

STATE USF FILING
FINANCIAL TEMPLATE
"S CORP" COMPANIES

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
 Prior Year Balance Sheet

Company Name: (Below)
HOOD CANAL TELEPHONE CO., INC.

Line 13 and 22 Part 64 adjustments revised from prior year per FCC rules on changes in non-regulated plant for 2013 cost study.

ASSETS	Balance End of Year 2013 (A)	Part 64 Adj to NonReg 2013 (B)	Adj. Balance End of Year 2013 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2013 (A)	Part 64 Adj to NonReg 2013 (B)	Adj. Balance End of Year 2013 (C)
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	394,690		394,690	25. Accounts Payable	239,053		239,053
2. Cash-RUS Construction Fund			0	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits	64,656		64,656
b. Other Accounts Receivable	221,512		221,512	29. Current Mat. L/T Debt	274,000		274,000
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases			0
a. Telecom, Accounts Receivable	465,780		465,780	32. Income Taxes Accrued			0
b. Other Accounts Receivable	223,010		223,010	33. Other Taxes Accrued	95,164		95,164
c. Notes Receivable	9,400		9,400	34. Other Current Liabilities	447,847		447,847
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	1,120,720	0	1,120,720
6. Material-Regulated	38,793		38,793	LONG-TERM DEBT			
7. Material-Nonregulated	659,595		659,595	36. Funded Debt-RUS Notes	1,078,018		1,078,018
8. Prepayments	89,264		89,264	37. Funded Debt-RTB Notes			0
9. Other Current Assets			0	38. Funded Debt-FFB Notes			0
10. Total Current Assets (1 Thru 9)	2,102,044	0	2,102,044	39. Funded Debt-Other			0
NONCURRENT ASSETS				40. Funded Debt-Rural Develop. Loan	750,310		750,310
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt			0
a. Rural Development			0	42. Reacquired Debt			0
b. Nonrural Development			0	43. Obligations Under Capital Lease			0
12. Other Investments				44. Adv. From Affiliated Companies			0
a. Rural Development			0	45. Other Long-Term Debt			0
b. Nonrural Development	118,909		118,909	46. Total Long-Term Debt (36 thru 45)	1,828,328	0	1,828,328
13. Nonregulated Investments (B1)	4,215,544	(45,435)	4,170,109	OTHER LIAB. & DEF. CREDITS			
14. Other Noncurrent Assets	398,294		398,294	47. Other Long-Term Liabilities			0
15. Deferred Charges			0	48. Other Deferred Credits (C)	321,111	(29,060)	292,051
16. Jurisdictional Differences			0	49. Other Jurisdictional Differences			0
17. Total noncurrent Assets (11 thru 16)	4,732,747	(45,435)	4,687,312	50. Total Other Liab. & Def. Credits (47 thru 49)	321,111	(29,060)	292,051
PLANT, PROPERTY AND EQUIPMENT				EQUITY			
18. Telecom Plant-In-Service	6,574,455	(422,332)	6,152,123	51. Cap. Stock Outstanding & Subscribed	50,000		50,000
19. Property Held for Future Use			0	52. Additional Paid-in-Capital			0
20. Plant Under Construction	338,527		338,527	53. Treasury Stock			0
21. Plant Adj., Nonop Plant & Goodwill			0	54. Membership and cap. Certificates			0
22. Accumulated Depreciation (CR.)	(5,907,189)	467,767	(5,439,422)	55. Other Capital	515,689		515,689
23. Net Plant (18 thru 21 less 22)	1,005,793	45,435	1,051,228	56. Patronage Capital Credits			0
24. TOTAL ASSETS (10+17+23)	7,840,584	0	7,840,584	57. Retained Earnings or Margins (B2)	4,004,736	29,060	4,033,796
				58. Total Equity (51 thru 57)	4,570,425	29,060	4,599,485
				59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	7,840,584	0	7,840,584

Footnotes:

- (A) - As reported on RUS Form 479
- (B) - Part 64 adjustments from regulated to nonregulated.

Footnotes:

- (B1) - Part 64 offset to nonreg investment
- (B2) - Part 64 offset to retained earnings
- (C) - Includes deferred taxes

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Current Year Balance Sheet

Company Name: (Below)
HOOD CANAL TELEPHONE CO., INC.

