENDED December, 2013
INSTRUCTIONS – See help in the online application.	
<b>PART I – STATEMENT OF CASH FLOWS</b>	
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
2. Net Income	
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	
4. Add: Amortization	
5. Other (Explain) Change in Accrued Property Tax	
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	
7. Decrease/(Increase) in Materials and Inventory	
8. Decrease/(Increase) in Prepayments and Deferred Charges	
9. Decrease/(Increase) in Other Current Assets	
10. Increase/(Decrease) in Accounts Payable	
11. Increase/(Decrease) in Advance Billings & Payments	
12. Increase/(Decrease) in Other Current Liabilities	
13. Net Cash Provided/(Used) by Operations	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
24. Net Capital Expenditures (Property, Plant & Equipment)	
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain) Net Retirement of Assets	
28. Net Cash Provided/(Used) by Investing Activities	
29. Net Increase/(Decrease) in Cash	
30. Ending Cash	

Revision Date 2010

**Redacted for Public Inspection**

#112

Albion Telephone Company, Inc. submits initial five-year build-out Service Quality Improvement plan pursuant to C.F.R. §54.202(a)(1)(ii) that specifies specificity proposed improvements or upgrades to Albion Telephone Inc.'s network throughout its service area, In addition, Albion Telephone Company, Inc. is providing information that includes an estimate of the population that will be served as a result of these improvements.

The receipt of USF support, combined with other funding sources will allow Albion Telephone Company, Inc. to continue to meet its broadband obligations within its service area, complete service requests within a reasonable amount of time, provide reliable, state-of-the-art, high-quality voice and broadband service to its 3428 rural customers in 12 exchanges. The projects listed within this plan will be used to improve or upgrade the network over the next five years.

**Voice Network Upgrades: 2015**

<b>Project Description</b>	<b>Area Served/Wire center</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>	<b>Estimated Population Served</b>
Yost to Beehive Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	ALBNIDXCDS0	March 2015	September 2015	733
Declo to Raft River Fiber - Connect two exchanges by fiber for rings and redundancy of networks	ALBNIDXCDS0	March 2015	September 2015	733
Anchor Institutions - Replace copper with fiber at anchor institutions	ALBNIDXCDS0	May 2015	September 2015	204

**Voice Network Upgrades: 2016**

<b>Project Description</b>	<b>Area Served/Wire center</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>	<b>Estimated Population Served</b>
Naf to Bridge Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	ALBNIDXCDSO	March 2016	September 2016	733
Juniper to Holbrook Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	ALBNIDXCDSO	March 2016	September 2016	733
Ethernet Transport Equipment Upgrade	ALBNIDXCDSO	March 2016	July 2016	733

**Voice Network Upgrades: 2017**

<b>Project Description</b>	<b>Area Served/Wire center</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>	<b>Estimated Population Served</b>
Keogh Lane Fiber - Replace copper with fiber	ALBNIDXCDSO	March 2017	September 2017	733
Raft River to Border Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	ALBNIDXCDSO	March 2017	September 2017	733
Plant Routines/ ethernet transmission Electronics	ALBNIDXCDSO	January 2017	December 2017	30

**Voice Network Upgrades: 2018**

<b>Project Description</b>	<b>Area Served/Wire center</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>	<b>Estimated Population Served</b>
Plant Routines/ ethernet transmission Electronics	ALBNIDXCDSO	January 2017	December 2017	50

**Voice Network Upgrades: 2019**

<b>Project Description</b>	<b>Area Served/Wire center</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>	<b>Estimated Population Served</b>
Plant Routines/ ethernet transmission Electronics	ALBNIDXCDS0	January 2017	December 2017	50

**Broadband Upgrades: 2015**

<b>Project Description</b>	<b>Area Served/Wire center</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>	<b>Estimated Population Served</b>
Yost to Beehive Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	ALBNIDXCDS0	March 2015	September 2015	733
Declo to Raft River Fiber - Connect two exchanges by fiber for rings and redundancy of networks	ALBNIDXCDS0	March 2015	September 2015	733
Anchor Institutions - Replace copper with fiber at anchor institutions	ALBNIDXCDS0	May 2015	September 2015	204

**Broadband Upgrades: 2016**

<b>Project Description</b>	<b>Area Served/Wire center</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>	<b>Estimated Population Served</b>
Naf to Bridge Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	ALBNIDXCDS0	March 2016	September 2016	733
Juniper to Holbrook Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	ALBNIDXCDS0	March 2016	September 2016	733
Ethernet Transport Equipment Upgrade	ALBNIDXCDS0	March 2016	July 2016	733

**Broadband Upgrades: 2017**

<b>Project Description</b>	<b>Area Served/Wire center</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>	<b>Estimated Population Served</b>
Keogh Lane Fiber - Replace copper with fiber	ALBNIDXCDS0	March 2017	September 2017	733
Raft River to Border Fiber - Connect two previously unconnected exchanges by fiber for rings and redundancy of networks	ALBNIDXCDS0	March 2017	September 2017	733
Plant Routines/ ethernet transmission Electronics	ALBNIDXCDS0	January 2017	December 2017	30

**Broadband Upgrades: 2018**

<b>Project Description</b>	<b>Area Served/Wire center</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>	<b>Estimated Population Served</b>
Plant Routines/ ethernet transmission Electronics	ALBNIDXCDS0	January 2017	December 2017	50

**Broadband Upgrades: 2019**

<b>Project Description</b>	<b>Area Served/Wire center</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>	<b>Estimated Population Served</b>
Plant Routines/ ethernet transmission Electronics	ALBNIDXCDS0	January 2017	December 2017	50