



**HoodCanal**  
COMMUNICATIONS

Cable TV - Voice - Broadband - Computer Repair

June 26, 2015

To: Commission Secretary, Office of Secretary  
Federal Communications Commission  
445 - 12<sup>th</sup> Street, SW  
Room TW-A325  
Washington, DC 20554

Reference: WC Docket No. 14-58

Mr. Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive SW  
PO Box 47250  
Olympia, WA 98504-7250

Reference: Docket UT-150063

Re: 47 CFR § 54.313 and 47 CFR § 54.422  
Annual Reporting Requirements for High-Cost Recipients and Lifeline Program  
Annual Certification Filing  
Hood Canal Telephone Co., Inc.  
PO Box 249  
Union, Washington 98592  
Study Area Code 522419

Hood Canal Telephone Co., Inc., SAC 522419, ("Company") hereby submits to the Federal Communications Commission ("FCC") and Washington Utilities and Transportation Commission ("Commission") as required by 47 CFR § 54.313 and 47 CFR § 54.422 the attached FCC Form 481. The FCC Form 481 has been electronically submitted to the Universal Administration Company ("USAC") prior to the deadline of July 1, 2015.

FCC Form 481 provided by USAC being used for this filing does not have a native format available, therefore only a pdf copy is being submitted.

HOOD CANAL TELEPHONE CO., INC.

By:   
Richard Buechel  
President

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**

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

<010>	Study Area Code	522419
<015>	Study Area Name	HOOD CANAL TEL CO
<020>	Program Year	2016
<030>	Contact Name: Person USAC should contact with questions about this data	Rick Buechel
<035>	Contact Telephone Number: Number of the person identified in data line <030>	3608982481 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	rbuechel@hcc.net

<b>ANNUAL REPORTING FOR ALL CARRIERS</b>	<b>54.313</b>	<b>54.422</b>
	<b>Completion Required</b>	<b>Completion Required</b>

			<i>(check box when complete)</i>	
<100>	Service Quality Improvement Reporting	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200>	Outage Reporting (voice)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210>	<input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300>	Unfulfilled Service Requests (voice)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310>	Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> <i>(attach descriptive document)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<320>	Unfulfilled Service Requests (broadband)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330>	Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> <i>(attach descriptive document)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<400>	Number of Complaints per 1,000 customers (voice)			
<410>	Fixed	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420>	Mobile	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430>	Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440>	Fixed	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<450>	Mobile	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<500>	Service Quality Standards & Consumer Protection Rules Compliance	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510>	<div style="border: 1px solid black; height: 40px; width: 100%;"><small>522419wa510.pdf</small></div> <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>	<div style="border: 1px solid black; height: 40px; width: 100%;"><small>522419wa610.pdf</small></div> <i>(attached descriptive document)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700>	Company Price Offerings (voice)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710>	Company Price Offerings (broadband)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800>	Operating Companies and Affiliates	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<900>	Tribal Land Offerings (Y/N)?	<input type="radio"/> <input checked="" type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>
<1000>	Voice Services Rate Comparability Certification	<input type="text" value="Yes"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> <i>(attach descriptive document)</i>		<input type="checkbox"/>	<input type="checkbox"/>
<1100>	Certify whether terrestrial backhaul options exist (Yes or No)	<input checked="" type="radio"/> <input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>
<1110>		<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<1200>	Terms and Condition for Lifeline Customers	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

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

<2000>	<i>(check to indicate certification)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

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

<010> Study Area Code 522419  
 <015> Study Area Name HOOD CANAL TEL CO  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Rick Buechel  
 <035> Contact Telephone Number - Number of person identified in data line <030> 3608982481 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> rbuechel@hcc.net

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

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

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.



<112> Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

	Yes
	Yes
	Yes
	Yes
	Yes
	Not Applicable

<113> Maps detailing progress towards meeting plan targets  
 <114> Report how much universal service (USF) support was received  
 <115> How much (USF) was used to improve service quality and how support was used to improve service quality  
 <116> How much (USF) was used to improve service coverage and how support was used to improve service coverage  
 <117> How much (USF) was used to improve service capacity and how support was used to improve service capacity  
 <118> Provide an explanation of network improvement targets not met in the prior calendar year.