ASSETS	Balance End of Year 2014 (A)	Part 64 Adj to NonReg 2014 (B)	Adj. Balance End of Year 2014 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2014 (A)	Part 64 Adj to NonReg 2014 (B)	Adj. Balance End of Year 2014 (C)
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	755,017		755,017	25. Accounts Payable	201,450		201,450
2. Cash-RUS Construction Fund			0	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits	65,671		65,671
b. Other Accounts Receivable	97,315		97,315	29. Current Mat. L/T Debt	265,000		265,000
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases			0
a. Telecom, Accounts Receivable	403,030		403,030	32. Income Taxes Accrued			0
b. Other Accounts Receivable	0		0	33. Other Taxes Accrued	61,503		61,503
c. Notes Receivable	9,600		9,600	34. Other Current Liabilities	516,546		516,546
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	1,110,170	0	1,110,170
6. Material-Regulated	150,988		150,988	LONG-TERM DEBT			
7. Material-Nonregulated	350,590		350,590	36. Funded Debt-RUS Notes	1,187,879		1,187,879
8. Prepayments	97,785		97,785	37. Funded Debt-RTB Notes			0
9. Other Current Assets			0	38. Funded Debt-FFB Notes			0
10. Total Current Assets (1 Thru 9)	1,864,325	0	1,864,325	39. Funded Debt-Other			0
NONCURRENT ASSETS				40. Funded Debt-Rural Develop. Loan	595,391		595,391
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt			0
a. Rural Development			0	42. Reacquired Debt			0
b. Nonrural Development			0	43. Obligations Under Capital Lease			0
12. Other Investments				44. Adv. From Affiliated Companies			0
a. Rural Development			0	45. Other Long-Term Debt			0
b. Nonrural Development	126,858		126,858	46. Total Long-Term Debt (36 thru 45)	1,783,270	0	1,783,270
13. Nonregulated Investments (B1)	4,400,728	452,544	4,853,272	OTHER LIAB. & DEF. CREDITS			0
14. Other Noncurrent Assets	388,566		388,566	47. Other Long-Term Liabilities			0
15. Deferred Charges			0	48. Other Deferred Credits (C)	276,214	(26,827)	249,387
16. Jurisdictional Differences			0	49. Other Jurisdictional Differences			0
17. Total noncurrent Assets (11 thru 16)	4,916,152	452,544	5,368,696	50. Total Other Liab. & Def. Credits (47 thru 49)	276,214	(26,827)	249,387
PLANT, PROPERTY AND EQUIPMENT				EQUITY			
18. Telecom Plant-In-Service	7,194,981	(729,986)	6,464,995	51. Cap. Stock Outstanding & Subscribed	50,000		50,000
19. Property Held for Future Use			0	52. Additional Paid-in-Capital			0
20. Plant Under Construction	323,561	(318,705)	4,856	53. Treasury Stock			0
21. Plant Adj., Nonop Plant & Goodwill			0	54. Membership and cap. Certificates			0
22. Accumulated Depreciation (CR.)	(6,233,303)	596,147	(5,637,156)	55. Other Capital	515,689		515,689
23. Net Plant (18 thru 21 less 22)	1,285,239	(452,544)	832,695	56. Patronage Capital Credits			0
24. TOTAL ASSETS (10+17+23)	8,065,716	0	8,065,716	57. Retained Earnings or Margins (B2)	4,330,373	26,827	4,357,200
				58. Total Equity (51 thru 57)	4,896,062	26,827	4,922,889
				59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	8,065,716	0	8,065,716

Footnotes:

(A) - As reported on RUS Form 479
(B) - Part 64 adjustments from regulated to nonregulated.

Footnotes:

(B1) - Part 64 offset to nonreg investment
(B2) - Part 64 offset to retained earnings
(C) - Includes deferred taxes

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
 Prior and Current Year Balance Sheet

Company Name: (Below)
HOOD CANAL TELEPHONE CO., INC.

