

October 1, 2013

To: Office of Secretary Federal Communications Commission 445 - 12th Street, SW Washington, DC 20554

> 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

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 Company, SAC 522419, ("Company") hereby reports 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 Universal Administration Company ('USAC") prior to the deadline of October 15, 2013.

Richard Buechel

President

www.hcc.net

	m 481 - Carrier Annual Reporting Hection Form		FCC Form 48 OMB Control July 2015	1 No. 3050-0586/OMB Control No. 3050-0619
<010>	Study Area Code	522419		
<015>	Study Area Name	HOOD CANAL TEL CO		
<020>	Program Year	2014		
<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:	360-898-2481		
<039>	Contact Email Address: Email of the person identified in data line <030>	rbuechel@hcc.net		
ANNUA	L REPORTING FOR ALL CARRIERS	To receive the second of the s		54.313 54.422 Completion Completion Required Required
<100>	Service Quality Improvement Reporting	(complete attached worksheet)	(check box when complete) ✓
<200> <210>	Outage Reporting (voice) < check box if	no outages to report	complete attached worksheet)	
<310>	Unfulfilled Service Requests (voice) Detail on Attempts (voice) Unfulfilled Service Requests (broadband) Detail on Attempts (broadband)	0	(attach descriptive document) (attach descriptive document)	
<400> <410> <420> <430> <440> <450>	Number of Complaints per 1,000 customers (voice Fixed Mobile 0.0 Number of Complaints per 1,000 customers (broad Fixed Mobile			
<800> <900> <1000> <1010>	Service Quality Standards & Consumer Protection 522419wa510 Functionality in Emergency Situations 522419wa610 Company Price Offerings (voice) Company Price Offerings (broadband) Operating Companies and Affiliates Tribal Land Offerings (Y/N)? Voice Services Rate Comparability Terrestrial Backhaul (Y/N)?	(a (a) (i (i (if yes, (if not,	check to indicate certification) ttached descriptive document) theck to indicate certification) ttached descriptive document) complete attached worksheet) complete attached worksheet) complete attached worksheet) to indicate certification) (attach descriptive document) theck to indicate certification) complete attached worksheet)	
<2000> <2005>	Price Cap Carriers, Proceed to Price Cap Additiona Including Rate-of-Return Carriers affiliated with Price Cap Carriers	l Documentation Workshe ice Cap Local Exchange Carr (riers Icheck to indicate certification) complete attached worksheet)	
<3000> <3005>	Rate of Return Carriers, Proceed to ROR Additions	(eet (check to indicate certification) complete attached worksheet)	· /

(100) Si Data Co	(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481. OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	10> Study Area Code	
<015>	15> Study Area Name	
<020>	20> Program Year	
<030>	30> Contact Name - Person USAC should contact regarding this data	
<035>	35> Contact Telephone Number - Number of person identified in data line <030> 360-898-2481	
<039>	39> Contact Email Address - Email Address of person identified in data line <030> xbuechel@hcc.net	
<110>	10> Has your company received its ETC certification from the FCC? (yes / no)	
<111>	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	
412>	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.	nent (.pdf)
	Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.	
4113 4114 4115 4116 4117 4118	Maps detailing progress towards meeting plan targets 14> Report how much universal service (USF) support was received 15> How (USF) was used to improve service coverage 16> How (USF) was used to improve service capacity 17> How (USF) was used to improve service capacity 18> Provide an explanation of network improvement targets not met in the prior calendar year.	