**HOOD CANAL TELEPHONE COMPANY**  
**SAC 522419**  
**PROGRESS REPORT JANUARY 1 TO JUNE 30, 2015**

Hood Canal Telephone Company ("Hood Canal") is a rural incumbent local exchange carrier located in the western part of the state of Washington. Hood Canal's study area consists of one exchange, Union, and serves 16 square miles and has 849 working loops as of December 31, 2014. Within Hood Canal's study area 100% of the subscribers have the capability of broadband speeds in excess of the 4 Mbps download and 1 Mbps upload standard established in FCC 11-161.

Exhibit A reflects Hood Canal's estimated Universal Service Fund ("USF") support amounts that will be received and Hood Canal's estimated plant investment additions and expenses for January 1 to June 30, 2015. Exhibit B sets out Hood Canal's initial proposed plant additions for 2015 compared to estimated plant additions for January 1 to June 30, 2015.

As set out on Exhibit B, Hood Canal's major plant improvement is to begin deploying fiber-to-the-home in its serving area over the five year period 2015-2019. The projected plant additions are estimated to cost about \$845,000 over the five years and will benefit all subscribers within Hood Canal's serving area.

Hood Canal sells DSL to its Internet Service Provider ("ISP"), a division of Hood Canal, and provides the transport to the exchange boundary for the ISP as well. See Section 700 of the FCC Form 481 displaying the retail pricing of broadband services. The ISP provides both DSL and cable modem options to its customers and as of December 31, 2014, there were 70 DSL customers, 3 Fiber-to-the-Home customers and 796 cable modem broadband customers. See Exhibit C, a wire center map of Hood Canal's exchange showing broadband speed capabilities.

As they are known to Hood Canal at the date of this report, other than the projects described on Exhibit B, the planned investment and expenses for the period presented in Exhibit A, that Hood Canal expects to use as basis to request federal high-cost support are expected to be approximately the same as initially projected, taking in account normal fluctuations in investments and expense levels. For 2015, Hood Canal expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2014, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and depreciation on investment placed in service. Hood Canal does not anticipate major adjustments in staffing levels for 2015.

Through the expenditure of the USF support received, Hood Canal will be able to continue to provide services at a level that Hood Canal believes meets the intent set forth in 47 U.S.C. 254 of providing quality telecommunications services to customers in the service area for which Hood Canal is designated as an ETC. Hood Canal has made substantial investments over the past several years which allow it to provide quality telecommunications services to its customers in its designated ETC service area. Those expenditures and investments generally benefit all customers receiving the federal high-cost fund support services from Hood Canal within its designated ETC service area. By expanding its network over the past several years, Hood Canal is capable of providing access to broadband services throughout all of Hood Canal's designated ETC service area. Hood Canal offers services that are comparable to services offered in urban areas at rates that are comparable to rates for such services in urban areas.

## EXHIBIT A

## HOOD CANAL TELEPHONE COMPANY

SAC 522419

## PROGRESS REPORT JANUARY 1 TO JUNE 30, 2015

## ESTIMATED SEMI-ANNUAL UNIVERSAL SERVICE SUPPORT, PLANT INVESTMENT AND EXPENDITURES

Description	Initial 2015 Filing	One-Half of Initial 2015 Filing	Estimated Progress to June 30, 2015
<u>Estimated Federal Universal Service Support</u>			
High Cost Loop Support	\$ 404,000	\$ 202,000	\$ 177,127
Connect America Fund Support	131,000	65,500	64,914
Interstate Common Line Support	312,000	156,000	174,318
<b>Total Estimated Support to be Received</b>	<b>\$ 847,000</b>	<b>\$ 423,500</b>	<b>\$ 416,359</b>

Estimated Expenditures for Provision, Maintenance and Upgrading of Facilities and Services Supported ByFederal Universal Service Funding:

<b>Plant Specific and Non-Specific Operations Expenses</b>			
Network support	\$ 157,500	\$ 78,750	\$ 172,980
General support	242,000	121,000	87,390
Central office	294,700	147,350	111,305
Cable and wire facilities	142,700	71,350	45,385
Network operations	145,400	72,700	83,025
Depreciation and amortization	321,500	160,750	107,660
<b>Customer Operations Expenses</b>			
Customer services	317,100	158,550	201,170
<b>Corporate Operations Expenses</b>			
Executive and planning	301,500	150,750	154,230
General and administrative	390,300	195,150	225,255
<b>Total Years Supported Expenses, Before Return on Investment</b>	<b>2,312,700</b>	<b>1,156,350</b>	<b>1,188,400</b>
<b>Plant Additions</b>			
General support assets	106,000	53,000	36,160
Central office switching equipment	15,000	7,500	0
Central office transmission equipment	40,000	20,000	0
Buried fiber cable	189,000	94,500	74,225
<b>Total Plant Additions</b>	<b>350,000</b>	<b>175,000</b>	<b>110,385</b>
<b>Total Supported Expenditures, Before Return on Investment</b>	<b>\$ 2,662,700</b>	<b>\$ 1,331,350</b>	<b>\$ 1,298,785</b>

