

# HAT ISLAND TELEPHONE COMPANY

July 1, 2016

## BY ELECTRONIC COMMENT FILING SYSTEM

Ms. Marlene H. Dortch, Secretary  
Office of the Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St., SW, Room TW-A325  
Washington, DC 20554

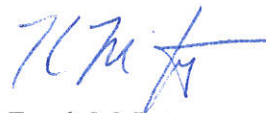
Dear Ms. Dortch:

Re: WC Docket No. 10-90, 11-42 and 14-58 –  
FCC Form 481 due July 1, 2016 –  
Hat Island Telephone Company (Study Area 522417)

Accompanying this letter for filing with the Federal Communications Commission (“Commission”) is an electronic copy of the FCC Form 481, due July 1, 2016, of Hat Island Telephone Company, as filed electronically with the United States Administrative Company pursuant to Sections 54.313 and 54.422 of the Commission’s rules, 47 C.F.R. §§ 54.313 and 54.422.

Please let us know if the Commission has any questions regarding the accompanying FCC Form 481.

Very truly yours,



Frank McIntyre  
Secretary/Treasurer

Accompanying document:  
FCC Form 481 (copy)

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	522417
<015>	Study Area Name	HAT ISLAND TEL CO
<020>	Program Year	2017
<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 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	trish.mason@whidbeytel.com
Form Type		54.313 and 54.422

**(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 522417  
 <015> Study Area Name HAT ISLAND TEL CO  
 <020> Program Year 2017  
 <030> Contact Name - Person USAC should contact regarding this data Irish Mason  
 <035> Contact Telephone Number - Number of person identified in data line <030> 3603210013 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> irish.mason@hathatvnet.com

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

If your answer to line <111> is yes, please 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.

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.

- <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.

Name of Attached Document





**(300) Unfulfilled Service Request  
Data Collection Form**

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

<010> Study Area Code

522417

<015> Study Area Name

HAT ISLAND TEL CO

<020> Program Year

2017

<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 ext.

<039> Contact Email Address - Email Address of person identified in data line <030>

trish.mason@hatidbeytel.com

<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

(400) Number of Complaints per 1,000 customers  
Data Collection Form

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

<010>	Study Area Code	522417
<015>	Study Area Name	HAT ISLAND TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Triah Mason
<035>	Contact Telephone Number - Number of person identified in data line <030>	3603210013 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	triah.mason@hndbeytel.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

**(500) Compliance With Service Quality Standards and Consumer Protection Rules**  
**Data Collection Form**

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

<010>	Study Area Code	522417
<015>	Study Area Name	HAT ISLAND TEL CO
<020>	Program Year	2017
<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 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbbyte1.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	522417wa510.pdf

**(600) Functionality in Emergency Situations  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code	522417
<015> Study Area Name	HAWAIIAN ISLAND TEL. CO.
<020> Program Year	2017
<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 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	trish.mason@hawaiiantele.com
<600> Certify compliance regarding ability to function in emergency situations	Yes
<610> Descriptive document for Functionality in Emergency Situations	522417wa610.pdf







**(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 522417

<015> Study Area Name HAT ISLAND TEL CO

<020> Program Year 2017

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

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

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

<900> Does the filing entity offer tribal land services? (Y/N) No

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

<920> Tribal Government Engagement Obligation

Name of Attached Document

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

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

	Select Yes or No or Not Applicable



**(1000) Voice and Broadband Service Rate Comparability Data Collection Form**

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

<010>	Study Area Code	522417
<015>	Study Area Name	HAT ISLAND TEL CO
<020>	Program Year	2017
<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 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	trish.mason@hatidbeytel.com

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance  
522417wa1010.pdf

\_\_\_\_\_  
Name of Attached Document

<1020> Broadband comparability certification  
Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance  
522417wa1030.pdf