(200) Ser Data Coll	(Add) service Oddage Reporting (Voice) Data Collection Form	ion i Binniede	ū.			and Sant	2 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -		P.C. ON July	FCC Form 481 OMB Control No. 3060- July 2013	FCC Form 481 OMB Control No. 3060-0386/OMB Control No. 3060-0819 July 2013	5, 3060-0819
<010>	Study Area Code	de				522419						
<015>	Study Area Name	эте				HOOD CANAL TEL CO						
<020>	Program Year					2014						
<030>	Contact Name	Contact Name - Person USAC should contact regarding this data	should contac	t regarding this	data	Rick Buechel						
<035>	Contact Telep	hone Number -	Number of pe	rson identified	in data line <0	Contact Telephone Number - Number of person identified in data line <030> 360-898-2481						
<039>	Contact Email	Address - Emai	I Address of pe	erson identified	in data line <c< td=""><td>Contact Email Address - Email Address of person identified in data line <030> rbuechel@hcc.net</td><td>net</td><td></td><td></td><td></td><td></td><td></td></c<>	Contact Email Address - Email Address of person identified in data line <030> rbuechel@hcc.net	net					
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}	NORS		/70>)))) 	Did This Outage) 39 1	1
	Reference Number	Outage Start Date	Outage Start Outage Start Date Time	Outage End Date	Outage End Time	Number of Customers Affected	Total Number of	911 Facilities Affected	Service Outage Description (Check	Affect Multiple Study Areas	Service Outage	Preventative
								(Yes / No)	all that apply)	(Yes / No)	Resolution	Procedures
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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. (the "Company") 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, 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.

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 the Company, it does affect customers of the Company and, therefore, deserves the attention of the Company employees.

The Company 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 the Company 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 the Company 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 the Company other than call completion issues, which, as noted above, are not caused by the Company.

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.

Control No. 3060-6819										Total nor line Bates and Essa											
OMB Control No. 3060-0986/OMB Control No. 3060-0819									***	Mandatory Extended Area	G										
60 - 1 B									7.4	Seate Universal Security East											
		TEL CO				net				State Subscriber Line Chame					See attached worksheet						
	522419	HOOD CANAL TEL	2014	Rick Buechel	030> 360-898-2481	030> rbuechel@hcc.net	1/1/2013			Residential Local					See att	1					
				ling this data	entified in data line <	entified in data line <	1/1/				11.0										
			-	contact regard	r of person ide	ss of person id	ctive Date	ervice Charge		CAC(CETC)							i				
Data Collection Form	de	ıme		Contact Name - Person USAC should contact regarding this data	Contact Telephone Number - Number of person identified in data line <030>	Contact Email Address - Email Address of person identified in data line <030>	Residential Local Service Charge Effective Date	Single State-wide Residential Local Service Charge		Exchange (IIEC)	8										
ection Form.	Study Area Code	Study Area Name	Program Year	Contact Name	Contact Telep	Contact Email	Residential Lo	Single State-w	2	State											
Date Coll	<010>	<015>	<020>	<030>	<035>	<039>	<701>	<702>	<703>	}											

Page 5	

									 							 	 	 	 	
OMB Control No. 3060-0986/OMB Control No. 3060-0819							colds	Usage Allowance Action Taken When												
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OMB Control No. July 2013							. ф	Broadband Service - Usage												
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							TP*	Broadband Service - Download Speed												
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	522419	HOOD CANAL TEL CO	2014	Rick Buechel	360-898-2481	rbuechel@hcc.net	<24>	State Regulated					See attached	worksheet						
	52	HC	20		Jin data line <030>	d in data line <030>	*** ************************************	Residential Rate					S	work						
	3			Contact Name - Person USAC should contact regarding this data	Contact Telephone Number - Number of person identified in data line <030>	Contact Email Address - Email Address of person identified in	42.	Exchange (HEC)												
		<u>ب</u> ه		Person USAC should	ne Number - Numbe	ddress - Email Addre														
Data Collection Form	<010> Study Area Code	Study Area Name	Program Year				***	State												
Data Co	<010>	<015>	<020>	<030>	<035>	<039>	<711>													