**EXHIBIT B**  
**HOOD CANAL TELEPHONE COMPANY**  
**SAC 522419**  
**PROGRESS REPORT JANUARY 1 TO JUNE 30, 2015**  
**COMPARE INITIAL 2015 FILING VERSUS ESTIMATED SEMI-ANNUAL PLANT IMPROVEMENTS FOR 2015**

Exchange	Location	Estimated Subscribers	Description of Improvement	Year	Initial 2015 Filing of Planned Capital Expenditures		One-Half of Initial 2015 Filing of Planned Capital Expenditures	Estimated Costs to June 30, 2015			
					2015	\$					
Union	All	All	Computers	2015	\$	6,000	\$	3,000	\$	31,015	
Union	All	All	Vehicles	2015		100,000		50,000		5,145	
Union	All	All	Central Office Switching & Power upgrades	2015		15,000		7,500			
Union	All	All	Mapping system	2015						43,400	
Union	X5, X4 Twanoha/106	100	Electronics Fiber-to-the-Home	2015		40,000		20,000			
Union	X5, X4 Twanoha/106	100	Fiber cable to replace copper cable	2015		60,000		30,000		3,930	
Union	X5, X4 Twanoha/106	100	OSP Fiber-to-the-Home	2015		129,000		64,500		26,895	
<b>Total Plant Additions 2015</b>						\$	350,000	\$	175,000	\$	110,385







**Line 510**  
**Processes and Procedures to Ensure Compliance with Service Quality Standards**  
**and Consumer Protection Rules**  
**Per FCC Form 481 Instructions**

This document details the processes and procedures that Hood Canal Telephone Co., Inc. ("Hood Canal") follows to ensure compliance with service quality standards and consumer protection rules as laid out in FCC Form 481 Instructions.

For service quality standards that are affected by plant issues, Hood Canal 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.

In addition, employees are periodically briefed on service quality standards and consumer protection issues. In particular, if any set of issues appear to be prevalent, employees are given briefings on how to handle such issues. A recent example is the call completion problems that have arisen and the customer calls that are generated as a result. Although this is not a service quality problem caused by Hood Canal, it does affect customers of Hood Canal and, therefore, deserves the attention of Hood Canal employees.

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

If complaints are filed with Hood Canal related to service quality standards or consumer protection rules, the complaint is immediately investigated, the matter tracked and any corrective action noted. This process ensures that problems are addressed and corrections made. It should be noted that Hood Canal has received no customer complaints in the past five years regarding service quality standards or consumer protection rules as they relate to the service offered by Hood Canal other than call completion issues, which, as noted above, are not caused by Hood Canal.

**LINE 610**  
**STATEMENT DEMONSTRATING FUNCTIONALITY**  
**IN EMERGENCY SITUATIONS**

At line 600 of FCC Form 481, Hood Canal Telephone Co., Inc. ("Hood Canal") certified that it is able to function in emergency situations as set forth in 47 C.F.R § 54.202(a)(2). This means that Hood Canal has reasonable amount of back-up power to ensure functionality without an external source, is able to reroute traffic around damaged facilities and is capable of managing traffic spikes resulting from emergency situations. This statement will detail how Hood Canal is prepared to ensure continued service in an emergency situation.

Hood Canal has a back-up generator available with a minimum of a four hour power supply for its central office. In addition, it has portable generators available for remote sites.

Hood Canal has route redundancy for long distance service, E-911 trunking and SS7 signaling trunking.

Hood Canal's outside plant is designed, engineered and built with sufficient capacity to handle traffic spikes resulting from emergency situations and has been able to do so in the past. Hood Canal is in an area where severe weather strikes periodically and has been able to handle communication needs at those times and has the experience from those situations to be able handle such emergency situations in the future.

In the case of isolated groups of customers that may suffer damage due to a cable cut, Hood Canal maintains sufficient staff and other resources to be able to put customers back in service in a very short amount of time. Hood Canal's emergency service equipment is located within its exchange and requires very little time to dispatch.