\_\_\_\_\_  
Name of Attached Document

<b>(1100) No Terrestrial Backhaul Reporting Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<b>&lt;010&gt;</b>	Study Area Code	522417
<b>&lt;015&gt;</b>	Study Area Name	HAR ISLAND TEL CO
<b>&lt;020&gt;</b>	Program Year	2017
<b>&lt;030&gt;</b>	Contact Name - Person USAAC should contact regarding this data	Trish Mason
<b>&lt;035&gt;</b>	Contact Telephone Number - Number of person identified in data line <030>	3603210013 ext.
<b>&lt;039&gt;</b>	Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbeytel.com

**<1100>** Certify whether terrestrial backhaul options exist (Y/N)

**<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 522417

<015> Study Area Name HAT ISLAND TEL CO

<020> Program Year 2017

<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 ext.

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

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

522417wa1210.pdf

Name of Attached Document

<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.

(2000) Price Cap Carrier Additional Documentation

Data Collection Form

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

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

<010>	Study Area Code	522417
<015>	Study Area Name	HAT ISLAND TEL CO
<020>	Program Year	2017
<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 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	trish.mason@hat1dteytel.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental 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) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support
- <2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support
- <2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only. Name of Attached Document Listing Required Information
- <2025A> Round 1 or Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund, WC Docket 10-90, Report and Order, FCC 13- Name of Attached Document Listing Required Information
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

(2000) Price Cap Carrier Additional Documentation (Continued)

Data Collection Form

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

FCC Form 481

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

July 2013

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)}

<2017A> Connect America Fund Phase II recipient?

Empty rectangular boxes for data entry.

<2017B> Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price

Name of Attached Document Listing Required Information

Empty rectangular box for document listing information.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii) cap carrier used for capital expenditures in 2015.

Name of Attached Document Listing Required Information

Empty rectangular box for document listing information.

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(iv)

Empty rectangular box for data entry.

<2020> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)

Empty rectangular box for data entry.

<2021> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)

Empty rectangular box for data entry.

<2026> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)

Empty rectangular box for data entry.

<2027> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)

Empty rectangular box for data entry.

<010>	Study Area Code	522417
<015>	Study Area Name	HAT ISLAND TEL CO
<020>	Program Year	2017
<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 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbeytel.com

Complete the items below to note compliance with 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.

(3009) Progress Report on 5 Year Plan  
Carrier certifies to 54.313(f)(1)(iii)

(3010A) Milestone Certification {47 CFR § 54.313(f)(1)(i)} Yes - Attach Certification

(3010B) Please Provide Attachment Name of Attached Document Listing Required Information

(3012A) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)} No - No New Community Anchors

(3012B) Please Provide Attachment Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)} (Yes/No)

(3014) If yes, does your company file the RUS annual report (Yes/No)

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) Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation Name of Attached Document Listing Required Information

(3018) If the response is no on line 3014, is your company audited? (Yes/No)

If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3019) Either a copy of their audited financial statement; or

(3020) (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter and/or 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

<010> Study Area Code 522417  
 <015> Study Area Name HAT ISLAND TEL CO  
 <020> Program Year 2017  
 <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 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> trish.mason@hathidaveyl.com

Financial Data Summary

(3027) Revenue	52111
(3028) Operating Expenses	57193
(3029) Net Income	6414
(3030) Telephone Plant In Service(TPIS)	428516
(3031) Total Assets	309510
(3032) Total Debt	0
(3033) Total Equity	304142
(3034) Dividends	0

<010>	Study Area Code	522417
<015>	Study Area Name	BAT ISLAND TEL CO
<020>	Program Year	2013
<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 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whibeytel.com

**4005 Rural Broadband Experiment**

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

**Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)**

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

**4001.** Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

**Community Anchor Institutions – FCC 14-98 (paragraph 79)**

**4003a.** RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

**4003b.** Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year. Name of Attached Document Listing Required Information

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**Broadband Deployment Locations – FCC 14-98 (paragraph 80)**

