

FCC Form 481 - Carrier Annual Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	522417
<015> Study Area Name	HAT ISLAND TEL CO
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Trish Mason
<035> Contact Telephone Number: Number of the person identified in data line <030>	3603210013
<039> Contact Email Address: Email of the person identified in data line <030>	trish.mason@whidbeytel.com

ANNUAL REPORTING FOR ALL CARRIERS	54.313 Completion Required	54.422 Completion Required
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			(check box when complete)	
<100> Service Quality Improvement Reporting	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	
<200> Outage Reporting (voice)	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report				
<300> Unfulfilled Service Requests (voice)	<input type="text" value="0"/>		<input checked="" type="checkbox"/>	
<310> Detail on Attempts (voice)	<i>(attach descriptive document)</i>			
<320> Unfulfilled Service Requests (broadband)				
<330> Detail on Attempts (broadband)	<i>(attach descriptive document)</i>			
<400> Number of Complaints per 1,000 customers (voice)			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	<input type="text" value="0.0"/>			
<420> Mobile	<input type="text"/>			
<430> Number of Complaints per 1,000 customers (broadband)				
<440> Fixed	<input type="text"/>			
<450> Mobile	<input type="text"/>			
<500> Service Quality Standards & Consumer Protection Rules Compliance	<i>(check to indicate certification)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <input type="text" value="522417wa510"/>	<i>(attached descriptive document)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	<i>(check to indicate certification)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <input type="text" value="522417wa610"/>	<i>(attached descriptive document)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	<i>(complete attached worksheet)</i>			
<710> Company Price Offerings (broadband)	<i>(complete attached worksheet)</i>			
<800> Operating Companies and Affiliates	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	<i>(if yes, complete attached worksheet)</i>		<input checked="" type="checkbox"/>	
<1000> Voice Services Rate Comparability	<i>(check to indicate certification)</i>			
<1010> <input type="text"/>	<i>(attach descriptive document)</i>			
<1100> Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>	<i>(if not, check to indicate certification)</i>		<input checked="" type="checkbox"/>	
<1110>	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	
<1200> Terms and Condition for Lifeline Customers	<i>(complete attached worksheet)</i>			<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	<i>(check to indicate certification)</i>			
<2005>	<i>(complete attached worksheet)</i>			

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

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

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039> Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbeytel.com

<110> Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing §54.202(a) "5	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
<111> year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

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

Name of Attached Document (.pdf)

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

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

(200) Service Outage Reporting (Voice) Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039> Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbeytel.com

<220>	<a> NORS Reference Number	<b1> Outage Start Date	<b2> Outage Start Time	<b3> Outage End Date	<b4> Outage End Time	<c1> Number of Customers Affected	<c2> Total Number of Customers	<d> 911 Facilities Affected (Yes / No)	<e> Service Outage Description (Check all that apply)	<f> Did This Outage Affect Multiple Study Areas (Yes / No)	<g> Service Outage Resolution	<h> Preventative Procedures

-- See attached worksheet --

(800) Operating Companies Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code 522417

<015> Study Area Name HAT ISLAND TEL CO

<020> Program Year 2014

<030> Contact Name - Person USAC should contact regarding this data Trish Mason

<035> Contact Telephone Number - Number of person identified in data line <030> 3603210013

<039> Contact Email Address - Email Address of person identified in data line <030> trish.mason@whidbeytel.com

<810> Reporting Carrier Hat Island Telephone Company

<811> Holding Company

<812> Operating Company Hat Island Telephone Company

<813>	<a1> Affiliates	<a2> SAC	<a3> Doing Business As Company or Brand Designation
-- See attached worksheet --			

(900) Tribal Lands Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	522417
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<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Trish Mason
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<039>	Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbeytel.com

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

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

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

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

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

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

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

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<1210> Terms & Conditions of Voice Telephony Lifeline Plans 522417wa1210
 Name of attached document (.pdf)

<1220> Link to Public Website HTTP _____

"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,
- <1222> Details on the number of minutes provided as part of the plan,
- <1223> Additional charges for toll calls, and rates for each such plan.