**(900) Tribal Lands Reporting  
Data Collection Form**

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

<010> Study Area Code 522419  
 <015> Study Area Name HOOD CANAL TEL CO  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Rick Buechel  
 <035> Contact Telephone Number - Number of person identified in data line <030> 360892481 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> rbuechel@hcc.net

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

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

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

<010>	Study Area Code	522419
<015>	Study Area Name	HOOD CANAL, TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Rick Buechel
<035>	Contact Telephone Number - Number of person identified in data line <030>	3608982481 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rbuechel@hcc.net

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<1130> Please select the appropriate response (Yes, No, Not Applicable) 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

<010> Study Area Code 522419  
 <015> Study Area Name HOOD CANAL TEL CO  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Rick Buechel  
 <035> Contact Telephone Number - Number of person identified in data line <030> 3608982481 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> rbuechel@hcc.net



Name of Attached Document

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

<1220> Link to Public Website HTTP

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

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



**PUBLIC NOTICE  
ADVERTISEMENT**

**HOOD CANAL COMMUNICATIONS**

Hood Canal Communications has been the local telecommunications company serving the Union, Washington area since 1934. Since its inception, the company has been dedicated to developing and operating a modern, state-of-the-art communications network that provides high quality customer services and products at reasonable rates. The company has accomplished these objectives, notwithstanding the higher costs of serving rural areas in the State of Washington and when few, if any, other telephone companies were interested in serving our communities. It has served, and intends to continue to serve both residential and business customers in our service area with high quality telecommunications services at rates that are competitive and affordable. In addition to our basic telephone services, Hood Canal Communications offers advanced telecommunications services to its rural communities, including broadband services, special calling features and voice mail service. Such basic services are comprised of several components, which at a minimum include: Monthly Charge \* Services Offered Residence Business Single-party, voice grade access to the \$16.00\*\*\* \$19.50\*\* public switched network, including an unlimited amount of local calling Charge \* Touch calling (dual tone multi-frequency There is no charge by Hood Canal signaling, or its functional equivalent) Communications for this capability. Access to operator services There is no additional charge by Hood Canal Communications to end user customers for the ability to call the operator. However, the call may involve a charge depending on the service requested and the rates of the company whose operator handled the call. Access to Emergency 911 service There is no additional charge by Hood Canal Communications to end user customers for the ability to access Emergency 911 service.\*\*\* Access to Directory Assistance There is no addi-

tional charge by Hood Canal Communications to end user customers for the ability to call Directory Assistance. However, the call may involve a Directory Assistance charge, the amount of which depends on the area called and the rates of the company whose operator provided the directory information. Access to Interexchange (long There is no additional charge by Hood Canal distance) service provider(s) Communications to end user customers for the ability to place and receive toll calls through long distance networks of long distance carriers that offer service through the company's local network. However, toll calls may involve a charge from the long distance carrier depending on the type of call. Toll limitation service for qualifying There is no additional charge by Hood Canal low-income customers Communications to qualifying low-income customers for toll blocking service. Qualifying low-income customers are generally participating in the Lifeline program. The charges set forth are subject to change and in some instances are subject to change without notice. Certain non-recurring charges may also apply to installation or change of service. \*\* In addition to these charges, a Federally-mandated end user surcharge and other Federal, state and county taxes and surcharges apply. \*\*\*Discounts off of this rate are available to qualifying low-income customers. \*\*\*\* State and county taxes apply (currently \$0.95 per line, per month) to fund the provision of this capability. Hood Canal Communications participates in the Federal Lifeline and Link-Up Programs, as well as the Washington Telephone Assistance Program ("WTAP"). Under these programs, Hood Canal Communications offers to qualifying low-income customers a discount off the monthly rate for basic residential exchange service. Hood Canal Communications current discounted monthly rate for Lifeline residential service is \$8.00, while installation charge for such service may be discounted under the Link-Up Program or WTAP. These services are available to all qualifying customers of Hood Canal Communications. The charges associated with these services are reflected each month on the regular telephone bill along with other charges for services provided by the company. Other telecommunications services are available by contacting the Hood Canal Communications Business Office at (360) 898-2481 or 1-800-356-9989 if calling from outside the company's local calling area.  
7600 December 4 11

**Affidavit of Publication**

STATE OF WASHINGTON } SS.  
COUNTY OF MASON }

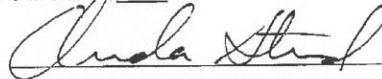
Amanda Strand, being first duly sworn on oath deposes and says that she is the Clerk of the SHELTON-MASON COUNTY JOURNAL, a weekly newspaper. That said newspaper is a legal newspaper and it is now and has been for more than six months prior to the date of the publication hereinafter referred to, published in the English language continuously as a weekly newspaper in SHELTON, Mason County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of said newspaper. That the said SHELTON-MASON COUNTY JOURNAL was on the 9th day of August, 1941, approved as a legal newspaper by the Superior Court of said Mason County.