PCC Form 481 DMB Control No. 3060-0536-KOMB Control No. 3060-0619 JUN-2013											Doing Business As Company or Brand Designation													
						3t				<7°	SAC		See attached worksheet	:										
	522419	HOOD CANAL TEL CO	2014	Rick Buechel	c030> 360-898-2481	<030> rbuechel@hcc.net							See a											
				Contact Name - Person USAC should contact regarding this data	Contact Telephone Number - Number of person identified in data line <030> 360-898-2481	Contact Email Address - Email Address of person identified in data line <030>	Hood Canal Telephone Company, Inc.	RJB Telecommunications Corp.	ηγ Hood Canal Telephone Company, Inc.	<	Affiliates													
(800) Operating Conjourles Data Collection Form	<010> Study Area Code	<015> Study Area Name	<020> Program Year	<030> Contact Name - Pe	<035> Contact Telephone	<039> Contact Email Add	<810> Reporting Carrier		<812> Operating Company	<813>														

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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 Internet access, high speed data 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	<u>Business</u>
	arty, voice grade access to the	\$13.75 **/***	\$19.50
public s	witched network, including an		

Touch calling (dual tone multi-frequency signaling, or its functional equivalent)

unlimited amount of local calling

Access to operator services

Access to Emergency 911 service

Access to Directory Assistance

Access to interexchange (long distance) service provider(s)

There is no charge by Hood Canal Communications for this capability.

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.

Charge '

There is no additional charge by Hood Canal Communications to end user customers for the ability to access Emergency 911 service.****

There is no additional 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.

There is no additional charge by Hood Canal 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 low-income customers

There is no additional charge by Hood Canal 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.

HOOD CANAL TELEPHONE COMPANY 522419

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

The Company 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.

The Company does provide access to toll service providers to its lifeline customers. The lifeline customer has to choose it's own toll service provider, so no additional charges are noted or required by the Company.

ECC Form 4B.I. CMB Collect Na. 3060-0819 Luy 2013						iance as a recipient of incremental Connect America Phase I support, frozen 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.	•]															Name of Attached Document Listing Required Information	
618	HOOD CANAL TEL CO		Rick Buechel	360-898-2481	rbuechel@hcc.net	a Phase I support, frozen High the information reported on t																ipient	of Lead	pand		Name of Attached Doc	
stion. Price Cop Local Exchange Corriers 522419	ю	2014					reporting	§ 54.313(b)(1)}	54.313(b)(2)}	port Certification (47 CFR § 54.312(a)}	5	ou	vo	t Certification	Support {47 CFR § 54.313(d)}	uild Broadband	7 CFR § 54.313(e)}	rtification	rtification			ion 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 proadband	ar year.	nchor Institutions	
AMON Price Cap Carrier Additional Documentation Data Collection Form Including Nate-of-Return Carriers offiliated with Price Cap Local Exchange Co	Study Area Name	Program Year	Contact Name - Person USAC should contact regarding this data	Contact Telephone Number - Number of person identified in data line <030>	Contact Email Address - Email Address of person identified in data line <030>	CHECK the boxes below to note compliance as a recipient of incremental support as set forth in 47 CFR § 54	Incremental Connect America Phase I reporting	2nd Year Certification (47 CFR § 54.313(b)(1)}	3rd Year Certification (47 CFR § 54.313(b)(2)}	Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))	בחדם בוחלקה בוחלקה ביחד	2014 Frozen Support Certification	2015 Frozen Support Certification	2016 and future Frozen Support Certification	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)	3rd year Broadband Service Certification	5th year Broadband Service Certification	Interim Progress Certification	Please check the box to confirm that the attached PDF,	contains the required information pursuant to § 54.313	of CAF Phase II support shall pro	community anchor institutions	service in the preceding calendar year.	Interim Progress Community Anchor Institutions	
Data Colle Ficlialing F	<015>	<020>	<030>	<032>	<039>	CHECK the		<2010>	<2011>	5000	\2017\	<2013>	<2014>	<2015>		<2016>		<2017>	<2018>	<2019>	<2020>					<2021>	

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

the state of the s	nie concentin or intermation.	
	This data will be used by RUS to review your financial situation. You and, subject to federal laws and regulations regarding confidential i	
	BORROWER NAME	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	Hood Canal Telephone Co., Inc.	
	(Prepared with Audited Data)	
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.	PERIOD ENDING	BORROWER DESIGNATION
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	December, 2012	WA0541

CERTIFICATION

PART A. BALANCE SHEET

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)

X	All of the obligations under the RUS loan documents
_	have been fulfilled in all material respects.