ASSETS	Adjusted Prior Year Balance 2013	Adjusted Current Year Balance 2014	LIABILITIES AND STOCKHOLDERS' EQUITY	Adjusted Prior Year Balance 2013	Adjusted Current Year Balance 2014
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	394,690	755,017	25. Accounts Payable	239,053	201,450
2. Cash-RUS Construction Fund	0	0	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	64,656	65,671
b. Other Accounts Receivable	221,512	97,315	29. Current Mat. L/T Debt	274,000	265,000
c. Notes Receivable	0	0	30. Current Mat. L/T Debt Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat. - Capital Leases	0	0
a. Telecom, Accounts Receivable	465,780	403,030	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	223,010	0	33. Other Taxes Accrued	95,164	61,503
c. Notes Receivable	9,400	9,600	34. Other Current Liabilities	447,847	516,546
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 - 34)	1,120,720	1,110,170
6. Material-Regulated	38,793	150,988	LONG-TERM DEBT		
7. Material-Nonregulated	659,595	350,590	36. Funded Debt-RUS Notes	1,078,018	1,187,879
8. Prepayments	89,264	97,785	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	0	0	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 Thru 9)	2,102,044	1,864,325	39. Funded Debt-Other	0	0
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	750,310	595,391
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Reacquired Debt	0	0
b. Nonrural Development	0	0	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	118,909	126,858	46. Total Long-Term Debt (36-45)	1,828,328	1,783,270
13. Nonregulated Investments	4,170,109	4,853,272	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets	398,294	388,566	47. Other Long-Term Liabilities	0	0
15. Deferred Charges	0	0	48. Other Deferred Credits	292,051	249,387
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total noncurrent Assets (11 thru 16)	4,687,312	5,368,696	50. Total Other Liab. & Def. Credits (47 thru 49)	292,051	249,387
PLANT, PROPERTY AND EQUIPMENT			EQUITY		
18. Telecom Plant-in-Service	6,152,123	6,464,995	51. Cap. Stock Outstanding & Subscribed	50,000	50,000
19. Property Held for Future Use	0	0	52. Additional Paid-in-Capital	0	0
20. Plant Under Construction	338,527	4,856	53. Treasury Stock	0	0
21. Plant Adj., Nonop Plant & Goodwill	0	0	54. Membership and cap. Certificates	0	0
22. Accumulated Depreciation (CR.)	(5,439,422)	(5,637,156)	55. Other Capital	515,689	515,689
23. Net Plant (18 thru 21 less 22)	1,051,228	832,695	56. Patronage Capital Credits	0	0
24. TOTAL ASSETS (10+17+23)	7,840,584	8,065,716	57. Retained Earnings or Margins	4,033,796	4,357,200
			58. Total Equity (51 thru 57)	4,599,485	4,922,889
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	7,840,584	8,065,716

Footnote:
 Adjusted Balances represents balances
 after Part 64 adjustments

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)
Prior and Current Year Rate Base

Company Name: (Below)

HOOD CANAL TELEPHONE CO., INC.

Line #	Description	B/S Line #	Adj. Balance End of Year 2013	Adj. Balance End of Year 2014	Average Adj End of Year Balance
Average Rate Base:					
1	Total Regulated Adjusted Telecom Plant-In-service	18	6,152,123	6,464,995	6,308,559
2	Total Property Held for Future Use	19	0	0	0
3	Total Regulated Adjusted Accumulated Depreciation (CR)	22	(5,439,422)	(5,637,156)	(5,538,289)
4	Total Regulated Materials & Supplies	6	38,793	150,988	94,891
5	Deferred Income Taxes (CR)		(101,608)	(103,757)	(102,683)
6	Total Regulated Rate Base		649,886	875,070	762,478

Footnotes:

1. Normal balance of deferred income taxes and accumulated depreciation is a credit.
2. Adjusted balance includes Part 64 adjustments

Line 5 Adjusted Balance 2013 for Deferred Income Taxes revised from prior year per FCC rules on changes in non-regulated plant for 2013 cost study.

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)
Prior and Current Year Access Lines

Company Name: (Below)
HOOD CANAL TELEPHONE CO., INC.

Line #	Description	Prior Year End of Yr. Balance - 2013	Current Year End of Yr. Balance - 2014	Difference	% Change
	Access Lines:				
1	Residential	710	627	(83)	-11.7%
2	Business	201	222	21	10.4%
3	Total	911	849	(62)	-6.8%

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
 Prior Year Income Statement

Company Name: (Below)
 HOOD CANAL TELEPHONE CO., INC.