That the annexed is a true copy of an Advertisement

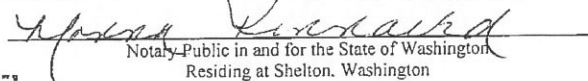
Notice of Rates and Services

7600-HCC

as it was published in regular issues and not in supplement form of said newspaper once each week for a period of One week, commencing on the 4<sup>th</sup> day of December, 2014 and ending on the 4<sup>th</sup> day of December, 2014, both dates inclusive, and that such newspaper was regularly distributed to its subscribers during all of the said period. That the full amount of the fee charged for the foregoing publication is the sum of \$284.00



Subscribed and sworn to before me this 4<sup>th</sup> day of December, 2014

  
Notary Public in and for the State of Washington  
Residing at Shelton, Washington

My commission expires March 14, 2016.

INNAIRD  
PUBLIC  
ASHINGTON  
Jires Mar. 14, 2016

HOOD CANAL TELEPHONE CO., INC.  
522419

Line 1222 Details on the number of minutes provided as part of the plan.

Hood Canal only provides its lifeline customers a flat rate local service. There is no measured local service provided, so the number of minutes provided is not necessary.

Line 1223 Additional charges for toll calls, and rates for each such plan.

Hood Canal does provide access to toll service providers to its lifeline customers. The lifeline customer has to choose its own toll service provider, so no additional charges are noted or required by Hood Canal.

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**(2000) Price Cap Carrier Additional Documentation  
Data Collection Form**  
*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

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 <035> Contact Telephone Number - Number of person identified in data line <030> 360582481-ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> fbueche1@ncc.net

Select the appropriate responses below (Yes, No, Not Applicable) 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)i)
- <2011a> 3rd Year Certification (47 CFR § 54.313(b)(1)ii)
- <2011b> Attachment (47 CFR § 54.313(b)(1)iii)

Name of Attached Document(s) Listing Required Information

**Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))**

- <2012> 2013 Frozen Support Calculation (47 CFR § 54.313(c)(1))
- <2013> 2014 Frozen Support Calculation (47 CFR § 54.313(c)(2))
- <2014> 2015 Frozen Support Calculation (47 CFR § 54.313(c)(3))
- <2015> 2016 and future Frozen Support Calculation (47 CFR § 54.313(c)(4))

**Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))**

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

Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

Name of Attached Document(s) Listing Required Information

- <2021> Interim Progress Community Anchor Institutions

(3000) Rate Of Return Carrier Additional Documentation  
Data Collection Form

<010> Study Area Code 522419  
 <015> Study Area Name HOOD CANAL TEL CO  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Rick Bueche1  
 <035> Contact Telephone Number - Number of person identified in data line <030> 3608982481 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> rbueche1@hcc.net

**CHECK THE boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.**

(3010) **Progress Report on 5 Year Plan**  
Milestone Certification (47 CFR § 54.313(f)(1)(i))

522419wa3010.pdf  
 Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313(f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

522419wa3012.pdf  
 Name of Attached Document Listing Required Information

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))   
 (3014) If yes, does your company file the RUS annual report

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)   
 (3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

522419wa3017.pdf  
 Name of Attached Document Listing Required Information

(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) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows   
 (3021) Management letter and audit opinion issued by the independent certified public accountant that performed the company's financial audit   
 If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers.   
 (3023) Underlying information subjected to a review by an independent certified public accountant   
 (3024) Underlying information subjected to an officer certification.   
 (3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation (Continued)

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

Data Collection Form

<010> Study Area Code 522419  
 <015> Study Area Name HOOD CANAL TEL CO  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Rick Bueche1  
 <035> Contact Telephone Number - Number of person identified in data line <030> 360982481 ext..  
 <039> Contact Email Address - Email Address of person identified in data line <030> rbueche1@hcc.net

Financial Data Summary	
(3027) Revenue	1853100
(3028) Operating Expenses	3206055
(3029) Net Income	325637
(3030) Telephone Plant In Service(TPIS)	7194981
(3031) Total Assets	8065716
(3032) Total Debt	2048270
(3033) Total Equity	4896062
(3034) Dividends	0