**4004a.** Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481. Name of Attached Document Listing Required Information

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**4004b.** Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area. Name of Attached Document Listing Required Information

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<b>Certification - Reporting 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	522417
<015> Study Area Name	HAT ISLAND TEL CO
<020> Program Year	2017
<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 ext.
<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:**

<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:	HAT ISLAND TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE <span style="float: right;">Date 06/29/2016</span>
Printed name of Authorized Officer:	Frank McIntyre
Title or position of Authorized Officer:	Secretary/Treasurer
Telephone number of Authorized Officer:	3603210088 ext.
Study Area Code of Reporting Carrier:	522417 <span style="float: right;">Filing Due Date for this form: 07/01/2016</span>
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







**HAT ISLAND TELEPHONE COMPANY – 5-YEAR QUALITY IMPROVEMENT PLAN**

**2015 PROGRESS REPORT**

**PURSUANT TO 47 C.F.R. 54.202(a)**

Hat Island Telephone Company (“HITC”) (“Company”) hereby submits this 2015 Progress Report relating to the 5-Year Service Quality Improvement Plan filed previously pursuant to 47 C.F.R. 54.202(a). This report documents proposed improvements or upgrades to the HITC network throughout its service area that have been implemented since January 1, 2015 through December 31, 2015.

**Total Support Received**

In 2015, HITC received support in the amount of \$13,560 (ICLS and ICC). This support was used to support expenditures relating to both Capital purchases as well the on-going maintenance and support requirements that allow HITC to expand and improve service offerings throughout its service area. During this same time period HITC incurred Capital Expenditures of \$4,294 and Operating Expenditures of \$57,192. These Operating Expenses include Plant Specific Operations, Plant Nonspecific Operations, and Customer Operations Expenses, and Corporate Operations Expenses.

Accordingly, HITC apportions the support received as follows:

Capital Expenses	\$4,294
Operating Expenses	\$9,266
Total	\$13,560

The support breakdown by description is as follows:

Improve Service Quality	\$6,780
Improve Service Coverage	\$0
Improve Service Capacity	\$6,780
Total	\$13,560

**Voice Services and Broadband Services**

The following is the 2015 excerpt from the 5-Year Service Quality Improvement Plan filed for Voice Services and for Broadband Services:

Network Improvements/Upgrades – Voice Services – For Calendar Year 2015				
Project Description (Specific proposed improvements and/or upgrades)	Estimated Start Date	Estimated Completion Date	Service Area Name	Estimated Population
Maintain/retire/replace existing end-of-life infrastructure hardware and software	01/01/2015	12/31/2015	Hat Island	41

Network Improvements/Upgrades – Broadband Services – For Calendar Year 2015				
Project Description (Specific proposed improvements and/or upgrades)	Estimated Start Date	Estimated Completion Date	Service Area Name	Estimated Population
Maintain/retire/replace existing end-of-life infrastructure hardware and software	01/01/2015	12/31/2015	Hat Island	41

### Capital Expenditures

During 2015, HITC has incurred \$4,294 in Capital Expenditures relating to Voice and Broadband Services. This project impacts all traffic across our network or service area, and as such, cannot be delineated between Voice and Broadband specifically.

The Company migrated ADSL technology to VDSL technology for this capital project. This conversion to VDSL serves a number of purposes: increase download and upload capacity; improve quality of signals; eliminate pair bonding which reduces maintenance costs, reduce potential failures, and enhance the life of existing plant and facilities; increase capacity and coverage for additional subscribers; and finally, improve quality of services with noise interference deterrent.

### Operating Expenses

In 2015, HITC incurred \$57,192 in Operating Expenses relating to Plant Specific Operations, Plant Non-Specific Operations, Customer Operations and Corporate Operations expenses for Voice and Broadband Services. These expenses are critical to maintain and increase the quality, coverage and capacity of Broadband Services within the Company service area. These expenses include material and labor expenses, and can be for a variety of purposes including, but not limited to, equipment repair and maintenance; service order fulfillment; customer service requests; equipment replacement not otherwise capitalized; equipment/service monitoring; equipment/service testing; technical support both at premise and remotely; and service calls.