(2000) Price Cap Carrier Additional Documentation Data Collection Form <i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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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 PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021>
Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	522417
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CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan	
(3010) Milestone Certification {47 CFR § 54.313(f)(1)(i)} Please check this box to confirm that the attached PDF , on line 3012, contains the required information pursuant to § 54.313 (f)(1)(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.	Name of Attached Document Listing Required Information <input type="checkbox"/> _____
(3011) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)} 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 Please check these boxes to confirm that the attached PDF, 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) PDF of 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 (3018) If the response is no on line 3014, Is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains: (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) PDF of 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) PDF of Balance Sheet, Income Statement and Statement of Cash Flows (3026) Attach the worksheet listing required information	Name of Attached Document Listing Required Information <input checked="" type="checkbox"/> (Yes/No) <input type="checkbox"/> (Yes/No) <input type="checkbox"/> <input type="checkbox"/> Name of Attached Document Listing Required Information <input type="checkbox"/> (Yes/No) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Name of Attached Document Listing Required Information 522417wa3026

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039> Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbeytel.com

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

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	HAT ISLAND TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE Date 10/15/2013
Printed name of Authorized Officer:	Bruce Russell
Title or position of Authorized Officer:	COO
Telephone number of Authorized Officer:	360/321-0086
Study Area Code of Reporting Carrier:	522417 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039> Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbeytel.com

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

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: HAT ISLAND TEL CO	
Signature of Authorized Officer: CERTIFIED ONLINE	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: 522417	Filing Due Date for this form: 10/15/2013
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: HAT ISLAND TEL CO	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: CERTIFIED ONLINE	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: 522417	Filing Due Date for this form: 10/15/2013
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

(800) Operating Companies

Data Collection Form

FCC Form 481

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

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbeytel.com
<810>	Reporting Carrier	Hat Island Telephone Company
<811>	Holding Company	
<812>	Operating Company	Hat Island Telephone Company

<813>	<a1>	<a2>	<a3>
	Affiliates	SAC	Doing Business As Company or Brand Designation
	2012 George T.F. Henny Trust	522417	Hat Island Telephone Company
	2012 Julia Henny DeMartini Trust	522417	Hat Island Telephone Company
	2012 Mark P. Henny Trust	522417	Hat Island Telephone Company
	Estate of David C. Henny	522417	Hat Island Telephone Company
	Western Long Distance, Inc.	522417	Hat Island Long Distance Company
	American Alarms Systems, Inc.	522417	
	FiberCloud, Inc.	522417	
	WiFiFire, Inc.	522417	
	Watercrest, Inc.	522417	
	Whidbey Telephone Company	522417	Whidbey Telecom
	Whidbey Telephone Company	522417	Whidbey Telecom Internet & Broadband

Hat Island Telephone Company
FCC Form 481 (October 2013), Line 510
Description of Processes and Procedures to Ensure
Compliance with Service Quality Standards and
Consumer Protection Rules Per Instructions
For Completing FCC Form 481

This document details the processes and procedures that Hat Island Telephone Company (the "Company") follows to ensure compliance with service quality standards and consumer protections rules as set forth in the Instructions for Completing FCC Form 481.

For service quality standards that are affected by plant issues, the Company engineers and installs its plant and other facilities in such a way as to ensure, to the greatest extent possible, compliance with service quality standards that exist at the time that the plant and facilities are constructed. Plant is augmented, upgraded and/or reconfigured as needed.

The Company obtains certain functionality and support from its affiliate, Whidbey Telephone, including support related to service quality standards and consumer protection rules. A description of Whidbey Telephone Company's policies and procedures relating to service quality standards and consumer protection rules is set forth in its response to Line 510 of its FCC Form 481 that is being filed contemporaneously herewith. To the extent relevant, that description is incorporated herein by this reference.