Line #	Description	Prior Year 2013 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2013 (C)
1	Local Network Services Revenues	186,459		186,459
2	Network Access Services Revenues	1,469,572		1,469,572
3	Long Distance Network Services Revenues	169,989	(125,131)	44,858
4	Carrier Billing and Collection Revenues	1,743		1,743
5	Miscellaneous Revenues	21,041		21,041
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	1,393		1,393
7	Net Operating Revenues (1 thru 6)	1,850,197	(125,131)	1,725,066
8	Plant Specific Operations Expense	1,179,803	(253,915)	925,888
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	147,341	24,300	171,641
10	Depreciation Expense	207,362	(19,947)	187,415
11	Amortization Expense			0
12	Customer Operations Expense	623,299	(203,149)	420,150
13	Corporate Operations	791,647	(126,315)	665,332
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ()			
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	791,647	(126,315)	665,332
14	Total Operations Expenses (8 thru 12 +13b)	2,949,452	(579,026)	2,370,426
15	Operating Income or Margins (7 less 14)	(1,099,255)	453,895	(645,360)
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes	102,338	(6,582)	95,756
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)		0	0
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	102,338	(6,582)	95,756
21	Net Operating Income or Margins (15+16-20)	(1,201,593)	460,477	(741,116)
22	Interest on Funded Debt	69,836		69,836
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	23,126		23,126
25	Allowance for Funds Used During Construction (CR)			0
26	Total Fixed Charges (22+23+24-25)	92,962	0	92,962
27	Nonoperating Net Income	14,765		14,765
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	1,589,627	(460,477)	1,129,150
31	Total Net Income or Margins (21+27+28+29+30-26)	309,837	0	309,837
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	3,694,899		3,694,899
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38)(A2)	4,004,736	0	4,004,736
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments	355,110		355,110
45	Cash Ratio ((14+20-10-11)/7)	1.5374	4.5206	1.3210
46	Operating Accrual Ratio ((14+20+26)/7)	1.6997	4.6800	1.4835
47	TIER ((31+26)/26)	4.3329	#DIV/0!	4.3329
48	DSCR ((31+26+10+11)/44)	1.7182	#DIV/0!	1.6621

(C)

Footnotes:

- (A) As reported on RUS Form 479
- (A1) S Corps provide effective tax rate from Cost study on Page 8 Inc. Stmt Summary Schedule Footnote
- (A2) Column A, Line 39 must equal Column A, Line 57 of Page 1, Balance Sheet
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)
- (C) Corp. Op. Adj Exp. Reduction - See Exhibit 7 of Petition which takes () amount * 65% to Line 13a, Column C (Reduces total operating expense (L 14) and increases Operating Inc. (L15)

Line 10 Part 64 adjustments revised from prior year per FCC rules on changes in non-regulated plant depreciation for 2013 cost study.

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Current Year income Statement

Company Name: (Below)
HOOD CANAL TELEPHONE CO., INC.

Line #	Description	Current Year 2014 (A)	Part 64 Adj. to NonReg (B)	Current Year Adjusted 2014 (C)
1	Local Network Services Revenues	185,015		185,015
2	Network Access Services Revenues	1,451,034		1,451,034
3	Long Distance Network Services Revenues	194,216	(159,235)	34,981
4	Carrier Billing and Collection Revenues	377		377
5	Miscellaneous Revenues	20,660		20,660
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	1,798		1,798
7	Net Operating Revenues (1 thru 6)	1,853,100	(159,235)	1,693,865
8	Plant Specific Operations Expense	1,248,392	(299,621)	948,771
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	127,367	67,313	194,680
10	Depreciation Expense	373,431	(65,269)	308,162
11	Amortization Expense	6,560	(6,560)	0
12	Customer Operations Expense	657,386	(218,852)	438,534
13	Corporate Operations	792,919	(118,457)	674,462
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ()			
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	792,919	(118,457)	674,462
14	Total Operations Expenses (8 thru 12 +13b)	3,206,055	(641,446)	2,564,609
15	Operating Income or Margins (7 less 14)	(1,352,955)	482,211	(870,744)
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes	116,726	10,423	127,149
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)		0	0
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	116,726	10,423	127,149
21	Net Operating Income or Margins (15+16-20)	(1,469,681)	471,788	(997,893)
22	Interest on Funded Debt	74,505	-69376	5,129
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	4,880		4,880
25	Allowance for Funds Used During Construction (CR)			0
26	Total Fixed Charges (22+23+24-25)	79,385	(69,376)	10,009
27	Nonoperating Net Income	13,146		13,146
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	1,861,557	(541,164)	1,320,393
31	Total Net Income or Margins (21+27+28+29+30-26)	325,637	0	325,637
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	4,004,736		4,004,736
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38)(A2)	4,330,373	0	4,330,373
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments	352,825		352,825
45	Cash Ratio ((14+20-10-11)/7)	1.5880	3.5118	1.4072
46	Operating Accrual Ratio ((14+20+26)/7)	1.8359	4.3985	1.5950
47	TIER ((31+26)/26)	5.1020	1.0000	33.5344
48	DSCR ((31+26+10+11)/44)	2.2249	#DIV/0!	1.8247