### Projects Not Completed

All projects for 2015 were completed.

**Hat Island Telephone Company  
FCC Form 481 (July, 2016), 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 (July, 2016), 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.

**FCC FORM 481 (July 2016), Line 1010**  
**Descriptive Document for Compliance of Pricing of**  
**Fixed Voice Services with Required Relationship**  
**To Applicable National Average Urban Rate for Voice**  
**Service Benchmark, as required by 47 C.F.R. § 54.313(a)(10)**  
**Per Instructions for Completing FCC Form 481**

Section 54.313(a)(10) of the rules of the Federal Communications Commission (“FCC”) requires any recipient of high-cost support, such as Hat Island Telephone Company (“Company”), annually to certify that the pricing of the Company’s voice services is no more than two standard deviations above the applicable national average urban rate for voice service, as specified in the most recent public notice issued by the Wireline Competition Bureau and Wireless Telecommunications Bureau.

The most recent such notice issued by the Wireline Competition Bureau is Public Notice DA 16-362, released April 5, 2016, in WC Docket No. 10-90 (“Public Notice”). That public notice includes the following statements, “Based on the survey results, the 2016 rate floor for voice services is \$21.93, [footnote omitted] and the reasonable comparability benchmark for voice services is \$41.07. [footnote omitted] . . . . In addition, each ETC, including competitive ETCs providing fixed voice services, [footnote omitted] must certify in the FCC Form 481 filed no later than July 1, 2016, that the pricing for its *basic residential voice* services is no more than \$41.07. [footnote omitted]” [Italics added.]

It is the Company’s understanding that the above-mentioned comparability benchmark includes the recurring residential service rate, any applicable State subscriber line charge rate, any applicable State universal service fund rate, any applicable minimum mandatory Extended Area Service rate, and any applicable Federal subscriber line charge rate.<sup>1</sup>

Those components for the Company’s basic residential voice telephony service as of June 1, 2016, are as follows:

Recurring residential service rate	\$ 18.00
State subscriber line charge rate	0.00
State universal service fund rate	0.00
Minimum mandatory EAS rate	0.00
Federal subscriber line charge	<u>6.50</u>
Total	\$ 24.50

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<sup>1</sup> See Note 5 on the “Data Dictionary” tab of 2016 Results [2016 URS Voice Data.xlsx] located from the FCC webpage having the following URL:

<https://www.fcc.gov/general/urban-rate-survey-data-resources>

The sum of the above-identified rates (\$24.50) is not more than the voice service comparability benchmark identified in the Public Notice (\$41.07).

**FCC FORM 481 (July 2016), Line 1030**  
**Descriptive Document for Compliance of Pricing of**  
**Broadband Services with Required Relationship**  
**To Applicable National Average Urban Rate for Broadband**  
**Service Benchmark, as required by 47 C.F.R. § 54.313(a)(12)**  
**Per Instructions for Completing FCC Form 481**

Section 54.313(a)(12) of the rules of the Federal Communications Commission (“FCC”) requires any recipient of high-cost support, such as Hat Island Telephone Company (“Company”), annually to certify that the pricing of a service that meets the Commission’s broadband public interest obligations is no more than the applicable benchmark to be announced annually in a public notice issued by the Wireline Competition Bureau, or is no more than the non-promotional price charged for a comparable fixed wireline service in urban areas in the states or U.S. Territories where the eligible telecommunications carrier receives support.