The Company also periodically reviews its operating procedures to be sure that those operating procedures are in compliance with service quality standards and are not in violation of consumer protection rules. If questions arise, legal counsel is sought as needed.

If a complaint pertaining to the Company's compliance with service quality standards or consumer protection rules is received by the Company, the complaint is promptly investigated, the matter tracked and any corrective action noted. This process ensures that issues involved in the matter are addressed and corrections made, if needed.

Hat Island Telephone Company
FCC Form 481 (October 2013), Line 610
Statement Describing Ability to Function in Emergency Situations
Per Instructions for Completing FCC Form 481

SUMMARY

Hat Island Telephone Company (the "Company") has a long-standing tradition of providing reliable voice telephony services. It is the Company's policy and standard operating procedure to bury all of its local distribution cable and wire. The Company operates a primary local distribution and transmission node that is equipped with back-up power generation. In regard to the Company's overall network design, the Company's practices are consistent with Rural Utility Service ("RUS") telecommunications industry best practices.

The Company obtains certain functionality and support from its affiliate, Whidbey Telephone Company. Together, they operate and maintain transport transmission equipment that serves the Company's service area and that is of the highest grade. Equipment specifications, which are consistent with the RUS specifications, require both redundant power and redundant circuit interfaces. All of the Company's transport equipment, as well as the transport and switching equipment that serves the Company's service area and is operated by Whidbey Telephone Company, is monitored 7x24x365(366) by trained staff located at Whidbey Telephone Company's network operations center.

NETWORK REDUNDANCY

The Company is a provider of voice telephony services to the Hat Island Exchange. The service area of the Company's Hat Island Exchange comprises less than one (1) square mile. It is connected by submarine cable to a neighboring exchange operated by Whidbey Telephone Company, which provides local distribution connectivity, switching and transmission utilizing its facilities. A description of those facilities and of Whidbey Telephone Company's policies and procedures relating to its ability to function in emergency situations is set forth in its response to Line 610 of its FCC Form 481 that is being filed contemporaneously herewith. To the extent relevant, that description is incorporated herein by this reference.

BACK-UP POWER

The Company maintains at its principal local distribution and transmission node a power plant with batteries capable of carrying the power load for a number of hours with the load typically transitioning more immediately to a generator back-up power generation. In addition, the Company has installed back-up power generation at that node, utilizing an 8kw generator, together with a dedicated fuel tank onsite designed to carry the power load multiple days. The site is equipped with an automatic transfer switch and has monitoring equipment that provides monitoring visibility with respect to loss of external commercial power and transfer switch status. Upon recognition of loss of the commercial power source, the automatic transfer switch is designed to automatically start the back-up generator and transfer the selected power source.

Alarm messages are automatically reported to key personnel, as well as to Whidbey Telephone Company's 7x24x365(366) network operations center.

Whidbey Telephone Company has in-house staff available to support the Company's operations and trained to perform all maintenance of the power plant, as well as third-party services available for support.



14888 SR 525 Langley WA 98260

Lifeline, Tribal Link-Up and Washington Telephone Assistance Programs¹

Hat Island Telephone Company participates in the federal Lifeline program and Tribal Link-Up program, to the extent applicable, as well as the Washington Telephone Assistance Program ("WTAP"). Under these programs, we offer to qualifying low-income consumers a discount off of the monthly rate for basic residential exchange service and a discount off of the non-recurring charge to install a basic residential exchange service line. Please refer to the below table for current basic residential service charges and program discounts. The installation charge for such service may vary and may be discounted by 50% (up to \$22.00) for qualifying WTAP customers².