**HoodCanal**  
COMMUNICATIONS

Cable TV - Voice - Broadband - Computer Repair

July 1, 2015

To: Commission Secretary, Office of Secretary  
Federal Communications Commission  
445 - 12<sup>th</sup> Street, SW  
Room TW-A325  
Washington, DC 20554

Re: FCC Form 481  
47 CFR 54.313(f)(1)(i)  
Milestone Certification  
Hood Canal Telephone Co., Inc.  
Union, Washington  
Study Area Code 522419

Hood Canal Telephone Co., Inc., SAC 522419, hereby certifies as required by 47 CFR 54.313 (f)(1)(i) for the FCC Form 481 program year 2016 that it is taking reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 4 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas as determined in an annual survey, and that requests for such services are met within a reasonable amount of time.

By: \_\_\_\_\_

Richard Buechel  
President

**HOOD CANAL TELEPHONE CO., INC.**  
**COMMUNITY ANCHOR INSTITUTIONS IN STUDY AREA 52219**  
**LINE 3012**

	<b>Name</b>	<b>Address1</b>	<b>Address2</b>
1	NEW COMMUNITY CHURCH OF UNION	951 E DALBY RD	UNION, WA 98592
2	UNION POST OFFICE	310 E DALBY RD	UNION, WA 98592
3	MASON COUNTY FIRE DISTRICT #6	50 E SEATTLE ST	UNION, WA 98592

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.

USDA-RUS	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.	
<b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER NAME  Hood Canal Telephone Co., Inc.	

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.	PERIOD ENDING December, 2014	BORROWER DESIGNATION WA0541
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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

\_\_\_\_\_  
DATE

**PART A. BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
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		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			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			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	465,780	403,030	32. Income Taxes Accrued		
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			<b>35. Total Current Liabilities (25 thru 34)</b>	<b>1,120,720</b>	<b>1,110,170</b>
6. Material-Regulated	38,793	150,988	<b>LONG-TERM DEBT</b>		
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		
9. Other Current Assets			38. Funded Debt-FFB Notes		
<b>10. Total Current Assets (1 Thru 9)</b>	<b>2,102,044</b>	<b>1,864,325</b>	39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan	750,310	595,391
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired 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	118,909	126,858	<b>46. Total Long-Term Debt (36 thru 45)</b>	<b>1,828,328</b>	<b>1,783,270</b>
13. Nonregulated Investments	4,215,544	4,400,728	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets	398,294	388,566	47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits	321,111	276,214
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
<b>17. Total Noncurrent Assets (11 thru 16)</b>	<b>4,732,747</b>	<b>4,916,152</b>	50. Total Other Liabilities and Deferred Credits (47 thru 49)	321,111	276,214
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service	6,574,455	7,194,981	51. Cap. Stock Outstand. & Subscribed	50,000	50,000
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	338,527	323,561	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	5,907,189	6,233,303	55. Other Capital	515,689	515,689
<b>23. Net Plant (18 thru 21 less 22)</b>	<b>1,005,793</b>	<b>1,285,239</b>	56. Patronage Capital Credits		
<b>24. TOTAL ASSETS (10+17+23)</b>			57. Retained Earnings or Margins	4,004,736	4,330,373
	7,840,584	8,065,716	<b>58. Total Equity (51 thru 57)</b>	<b>4,570,425</b>	<b>4,896,062</b>
			<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	<b>7,840,584</b>	<b>8,065,716</b>

Total Equity = 60.70% % of Total Assets



<b>USDA-RUS</b>  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  WA0541
<i>INSTRUCTIONS- See RUS Bulletin 1744-2</i>	PERIOD ENDING  December, 2014