The most recent such notice issued by the Wireline Competition Bureau is Public Notice DA 16-362, released April 5, 2016, in WC Docket No. 10-90 (“Public Notice”). That public notice includes the following: “Under the approach adopted by the Bureau in 2014, the reasonable comparability broadband benchmark varies, depending upon the supported service’s download and upload bandwidths and usage allowance. [footnote omitted]”

The Public Notice includes a table showing the “benchmark” rate for certain broadband service offerings and provides a URL link to an FCC webpage at which a tool to calculate “benchmarks” for other broadband service offerings may be found. The following table summarizes the broadband service plans offered to consumers by the Company’s broadband-providing affiliate and the associated “benchmark,” as determined from the Public Notice or the “tool” to which it refers:

Download Speed (Mbps) (up to)	Upload Speed (Mbps) (up to)	Usage Allowance (GB)	Benchmark	Company Affiliate Pricing
10	3	Unlimited	\$75.43	\$39.95
20	3	Unlimited	\$83.19	\$49.95
30	3	Unlimited	Not Available	\$59.95
30	10	Unlimited	Not Available	\$69.95
50	10	Unlimited	Not Available	\$79.95
50	20	Unlimited	Not Available	\$89.95

As shown in the above table, each of the two broadband service plans offered to consumers by the Company’s affiliate, for which “benchmark” rates are available, is offered at a price that is below the applicable “benchmark.”



14888 SR 525 Langley WA 98260

### Lifeline & Tribal Link-Up Programs<sup>1</sup>

Hat Island Telephone Company participates in the federal Lifeline program and, where available and to the extent applicable, the Tribal Link-Up program. Under these programs, we offer to qualifying low-income consumers a discount off of the monthly rate for basic residential exchange service. For qualifying low-income consumers under the Tribal Link-Up program, additional discounts for basic residential local exchange service may apply. Additionally, Hat Island Telephone Company’s installation charge for a basic residential exchange service line on Tribal lands (as defined by the FCC) may be discounted by up to \$100. Please refer to the below table for current basic residential service charges and Lifeline program discount information for certified Lifeline customer<sup>2</sup>.

Basic Residential Service Line Charge	FCC Subscriber Line Charge	Lifeline Discount Amount	Discounted Basic Residential Service Line Charge <sup>3</sup>
\$18.00	\$6.50	\$9.25	\$15.25

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 one of our Customer Experience Center representatives at 360.444.1122 or, when calling from outside the local area, toll free at 800.351.2337. You may also contact the Federal Communications Commission at 1.888.CALL.FCC/1.888.225.5322, Voice Line, or their TTY Line at 1.888.TELL.FCC/1.888.835.5322, or visit their website [www.fcc.gov/consumers/guides/lifeline-support-affordable-communications](http://www.fcc.gov/consumers/guides/lifeline-support-affordable-communications). For the current Federal Poverty Guidelines information please feel free to contact our Customer Experience Center representatives or visit the U.S. Department of Health & Human Services’ website <https://aspe.hhs.gov/poverty-guidelines>.

<sup>1</sup>The Lifeline program is a governmental assistance program that is limited to one discount per eligible household. Only eligible consumers may enroll in the Lifeline program 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 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 verify your eligibility and to maintain your eligibility in the Lifeline program. 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, and verifies the necessary information through the National Lifeline Accountability Database or, where and when applicable, your eligibility is determined by the National Lifeline Eligibility Verifier (i.e., whichever system or process is in use and/or applicable at the time of your application for Lifeline benefits).

<sup>2</sup> The Lifeline discounts applies 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.

<sup>3</sup> 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 lands.

# HAT ISLAND TELEPHONE COMPANY

MARION F. HENNY  
PRESIDENT

14888 SR 525  
LANGLEY, WASHINGTON 98260  
TELEPHONE (360) 444-6878

June 27, 2016

Ms. Marlene H. Dortch, Secretary  
Federal Communication Commission  
Office of the Secretary  
455 12<sup>th</sup> Street, SW  
Washington, DC 20554

RE: WC Docket No. 14-58 –  
Annual Report Due July 1, 2016, FCC Form 481 for  
Rate of Return Carriers Receiving High-Cost Support –  
47 C.F.R. § 54.313(f)(1) “Milestone Certification”

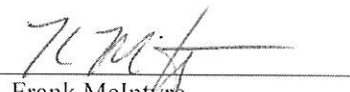
Dear Ms. Dortch:

In compliance with the filing requirements associated with FCC Form 481 due July 1, 2016, and in compliance with Section 53.313(f)(1) of the Commission’s rules, Hat Island Telephone Company (Study Area 522417) hereby certifies 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 service are met within a reasonable amount of time.