Residential Service Customer Program Eligibility	Basic Residential Service Line Charge	FCC Subscriber Line Charge	Discount Amount(s)	Discounted Basic Residential Service Line Charge ³
Lifeline Certified & WTAP Verified	\$15.00	\$6.50	\$9.25 – Lifeline ----- \$4.25 – WTAP	\$8.00
Lifeline Only Certified	\$15.00	\$6.50	\$9.25 – Lifeline ----- \$0.00 – WTAP	\$12.25
WTAP Only Verified	\$15.00	\$6.50	\$13.50 – WTAP	\$8.00

For more information on these programs that may help you afford phone service and/or to obtain a copy of the Lifeline Service Application Certification & Authorization Form, you may contact our Customer Experience Center representatives. They may be reached at 360.444.1122 or, when calling from outside the local area, toll free at 800.351.2337. You may also contact the Washington Telephone Assistance Program unit of DSHS at 1.888.700.8880 or visit their website <http://www.dshs.wa.gov/wtap.shtml> or contact the Federal Communications Commission at 1.888.CALL.FCC/1.888.225.5322 (voice) or 1.888.TELL.FCC/1.888.835.5322 (TTY) or visit their website www.lifeline.gov. For information regarding the current Federal Poverty Guidelines please feel free to contact our Customer Experience Center or visit the U.S. Department of Health & Human Services' website <http://aspe.hhs.gov/poverty/13poverty.cfm>.

¹WTAP and the Lifeline program are governmental assistance programs that are limited to one discount per eligible household. Only eligible consumers may enroll in the Lifeline program and/or WTAP and the service is non-transferable. To receive Lifeline program benefits you must provide documentation for Hat Island Telephone Company to confirm either your participation in one of the seven (7) qualifying federal programs or your household income to be at or below 135% of the current Federal Poverty Guidelines. A Hat Island Telephone Company Lifeline Service Application Certification & Authorization form must be completed and signed certifying the accuracy of the information you have provided to Hat Island Telephone Company and authorizing the use of some of your information in a national database in order to maintain your eligibility in the Lifeline program. Before applying WTAP benefits, Hat Island Telephone Company must contact the Washington State Department of Social and Health Services ("DSHS") and provide them with your DSHS client identification number to verify your benefit eligibility. WTAP requires that the billing name on the Hat Island Telephone Company customer account match the name of the person who qualifies the household for that program. Benefits for WTAP begin on the date Hat Island Telephone Company verifies your eligibility. Benefits for the Lifeline program begin on the date Hat Island Telephone Company receives your completed Lifeline Service Application Certification & Authorization form and completes its review of the applicable federal program participation or household income documentation.

² The Lifeline and WTAP discounts apply only to basic residential local exchange service. You will have to pay the full monthly charge for special features such as Call Forwarding and Call Waiting that are added to your residential local exchange service. Basic residential local exchange service includes an unlimited number of local and Extended Area Service ("EAS") minutes. EAS consists of calling from the Hat Island exchange to the South Whidbey exchange. Charges for long distance calls are in addition and will be as determined by the long distance carrier you select and/or utilize. Toll Restriction is offered without a monthly recurring charge. Certain non-recurring charges may also apply to installation or change of service. Charges for basic residential local exchange service, long distance service and installation or change of service are subject to change and in some instances are subject to change without notice.

³ Additional discounts for the basic residential local exchange service line, as well as for the installation charge for such service, may apply for the benefit of qualifying low-income consumers on tribal reservation lands.

(3005a) Operating Report for Privately-Held Rate of Return Carriers

FCC Form 481

Balance Sheet - Data Collection Form

OMB Control No. 3060-0986

OMB Control No. 3060-0819

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July 2013

<010: Study Area Code 522417
 <015: Study Area Name Hat Island Telephone
 <020: Program Year 2014
 <030: Contact Name - Person USAC should contact regarding this data Trish Mason
 <035: Contact Telephone Number - Number of person identified in data line <030> 360-321-0013
 <039: Contact Email Address - Email Address of person identified in data line <030> trish.mason@whidbeytel.com

Filed as reviewed single company

Filed as reviewed consolidated company

Filed as subsidiary of reviewed consolidated company

Filed as audited single company

Filed as audited consolidated company

Filed as subsidiary of audited consolidated company

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.