(C)

Footnotes:

- (A) As reported on RUS Form 479
- (A1) S Corps provide effective tax rate from Cost study on Page 8, Inc. Stmt Summary Schedule Footnote
- (A2) Column A, Line 39 must equal Column A, Line 57 of Page 2, Balance Sheet
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)
- (C) Corp. Op. Adj Exp. Reduction - See Exhibit 7 of Petition which takes () amount * 65% to Line 13a, Column C
(Reduces total operating expense (L 14) and increases Operating Inc. (L15)

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
 Prior and Current Year Income Statement

Company Name:
 HOOD CANAL TELEPHONE CO., INC.

Line #	Description	Adjusted Prior Year 2013	Adjusted Current Year 2014
1	Local Network Services Revenues	186,459	185,015
2	Network Access Services Revenues	1,469,572	1,451,034
3	Long Distance Network Services Revenues	44,858	34,981
4	Carrier Billing and Collection Revenues	1,743	377
5	Miscellaneous Revenues	21,041	20,660
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	1,393	1,798
7	Net Operating Revenues (1 thru 6)	1,725,066	1,693,865
8	Plant Specific Operations Expense	925,888	948,771
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	171,641	194,680
10	Depreciation Expense	187,415	308,162
11	Amortization Expense	0	0
12	Customer Operations Expense	420,150	438,534
13	Corporate Operations	665,332	674,462
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ()	0	0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	665,332	674,462
14	Total Operations Expenses (8 thru 12 +13b)	2,370,426	2,564,609
15	Operating Income or Margins (7 less 14)	(645,360)	(870,744)
16	Other Operating Income and Expenses ()	0	0
17	State and Local Taxes	95,756	127,149
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	0	0
19	Other Taxes	0	0
20	Total Operating Taxes (17+18+19)	95,756	127,149
21	Net Operating Income or Margins (15+16-20)	(741,116)	(997,893)
22	Interest on Funded Debt	69,836	5,129
23	Interest Expense - Capital Leases	0	0
24	Other Interest Expense	23,126	4,880
25	Allowance for Funds Used During Construction	0	0
26	Total Fixed Charges (22+23+24-25)	92,962	10,009
27	Nonoperating Net Income	14,765	13,146
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	1,129,150	1,320,393
31	Total Net Income or Margins (21+27+28+29+30-26)	309,837	325,637
32	Total Taxes Based on Income		
33	Retained Earning or Margins Beginning-of-Year	3,694,899	4,004,736
34	Miscellaneous Credits Year-to-Date	0	0
35	Dividends Declared (Common)	0	0
36	Dividends Declared (Preferred)	0	0
37	Other Debits Year-to-Date	0	0
38	Transfers to Patronage Capital	0	0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))	4,004,736	4,330,373
40	Patronage Capital Beginning-of-Year	0	0
41	Transfers to Patronage Capital	0	0
42	Patronage Capital Credits Retired	0	0
43	Patronage Capital End-of-Year (40+41-42)	0	0
44	Annual Debt Service Payments	355,110	352,825
45	Cash Ratio ((14+20-10-11)/7)	1.3210	1.4072
46	Operating Accrual Ratio ((14+20+26)/7)	1.4835	1.5950
47	TIER ((31+26)/26)	4.3329	33.5344
48	DSCR ((31+26+10+11)/44)	1.66	1.8247

Footnote	2013	2014
(A1) S Corporation Effective Tax Rate (2 decimal places):	18.40%	17.25%

Note:
 Adjusted Income Statement reflects Part 64 Adjustments (Regulated to Nonregulated).

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)
Prior and Current Year Access Revenue Detail

Company Name: (Below)
HOOD CANAL TELEPHONE CO., INC.