Sincerely,

HAT ISLAND TELEPHONE COMPANY

By

  
Frank McIntyre  
Secretary/Treasurer



(3005a) Operating Report for Privately-Held Rate of Return Carriers		FCC Form 481	
Balance Sheet - Data Collection Form		OMB Control No. 3060-0986	
Page 1 of 3		July 2013	
<010> Study Area Code		<010>	522417
<015> Study Area Name		<015>	Hat Island Telephone Company
<020> Program Year		<020>	2017
<030> Contact Name - Person USAC should contact regarding this data		<030>	Trish Mason
<035> Contact Telephone Number - Number of person identified in data line <030>		<035>	3603210013
<039> Contact Telephone Email Address - Email Address of person identified in data line <030>		<039>	trish.mason@whidbevtel.com
<input checked="" type="checkbox"/> Files as reviewed single company		<input type="checkbox"/> Filed as audited single company	
<input type="checkbox"/> Filed as reviewed consolidated company		<input type="checkbox"/> Filed as audited consolidated company	
<input type="checkbox"/> Filed as subsidiary of reviewed consolidated company		<input type="checkbox"/> 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.




**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	25928	20537	25. Accounts Payable	312	1275
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	1131	
a. Telecom, Accounts Receivable	1792	2344	28. Customer Deposits		
b. Other Accounts Receivable	148229	169593	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	2598	2708
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	4041	3983
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	175949	192474	39. Funded Debt-Other		
			40. Funded Debt-Rural Develop. Loan		
<b>NONCURRENT ASSETS</b>			41. Premium (Discount) on L/T Debt		
11. Investment in Affiliated Companies			42. Reacquired Debt		
a. Rural Development			43. Obligations Under Capital Lease		
b. Nonrural Development			44. Adv. From Affiliated Companies		
12. Other Investments			45. Other Long-Term Debt		
a. Rural Development			46. Total Long-Term Debt (36 thru 45)	0	0
b. Nonrural Development			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
13. Nonregulated Investments			47. Other Long-Term Liabilities		
14. Other Noncurrent Assets			48. Other Deferred Credits		1385
15. Deferred Charges			49. Other Jurisdictional Differences		
16. Jurisdictional Differences			50. Total Other Liabilities and Deferred Credits (47 thru 49)	0	1385
17. Total Noncurrent Assets (11 thru 16)	0	0	<b>EQUITY</b>		
			51. Cap. Stock Outstanding & Subscribed	4000	4000
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			52. Additional Paid-in-Capital		
18. Telecom, Plant-in-Service	424221	428516	53. Treasury Stock		
19. Property Held for Future Use			54. Membership and Cap. Certificates		
20. Plant Under Construction			55. Other Capital		
21. Plant Adj., Nonop. Plant & Goodwill			56. Patronage Capital Credits		
22. Less Accumulated Depreciation	-298400	-311480	57. Retained Earnings or Margins	293729	300142
23. Net Plant (18 thru 21 less 22)	125821	117036	58. Total Equity (51 thru 57)	297729	304142
24. TOTAL ASSETS (10+17+23)	301770	309510	59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	301770	309510



<010> Study Area Code  
 <015> Study Area Name  
 <020> Program Year  
 <030> Contact Name - Person USAC should contact regarding this data  
 <035> Contact Telephone Number - Number of person identified in data line <030>  
 <039> Contact Telephone Email Address - Email Address of person identified in data line <030>