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

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	186,459	185,015
2. Network Access Services Revenues	1,639,561	1,645,250
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	1,743	377
5. Miscellaneous Revenues	21,041	20,660
6. Uncollectible Revenues	(1,393)	(1,798)
<b>7. Net Operating Revenues (1 thru 5 less 6)</b>	<b>1,850,197</b>	<b>1,853,100</b>
8. Plant Specific Operations Expense	1,179,803	1,248,392
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	147,341	127,367
10. Depreciation Expense	207,362	373,431
11. Amortization Expense		6,560
12. Customer Operations Expense	623,299	657,386
13. Corporate Operations Expense	791,647	792,919
<b>14. Total Operating Expenses (8 thru 13)</b>	<b>2,949,452</b>	<b>3,206,055</b>
15. Operating Income or Margins (7 less 14)	(1,099,255)	(1,352,955)
16. Other Operating Income and Expenses		
17. State and Local Taxes	102,338	116,726
18. Federal Income Taxes		
19. Other Taxes		
<b>20. Total Operating Taxes (17+18+19)</b>	<b>102,338</b>	<b>116,726</b>
21. Net Operating Income or Margins (15+16-20)	(1,201,593)	(1,469,681)
22. Interest on Funded Debt	69,836	74,505
23. Interest Expense - Capital Leases		
24. Other Interest Expense	23,126	4,880
25. Allowance for Funds Used During Construction		
<b>26. Total Fixed Charges (22+23+24-25)</b>	<b>92,962</b>	<b>79,385</b>
27. Nonoperating Net Income	14,765	13,146
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	1,589,627	1,861,557
<b>31. Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>309,837</b>	<b>325,637</b>
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	3,694,899	4,004,736
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		
<b>39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>	<b>4,004,736</b>	<b>4,330,373</b>
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
<b>43. Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>
44. Annual Debt Service Payments	355,110	352,825
45. Cash Ratio [(14+20-10-11) / 7]	1.5374	1.5880
46. Operating Accrual Ratio [(14+20+26) / 7]	1.6997	1.8359
47. TIER [(31+26) / 26]	4.3329	5.1020
48. DSCR [(31+26+10+11) / 44]	1.7182	2.2249

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

*INSTRUCTIONS - See RUS Bulletin 1744-2*

BORROWER DESIGNATION  
WA0541  
PERIOD ENDED  
December, 2014

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Union	19.50	16.00	165	620	785	116.10	22.30
MobileWireless					0		
Route Mileage Outside Exchange Area						355.84	268.84
Total			165	620	785	471.94	291.14
No. Exchanges	1						

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

WA0541

PERIOD ENDED

December, 2014

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

**4. BROADBAND SERVICE**

**Details on Least Expensive Broadband Service**

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Union	785	867	70	6,000	768	39.95	StandAlone	DSL
Total	785	867						

USDA-RUS <b>OPERATING REPORT FOR          TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION WA0541
INSTRUCTIONS- See RUS Bulletin 1744-2	PERIOD ENDING December, 2014

**PART D. SYSTEM DATA**

1. No. Plant Employees 17	2. No. Other Employees 23	3. Square Miles Served 16	4. Access Lines per Square Mile 49.06	5. Subscribers per Route Mile 1.66
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**PART E. TOLL DATA**

1. Study Area ID Code(s) a. 522419 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one) Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis
---	--

**PART F. FUNDS INVESTED IN PLANT DURING YEAR**

1. RUS, RTB, & FFB Loan Funds Expended	241,470
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	553,405
6. Salvaged Materials	6,559
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	801,434

**PART G. INVESTMENTS IN AFFILIATED COMPANIES**

INVESTMENTS  (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)
1. Investment in Affiliated Companies - Rural Development	0	0	0	0	0
2. Investment in Affiliated Companies - Nonrural Development	0	0	0	0	0

*USDA-RUS*  
**OPERATING REPORT FOR  
 TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

WA0541

PERIOD ENDING

December, 2014

**PART H. CURRENT DEPRECIATION RATES**

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

YES

NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	16.00%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	16.00%
5. Land and support assets - Buildings	4.00%
6. Land and support assets - Furniture and Office equipment	17.50%
7. Land and support assets - General purpose computers	25.00%
8. Central Office Switching - Digital	9.59%
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	11.19%
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	7.59%
19. Cable and wire facilities - Aerial cable - Metal	20.40%
20. Cable and wire facilities - Aerial cable - Fiber	20.40%
21. Cable and wire facilities - Underground cable - Metal	6.00%
22. Cable and wire facilities - Underground cable - Fiber	5.00%
23. Cable and wire facilities - Buried cable - Metal	6.00%
24. Cable and wire facilities - Buried cable - Fiber	5.00%
25. Cable and wire facilities - Conduit systems	4.35%
26. Cable and wire facilities - Other	