П	There has been a default in the fulfillment of the obligations
_	under the RUS loan documents. Said default(s) is/are
	specifically described in the Telecom Operating Report

RICHARD BUECHEL

22. Less Accumulated Depreciation

23. Net Plant (18 thru 21 less 22)

24. TOTAL ASSETS (10+17+23)

3/29/2013 DATE

	BALANCE	BALANCE		BALANCE	BALANCE
ASSETS	PRIOR YEAR	END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	PRIOR YEAR	END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and Equivalents	723,171	237,367	25. Accounts Payable	367,773	621,509
2. Cash-RUS Construction Fund	1,003	1,000	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	0	. 0	28. Customer Deposits	56,894	59,993
b. Other Accounts Receivable	33,594	56,194	29. Current Mat. L/T Debt	405,000	437,000
c. Notes Receivable	. 0	0	30. Current Mat. L/T Debt-Rur. Dev.	0	0
4. Non-Affiliates:			31. Current MatCapital Leases	0	0
a. Telecom, Accounts Receivable	375,650	324,004	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	0	222,423	33. Other Taxes Accrued	24,197	68,904
c. Notes Receivable	5,900	7,000	34. Other Current Liabilities	319,917	728,531
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 thru 34)	1,173,781	1,915,937
Material-Regulated	72,789	38,648	LONG-TERM DEBT		
7. Material-Nonregulated	136,967	416,668	36. Funded Debt-RUS Notes	407,417	701,104
8. Prepayments	90,888	40,610	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets		_	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 Thru 9)	1,439,962	1,343,914	39. Funded Debt-Other	0	0
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	1,040,729	897,954
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Reacquired Debt	0	0:
b. Nonrural Development	0	0	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	193,309	17,200
a. Rural Development	0	0	45. Other Long-Term Debt	. 0	
b. Nonrural Development	103,851		46. Total Long-Term Debt (36 thru 45)	1,641,455	1,616,258
13. Nonregulated Investments	3,756,249		OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets	508,866	501,728	47. Other Long-Term Liabilities	0	0
15. Deferred Charges	0	0	48. Other Deferred Credits	409,847	365,650
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	4,368,966	4,672,970	50. Total Other Liabilities and Deferred Credits (47 thru 49)	409,847	365,650
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	6,835,216	6,289,273	51. Cap. Stock Outstand. & Subscribed	50,000	50,000
19. Property Held for Future Use	0		52. Additional Paid-in-Capital	0	0
20. Plant Under Construction	756,318	1,473,006	53. Treasury Stock	0	0
21. Plant Adj., Nonop. Plant & Goodwill	0	0	54. Membership and Cap. Certificates	0	0
	ř ·			•	Ť

2, 141, 549 56. Patronage Capital Credits

57. Retained Eamings or Margins

59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)