Line #	Description	Part 32 Account	Prior Year 2013	Current Year 2014
1	End User Revenue (SLC, ARC, etc.)	5081	92,835	99,563
2	Switched Access (excluding USF):	5082		
2a	Intrastate		111,717	84,536
2b	Interstate (includes CAF)		311,867	314,036
3	Special Access:	5083		
3a	Intrastate		810	796
3b	Interstate		249,029	225,631
4	Federal USF (ICLS/HCL/SN)	Varies	703,314	676,854
5	State USF			49,618
6	Other*			
7	Total (must equal line 2 of Income Stmt.)		1,469,572	1,451,034
8	Line 2 of Income Stmt.		1,469,572	1,451,034
9	Difference		0	0

Footnote:

* - if > than 5% of Access revenue total,
provide description below.

Line 2b and 4 for Prior Year 2013 changed due to CAF amount \$75,306 was included in the Federal USF line 4 instead of line 2b last year

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)
Out-of-Period Adjustments

Description of Out-of-Period - 2014 (As Recorded)	Part 32 Account	
	Debit	Credit
Adjustment #1:		
Adjustment #2:		
Adjustment #3:		
Adjustment #4		

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Rate of Return and Consolidated Return on Equity

Company Name:
HOOD CANAL TELEPHONE CO., INC.

Line #	Source(A)	Net Operating Income Inputted FIT Calculation	2014	
1	Page 9, Line 21 (CY)	Adjusted Net Operating Income	(997,893)	(A)
2		Out-of-Period Adjustments		
3	Page 9, Line 26 (CY)	Total Fixed Charges	10,009	
4	Sum	Adj. Taxable Operating Income (Line 1 + Line 2 - Line 3)	(1,007,902)	
5		Inputted S Corp. Tax Rate(B)	17.25%	
6	Calculated	inputted FIT (Line 4* Line 5)	(173,863)	
7	Sum	Adj. Net Operating income after FIT (Line 1 - Line 6)	(824,030)	
Line #	Source(A)	NonOperating Income Inputted FIT Calculation		
8	Page 9, Line 27 (CY)	Nonoperating net income	13,146	(C)
9	Page 9, Line 30 (CY)	Nonregulated net income	1,320,393	
10	Sum	Sub-Total (Line 27+Line 30)	1,333,539	
11		Inputted S Corp. Tax Rate(B)	17.25%	
12	Calculated	FIT (Line 10 * Line 11)	230,035	
13	Sum	Nonop/Nonreg income after FIT (Line 10 - Line 12)	1,103,504	
14	Sum	Adjusted Net Income w/inputted FIT	269,465	(B)+(C)-(A)
Line #	Source(A)	Sanity Check:		
15	Page 9, Line 31 (CY)	Line 31 as reported	325,637	(D)
16		Out-of-Period Adjustments		
17		Total	325,637	
18		Inverse of effective tax rate (100%-Line 10 percent)	82.75%	
19	Calculated	Adjusted Net Income (Line 17*Line 18) = Line 14	269,465	
Line #	Source(A)	Regulated Rate of Return		
20	Page 5, Total (PY)	Regulated rate base Year End 2013	649,886	(E)
21	Page 5, Total (CY)	Regulated rate base Year End 2014	875,070	
22	Sum	Total	1,524,956	
23	Calculated	Simple Avg.	762,478	
24	Line 7 (above)	Adj Operating Income after inputted FIT	(824,030)	
27	Calculated	Regulated rate of return	-108.1%	
Line #	Source	Total Consolidated Company Return on Equity		
28	Audited FinStmts	Total Equity Year End 2013	5,013,724	(G)
29	Audited FinStmts	Total Equity Year End 2014	5,341,626	
30	Sum	Total	10,355,350	
31	Calculated	Simple Avg.	5,177,675	
32	Audited FinStmts	Consolidated Net Income	327,902	
33	Line 2 above	Out-of-period adjustment	-	
34		Adjusted Consolidated Net Income	327,902	
35		Inputted S Corp Tax Rate	17.25%	
36		Inputted FIT (Line 34 * Line 35)	56,563	
37	Sum	Adj Consolidated Net Income after inputted FIT	271,339	
38	Calculated	Total Adj. Consolidated Company Return on Equity	5.2%	(H)/(G)

Footnotes:

(A) - Source is financial template in state USF petition

(B) - Company provided