USDA-RUS		BORROWER DESIGNATION	
<b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>		WA0541	
INSTRUCTIONS – See help in the online application.		PERIOD ENDED	
		December, 2014	
<b>PART I – STATEMENT OF CASH FLOWS</b>			
<b>1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)</b>			394,690
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>2. Net Income</b>			325,637
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>			
3. Add: Depreciation			373,431
4. Add: Amortization			6,560
5. Other (Explain) Gain on sale of property and reclassifications of depreciation, deposits, etc.			525,682
<i>Changes in Operating Assets and Liabilities</i>			
6. Decrease/(Increase) in Accounts Receivable			409,957
7. Decrease/(Increase) in Materials and Inventory			196,810
8. Decrease/(Increase) in Prepayments and Deferred Charges			(8,521)
9. Decrease/(Increase) in Other Current Assets			0
10. Increase/(Decrease) in Accounts Payable			(37,603)
11. Increase/(Decrease) in Advance Billings & Payments			0
12. Increase/(Decrease) in Other Current Liabilities			35,038
<b>13. Net Cash Provided/(Used) by Operations</b>			1,826,991
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
14. Decrease/(Increase) in Notes Receivable			(200)
15. Increase/(Decrease) in Notes Payable			0
16. Increase/(Decrease) in Customer Deposits			1,015
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)			(54,058)
18. Increase/(Decrease) in Other Liabilities & Deferred Credits			(44,897)
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital			0
20. Less: Payment of Dividends			0
21. Less: Patronage Capital Credits Retired			0
22. Other (Explain) Reclassification of payment from officer, deposit, deferred credits, etc.			37,269
<b>23. Net Cash Provided/(Used) by Financing Activities</b>			(60,871)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
24. Net Capital Expenditures (Property, Plant & Equipment)			(605,560)
25. Other Long-Term Investments			(193,133)
26. Other Noncurrent Assets & Jurisdictional Differences			9,728
27. Other (Explain) Remove retirement from line 24, salvage, reclassification of depreciation, change due to parent, etc.			(616,828)
<b>28. Net Cash Provided/(Used) by Investing Activities</b>			(1,405,793)
<b>29. Net Increase/(Decrease) in Cash</b>			360,327
<b>30. Ending Cash</b>			755,017

Revision Date 2010

<p style="text-align: center;">USDA-RUS</p> <p style="text-align: center;"><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p style="text-align: center;">BORROWER DESIGNATION</p> <p style="text-align: center;">WA0541</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED December, 2014</p>
<p style="text-align: center;"><b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	
<p>Part C. 4. column e the advertised upload speed is actually 1,000 Kbps not 768 Kbps. There was no option to select 1,000 Kbps, so chose the 768 Kbps option.</p>	

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  WA0541
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
<b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	



### Operating Report Checks

Borrower Name: Hood Canal Telephone Co., Inc.

Year: 2014

Borrower ID: WA0541

Period: December

#### Part C: Subscriber (Access Line), Route Mile, & High Speed Data Information

Type	Check Key	Description
------	-----------	-------------

Warning	1390	Total miles changed significantly from prior year. Values and rules checked: 319.50 (Yr: 2013) = 471.94 (Yr: 2014). Tolerance percentage: 15%
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*Borrower Explanation: Had significant plant investment in their CLEC area over the past few years including 2014 that was put in to service.*

<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010>	Study Area Code	522419
<015>	Study Area Name	HOOD CANAL TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Rick Buechel
<035>	Contact Telephone Number - Number of person identified in data line <030>	3608982481 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rbuechel@hcc.net

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

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

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	522419
<015> Study Area Name	HOOD CANAL TEL CO
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Rick Buechel
<035> Contact Telephone Number - Number of person identified in data line <030>	3608982481 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rbuechel@hcc.net

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

<b>Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier</b>	
I certify that (Name of Agent) <u>Jenifer Wasnock</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Jenifer Wasnock
Name of Reporting Carrier:	HOOD CANAL TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 06/24/2015
Printed name of Authorized Officer:	Richard Buechel
Title or position of Authorized Officer:	President
Telephone number of Authorized Officer:	3608982481 ext.
Study Area Code of Reporting Carrier:	522419 Filing Due Date for this form: 07/01/2015
<small>Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.</small>	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

<b>Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier</b>	
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:	HOOD CANAL TEL CO
Name of Authorized Agent or Employee of Agent:	Jenifer Wasnock
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 06/24/2015
Printed name of Authorized Agent or Employee of Agent:	Jenifer Wasnock
Title or position of Authorized Agent or Employee of Agent:	Consultant
Telephone number of Authorized Agent or Employee of Agent:	2535667070 ext. 278
Study Area Code of Reporting Carrier:	522419 Filing Due Date for this form: 07/01/2015
<small>Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.</small>	

## Attachments