58. Total Equity (51 thru 57)

5,620,730 55. Other Capital

8,158,433

6,320,056

1,271,478

7,080,406

515,689

3,694,899

4,260,588

515,689

3,289,634

3,855,323

7,080,406

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

WA0541

PERIOD ENDING

INSTRUCTIONS- See RUS Bulletin 1744-2

December, 2012

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR	
Local Network Services Revenues	208,907	192,431	
Network Access Services Revenues	1,657,129	1,511,691	
Long Distance Network Services Revenues	0	0	
Carrier Billing and Collection Revenues	2,792	3,097	
5. Miscellaneous Revenues	18,003	18,566	
6. Uncollectible Revenues	(5,759)	(2,840)	
7. Net Operating Revenues (1 thru 5 less 6)	1,892,590	1,728,625	
Plant Specific Operations Expense	965,982	1,064,516	
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	111,817	145,682	
10. Depreciation Expense	367,220	268,495	
11. Amortization Expense	0	0	
12. Customer Operations Expense	512,760	537,023	
13. Corporate Operations Expense	601,187	597,007	
14. Total Operating Expenses (8 thru 13)	2,558,966	2,612,723	
15. Operating Income or Margins (7 less 14)	(666,376)	(884,098)	
16. Other Operating Income and Expenses	0	C	
17. State and Local Taxes	67,643	85,572	
18. Federal Income Taxes	0		
19. Other Taxes	0		
20. Total Operating Taxes (17+18+19)	67,643	85,572	
21. Net Operating Income or Margins (15+16-20)	(734,019)	(969,670)	
22. Interest on Funded Debt	83,643	70,899	
23. Interest Expense - Capital Leases	0.		
24. Other Interest Expense	26,548	21,139	
25. Allowance for Funds Used During Construction	0	·	
26. Total Fixed Charges (22+23+24-25)	110,191	92,038	
27. Nonoperating Net Income	88,363	30,395	
28. Extraordinary Items	0	0	
29. Jurisdictional Differences	0	0	
30. Nonregulated Net Income	1,319,468	1,436,578	
31. Total Net Income or Margins (21+27+28+29+30-26)	563,621	405,265	
32. Total Taxes Based on Income	0	103/203	
33. Retained Earnings or Margins Beginning-of-Year	2,726,013	3,289,634	
34. Miscellaneous Credits Year-to-Date	2,720,013	3,203,034	
35. Dividends Declared (Common)	0	0	
36. Dividends Declared (Preferred)	0		
37. Other Debits Year-to-Date	0	0	
38. Transfers to Patronage Capital	0	0	
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	3,289,634	3,694,899	
40. Patronage Capital Beginning-of-Year	3,203,032	3,054,099	
41. Transfers to Patronage Capital	0		
42. Patronage Capital Credits Retired	0	0	
43. Patronage Capital End-of-Year (40+41-42)			
44. Annual Debt Service Payments	456,888	340,297	
45. Cash Ratio [(14+20-10-11) / 7]	1.1938	1.4056	
46. Operating Accrual Ratio ((14+20+26) / 7]	1.1938	1.6142	
47. TIER [(31+26) / 26]	6.1149	5.4032	
48. DSCR [(31+26+10+11) / 44]	2.2785	2.2504	

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

WA0541

PERIOD ENDED

December, 2012

INSTRUCTIONS - See RUS Bulletin 1744-2

	Part C. SU	BSCRIBER (ACC	ESS LINE), ROUTE I	MILE, & HIGH SPEEI	DATA INFORM	1ATION	
	1. RATE	ES	2. SUBSC	RIBERS (ACCESS LINE	S)	3. ROUTE	MILES
EXCHANGE	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Union	19.50	13.75	156	694	850	117.80	24.80
MobileWireless					0		
Route Mileage Outside Exchange Area						150.00	63.00
Total			156	694	850	267.80	87.80
No. Exchanges	1						

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INSTRUCTIONS - See RUS Bulletin 1744-2

	Part C	. SUBSCRIBER (ACCESS LINE),	ROUTE MILE,	& HIGH SPEED	DATA INFORMA	ATION	
			4. B	ROADBAND SER	VICE			
				Detai	ls on Least Expen	sive Broadband S	ervice	
EXCHANGE	with BB available	No Of Broadband Subscribers (b)	Number Of Subscribers	Advertised Download Rate (Kbps)	Advertised Upload Rate (Kbps)	Price Per Month	Standalone/Pckg	Technology
I late a	(a)		(c)	(d)	(e)		(1)	(g)
Union	850		364	6,000	768	38.95	StandAlone	Hybird Fiber Coax
Total	850	508						