Signature

10/14/13

Date

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	111943	108002	25. Accounts Payable	570	5048
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable	1438	1428	28. Customer Deposits		
b. Other Accounts Receivable	33251	33071	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	71	-1058
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	641	3990
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments	912	882	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
0. Total Current Assets (1 Thru 9)	147544	143383	39. Funded Debt-Other		
			40. Funded Debt-Rural Develop. Loan		
NONCURRENT ASSETS			41. Premium (Discount) on L/T Debt		
1. Investment in Affiliated Companies			42. Recquired Debt		
a. Rural Development			43. Obligations Under Capital Lease		
b. Nonrural Development			44. Adv. From Affiliated Companies		
2. Other Investments			45. Other Long-Term Debt		
a. Rural Development			46. Total Long-Term Debt (36 thru 45)		
b. Nonrural Development			OTHER LIAB. & DEF. CREDITS		
3. Nonregulated Investments			47. Other Long-Term Liabilities		
4. Other Noncurrent Assets			48. Other Deferred Credits		
5. Deferred Charges			49. Other Jurisdictional Differences		
6. Jurisdictional Differences			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
7. Total Noncurrent Assets (11 thru 16)			EQUITY		
			51. Cap. Stock Outstanding & Subscribed	4000	4000
PLANT, PROPERTY, AND EQUIPMENT			52. Additional Paid-in-Capital		
8. Telecom, Plant-in-Service	422129	429021	53. Treasury Stock		
9. Property Held for Future Use			54. Membership and Cap. Certificates		
0. Plant Under Construction			55. Other Capital		
1. Plant Adj., Nonop. Plant & Goodwill			56. Patronage Capital Credits		
2. Less Accumulated Depreciation	246444	266084	57. Retained Earnings or Margins	318588	298330
3. Net Plant (18 thru 21 less 22)	175685	162937	58. Total Equity (51 thru 57)	322588	302330
4. TOTAL ASSETS (10+17+23)	323229	306320	59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	323229	306320

(3005b) Operating Report for Privately-Held Rate of Return Carriers
Income Statement - Data Collection Form

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

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<010> Study Area Code 522417
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 <039> Contact Email Address - Email Address of person identified in data line <030> trish.mason@whidbeytel.com

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	19217	19177
2. Network Access Services Revenues	46041	23972
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	2979	2125
5. Miscellaneous Revenues	21899	23028
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)	90136	68302
8. Plant Specific Operations Expense	10453	13846
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	10663	9185
10. Depreciation Expense	19268	19640
11. Amortization Expense		
12. Customer Operations Expense	5405	10295
13. Corporate Operations Expense	22024	7951
14. Total Operating Expenses (8 thru 13)	67813	60917
15. Operating Income or Margins (7 less 14)	22323	7385
16. Other Operating Income and Expenses	113511	
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes	4158	2643
20. Total Operating Taxes (17+18+19)	4158	2643
21. Net Operating Income or Margins (15+16-20)	131676	4742
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)	0	0
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)	131676	4742
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	1660535	318588
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)	1473623	25000
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins end-of-Period $[(31+33+34)-(35+36+37+38)]$	318588	298330
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 $[(31+26+10+11)/44]$		

(3005c) Operating Report for Privately-Held Rate of Return Carriers
Cash Flow - Data Collection Form

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

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<010> Study Area Code	522417
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<039> Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbeytel.com

PART C. STATEMENTS OF CASH FLOWS	
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	111943
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	4742
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3. Add: Depreciation	19640
4. Add: Amortization	
5. Other (Explain)	
Changes in Operating Assets and Liabilities	
6. Decrease/(Increase) in Accounts Receivable	3540
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	30
12. Increase/(Decrease) in Other Current Liabilities	
13. Net Cash Provided/(Used) by Operations	27952
CASH FLOWS FROM FINANCING ACTIVITIES	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	-25000
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	-25000
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	-6893
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain)	
28. Net Cash Provided/(Used) by Investing Activities	-6893
29. Net Increase/(Decrease) in Cash	-3941
30. Ending Cash	108002