<010> 522417  
 <015> Hat Island Telephone Company  
 <020> 2017  
 <030> Trish Mason  
 <035> 3603210013  
 <039> trish.mason@whidbvtel.com

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	18604	19765
2. Network Access Services Revenues	34653	29612
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	3068	1329
5. Miscellaneous Revenues	1406	1405
6. Uncollectible Revenues	2	0
7. Net Operating Revenues (1 thru 5 less 6)	57729	52111
8. Plant Specific Operations Expense	9581	15392
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	0	0
10. Depreciation Expense	16152	13080
11. Amortization Expense		
12. Customer Operations Expense	6091	6017
13. Corporate Operations Expense	21479	22704
14. Total Operating Expenses (8 thru 13)	53303	57193
15. Operating Income or Margins (7 less 14)	4426	-5082
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)	3146	2319
21. Net Operating Income or Margins (15+16-20)	3146	2319
22. Interest on Funded Debt	1280	-7401
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income	0	0
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or margins (21+27+28+29+30-26)	9704	13815
32. Total Taxes Based on Income	10984	6414
33. Retained Earnings or Margins Beginning-of-Year	282745	293729
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins end-of-Period [(31+33+34)-(35+36+37+38)]	293729	300143
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)	0	0
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11)/7]	0.70	0.89
46. Operating Accrual Ratio [(14+20+26)/7]	0.98	1.14
47. TIER [(31+26)/26]	0.00	0.00
48. DSCR [(31+26+10+11)/44]	0.00	0.00

<010> Study Area Code	<010>	<b>522417</b>
<015> Study Area Name	<015>	<u>Hat Island Telephone Company</u>
<020> Program Year	<020>	<b>2017</b>
<030> Contact Name - Person USAC should contact regarding this data	<030>	<u>Trish Mason</u>
<035> Contact Telephone Number - Number of person identified in data line <030>	<035>	<u>3603210013</u>
<039> Contact Telephone Email Address - Email Address of person identified in data line <030>	<039>	<u>trish.mason@whidbeytel.com</u>

PART C. STATEMENTS OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		25928
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
2. Net Income		6414
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
3. Add: Depreciation		13080
4. Add: Amortization		
5. Other (Explain)	Due From Affiliated Company	-21364
Changes in Operating Assets and Liabilities		
6. Decrease/(Increase) in Accounts Receivable		-552
7. Decrease/(Increase) in Materials and Inventory		0
8. Decrease/(Increase) in Prepayments and Deferred Charges		0
9. Decrease/(Increase) in Other Current Assets		
10. Increase/(Decrease) in Accounts Payable		963
11. Increase/(Decrease) in Advance Billings & Payments		254
12. Increase/(Decrease) in Other Current Liabilities		109
13. Net Cash Provided/(Used) by Operations		-1096
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
14. Decrease/(Increase) in Notes Receivable		
15. Increase/(Decrease) in Notes Payable		
16. Increase/(Decrease) in Customer Deposits		
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20. Less: Payment of Dividends		
21. Less: Patronage Capital Credits Retired		
22. Other (Explain)		
23. Net Cash Provided/(Used) by Financing Activities		0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
24. Net Capital Expenditures (Property, Plant & Equipment)		-4295
25. Other Long-Term Investments		
26. Other Noncurrent Assets & Jurisdictional Differences		
27. Other (Explain)		
28. Net Cash Provided/(Used) by Investing Activities		
29. Net Increase/(Decrease) in Cash		-5391
30. Ending Cash		20537



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fax (253)566-7100

Independent Accountant's Review Report

Board of Directors  
Hat Island Telephone Company  
Langley, Washington

We have reviewed the accompanying financial statements of Hat Island Telephone Company (an S Corporation) (the "Company"), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***Accountant's Conclusion***

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

JOHNSON, STONE & PAGANO, P.S.

March 4, 2016