	USDA-RUS		•	BORROWER DES	SIGNATION	
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Ti	ELECOMMUNICATIONS BORRO			PERIOD ENDING		
				December, 2	012	
INSTRUCTIONS- See RUS Bulletin 1	1744-2					
		PART D. SYSTEM				
		FARID. STOTEN				
	2. No. Other Employees	3. Square Miles Served		4. Access Lines per Square		5. Subscribers per Route Mile
12	21		16		53.13	3.17
		PART E. TOLL I	DATA			
Study Area ID Code(s)	2. Types of Toll Se	ttlements (Check one	=)			
a.	522419		Interstate:	Average Schedule	•	X Cost Basis
b.			_	_		_
c.			Intrastate:	Average Schedule	9	X Cost Basis
	·					
f.	·					
g.	·					
h,	·					
i.	-					
j.						
7.4.						
	PART F. FUI	NDS INVESTED IN F	PLANT DURING YEA	AR		
1. RUS, RTB, & FFB Loan Funds Ex	pended					437,570
2. Other Long-Term Loan Funds Exp	pended					
3. Funds Expended Under RUS Inter	rim Approval			,		
4. Other Short-Term Loan Funds Ex	pended					
General Funds Expended (Other t	than Interim)					1,554,801
Salvaged Materials						2,000
7. Contribution in Aid to Construction	1					
8. Gross Additions to Telecom. Plant	t (1 thru 7)					1,994,371
	PART G. INV	/ESTMENTS IN AFF	ILIATED COMPANI	ES		
		CURRENT Y	EAR DATA		CUMULATIVE DA	ATA
				Cumulative	Cumulative	
INVES	STMENTS	Investment	Income/Loss	Investment	Income/Loss	Current
		This Year	This Year	To Date	To Date	Balance
	(a)	(b)	(c)	(d)	(e)	Ø
1. Investment in Affiliated Companies	s - Rural Development					
2. Investment in Affiliated Companies	s - Nongral Development					

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

1	BORROWER D	DESIGNATION	
	PERIOD ENDI	NG	
	December,	2012	

	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)	х	YES		NO	
	EQUIPMENT CATEGORY		DEPREC	ATION R	ATE	
1.	Land and support assets - Motor Vehicles				16.0	0%
2.	Land and support assets - Aircraft			·		
3.	Land and support assets - Special purpose vehicles					
4.	Land and support assets - Garage and other work equipment				16.0	0%
5.	Land and support assets - Buildings				4.0	0%
6.	Land and support assets - Furniture and Office equipment				17.4	48
7.	Land and support assets - General purpose computers				25.0	0%
8	Central Office Switching - Digital				9.5	98
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					
13.	Information origination/termination - Station apparatus				9.5	98
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				7.5	98
19.	Cable and wire facilities - Aerial cable - Metal				20.4	0%
20.	Cable and wire facilities - Aerial cable - Fiber					
21.	Cable and wire facilities - Underground cable - Metal				6.0	0%
22.	Cable and wire facilities - Underground cable - Fiber				5.0	0%
23.	Cable and wire facilities - Buried cable - Metal				6.0	0%
24.	Cable and wire facilities - Buried cable - Fiber			•		
25.	Cable and wire facilities - Conduit systems				4.3	5 %
26.	Cable and wire facilities - Other					
-						
l						

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

WA0541

PERIOD ENDED

INSTRUCTIONS - See help in the online application.

December, 2012

IIVOI	RUCTIONS – See help in the online application.	
	PART I – STATEMENT OF CASH FLOWS	
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	724,174
	CASH FLOWS FROM OPERATING ACTIVITIES	
2.	Net Income	405,265
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation	268,495
4.	Add: Amortization	0
5.	Other (Explain) Changes in deprecition, deposits, reclassifiactions	484,674
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	(193,377)
7.	Decrease/(Increase) in Materials and Inventory	(245,560)
8.	Decrease/(Increase) in Prepayments and Deferred Charges	50,278
9.	Decrease/(Increase) in Other Current Assets	0
10.	Increase/(Decrease) in Accounts Payable	253,736
11.	Increase/(Decrease) in Advance Billings & Payments	0
12.	Increase/(Decrease) in Other Current Liabilities	408,614
13.	Net Cash Provided/(Used) by Operations	1,432,125
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	(1,100)
15.	Increase/(Decrease) in Notes Payable	0
16.	Increase/(Decrease) in Customer Deposits	3,099
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	6,803
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	(44,197)
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) Reclassify due to officer, deposit, def credit	292,198
23.	Net Cash Provided/(Used) by Financing Activities	256,803
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)	(170,745)
25.	Other Long-Term Investments	(311,142)
26.	Other Noncurrent Assets & Jurisdictional Differences	7,138
27.	Other (Explain) reclass dep, remove retirements, change due to parent	(1,699,986)
28.	Net Cash Provided/(Used) by Investing Activities	(2,174,735)
29.	Net Increase/(Decrease) in Cash	(485,807)
30.	Ending Cash	238,367
		Revision Date 2010

Revision Date 2010

USDA-RUS	BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	WA0541	
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012	
NOTES TO THE OPERATING REPO	ORT FOR TELECOMMUNICATIONS BORROWERS	

USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	WA0541
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
CERTIFICATION LOAN DEFAULT NOTES TO THE O	PERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

Data Col	ion - Reporting Carr ection Form	FCC Form 481. CMB Control No. 3060-0986/CMB Control No. 3060-0819 July 2013
<010>	Study Area Code	522419
<015>	Study Area Name	HOOD CANAL TEL CO
<020>	Program Year	2014
<030>	Contact Name - Pers	on USAC should contact regarding this data Rick Buechel
<035>	Contact Telephone N	Number - Number of person identified in data line <030> 360-898-2481
<039>	Contact Email Addre	ss - 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:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients										
I certify that I am an officer of the reporting carrier; my resp recipients; and, to the best of my knowledge, the information	nsibilities include ensuring the accuracy of the annual reporting requirements for universal service support 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 car	e 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.									

	tion + Agent / Carrier ection Form	FCC Form 481 DIMS Control No. 3050-0986/OM8 Control No. 3050-0819 July 2013
<010>	Study Area Code	522419
<015>	Study Area Name	HOOD CANAL TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC s	hould contact regarding this data Rick Buechel
<035>	Contact Telephone Number - N	umber of person identified in data line <030> 360-898-2481
<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:

certify that (Name of Agent) Ten Yasnock is authorized to submit the information reported on behalf of the reporting carrier, 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: 10/01/2013									
Printed name of Authorized Officer: Richard Buechel										
itle or position of Authorized Officer: President										
Telephone number of Authorized Officer: 360-898-2481										
Study Area Code of Reporting Carrier: 522419	Filing Due Date for this form: 10/15/2013									

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipien	ts on Behalf of Reporting Carrier
as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support re	
ne data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information arms of Reporting Carrier: HOOD CANAL TEL CO	n reported nerein is accurate.
ame of Authorized Agent or Employee of Agent: Jenifer Wasnock	
gnature of Authorized Agent or Employee of Agent: CERTIFIED ONLINE	Date: 10/01/2013
inted name of Authorized Agent or Employee of Agent: Jenifer Wasnock	
tle or position of Authorized Agent or Employee of Agent Consultant	
elephone number of Authorized Agent or Employee of Agent: 253-566-7070	
tudy Area Code of Reporting Carrier: 522419 Filing Due Date for this form: 10/15/20	013

Attachments

FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 loly 2013										₹BX	Doing Business As Company or Brand Designation	Hood Canal Telephone Company											
		0				net				<42>	SAC		:										
800) Operating Companies Data Collection Form	<010> Study Area Code	<015> Study Area Name HOOD CANAL TRL CO	<020> Program Year 2014	<030> Contact Name - Person USAC should contact regarding this data Rick Buechel	<035> Contact Telephone Number - Number of person identified in data line <030> 360-898-2481	- 1	4810> Reporting Carrier Hood Canal Telephone Company, Inc.		ı	<813> Test of the control of the con	Affiliates	Hood Canal Communications											
98 Page	¢0	0	⁴ 05	×03	, 03	<039>	~	 	8	<81													