

**Whidbey Telephone Company**  
**FCC Form 481 (July, 2015), 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 Whidbey 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.

In addition, Company employees are periodically briefed on issues involving service quality standards and consumer protection rules. In particular, if any set of issues appear to be prevalent, employees are given briefings on how to handle such issues. An example of such an issue 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 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.

**Whidbey Telephone Company**  
**FCC Form 481 (July, 2015), Line 610**  
**Statement Describing Ability to Function in Emergency Situations**  
**Per Instructions for Completing FCC Form 481**

**SUMMARY**

Whidbey Telephone Company (the "Company") has a long-standing tradition of providing reliable voice telephony services. Since 1961, it has been and continues to be the Company's policy to bury all local distribution cable and wire. It is also the Company's policy and standard operating procedure to install, and use when necessary, back-up power systems at all network node installation sites. 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 operates and maintains transport transmission equipment of only 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 and switching equipment is monitored 7x24x365(366) by trained staff located at the Company's network operations center.

**NETWORK REDUNDANCY**

The Company is a provider of voice telephony services to two geographically non-contiguous exchanges: the South Whidbey Exchange and the Point Roberts Exchange. The area of the Company's South Whidbey Exchange service area is more than 67 square miles, and the Company's Point Roberts Exchange service area includes approximately 6 square miles.

The Company operates two central office switches (each a "CO"): an access tandem and host switch at South Whidbey and a remote switch at Point Roberts. These switches are manufactured and supported by their manufacturer. The Point Roberts CO is connected to the Company's South Whidbey CO via multiple diversely routed redundant facilities and is configured to maintain service in the event of a facility failure to the South Whidbey CO. The primary paths consist of a diversely routed optical fiber ring utilizing Synchronous Optical Network ("SONET") technology. In addition the Company operates two diversely routed microwave transmission paths between South Whidbey and Point Roberts each of which provides multiple DS-3s capacity and which offer additional back-up capability.

The Company's voice telephony network has diversely routed paths to multiple points of interconnection with the networks of other voice telephony carriers. The Company also operates a Multiprotocol Label Switching ("MPLS") optical ring that connects its South Whidbey network with collocation facilities utilized by the Company outside its service area. The combination of the optical ring architecture and the DWDM capability of the Company's core transport equipment provides a highly reliable circuit network for voice telephony communications with substantial opportunity for augmentation, if demand volumes were to so require.

The Company's presence in collocation facilities allows for multiple points of interconnection with both local and regional carriers, giving the Company the flexibility to route traffic to multiple carriers. During service impairment created by physical damage or extraordinarily high traffic, the Company has the capability to reroute voice telephony traffic through any of those collocation facilities.

The network architecture within the Company's South Whidbey service area is comprised of a host CO and a number of core aggregation points, or Optical Remote Sites ("ORSs"). All of the ORS locations are connected by a physically diverse optical DWDM ring, with any of those locations being capable of maintaining service in the event of a failure of that physical fiber cable.

Connectivity to the end-user customer base is accomplished by the placement of a number of Broadband Loop Carrier remote terminals ("BLCs") that subtend the ORSs or host CO. Each of these BLCs has optical diversity between the main CO and serving ORS. Some of the BLCs also have physical route diversity connected to the CO or ORS that they subtend.

The Company's employees are trained to operate, maintain and/or repair the Company's network facilities. Qualified Company personnel are available for call-out 24x7x365(366) in the event of a service outage. The Company maintains an inventory of critical spare electronic/optronic cards, as well as cabinets, cable and other related materials necessary for restoration on site at both South Whidbey and Point Roberts.

## **BACK-UP POWER**

The Company maintains a power plant at each CO, ORS, BLC and microwave site with batteries capable of carrying the power load for several 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 its COs, as well as at each of its ORSs, BLCs, and microwave installations. These generators range in size from 750kw to 5kw. Each generator has a dedicated fuel tank onsite designed to carry the power load for multiple days. All of these sites are equipped with automatic transfer switches and have 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 relevant 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 the Company's 7x24x365(366) network operations center.

The Company has in-house staff trained to perform all maintenance of the power plant and has contract services available for support. Power distribution equipment within the Company's COs is inspected from time to time by vendor representatives to ensure proper maintenance. It is the Company's policy that all power plant maintenance be recorded and stored for future reference.

(3005a) Operating Report for Privately-Held Rate of Return Carriers  
Balance Sheet - Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986  
OMB Control No. 3060-0819  
April 2014

Page 1 of 3

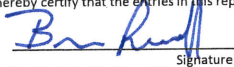
<010> Study Area Code 522452  
 <015> Study Area Name WHIDBEY TEL CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Trish Mason  
 <035> Contact Telephone Number - Number of person identified in data line <030> 360-321-0013  
 <039> Contact Email Address - Email Address of person identified in data line <030> trish.mason@whidbeytel.com

Filed as reviewed single company   
 Filed as reviewed consolidated company   
 Filed as subsidiary of reviewed consolidated company

Filed as audited single company   
 Filed as audited consolidated company   
 Filed as subsidiary of audited consolidated company

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

  
Signature

6/26/15  
Date

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	Redacted	Redacted	25. Accounts Payable	Redacted	Redacted
2. Cash-RUS Construction Fund	Redacted	Redacted	26. Notes Payable	Redacted	Redacted
3. Affiliates:			27. Advance Billings and Payments	Redacted	Redacted
a. Telecom, Accounts Receivable	Redacted	Redacted	28. Customer Deposits	Redacted	Redacted
b. Other Accounts Receivable	Redacted	Redacted	29. Current Mat. L/T Debt	Redacted	Redacted
c. Notes Receivable	Redacted	Redacted	30. Current Mat. L/T Debt-Rur. Dev.	Redacted	Redacted
4. Non-Affiliates:			31. Current Mat.-Capital Leases	Redacted	Redacted
a. Telecom, Accounts Receivable	Redacted	Redacted	32. Income Taxes Accrued	Redacted	Redacted
b. Other Accounts Receivable	Redacted	Redacted	33. Other Taxes Accrued	Redacted	Redacted
c. Notes Receivable	Redacted	Redacted	34. Other Current Liabilities	Redacted	Redacted
5. Interest and Dividends Receivable	Redacted	Redacted	35. Total Current Liabilities (25 thru 34)	Redacted	Redacted
6. Material-Regulated	Redacted	Redacted	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	Redacted	Redacted	36. Funded Debt-RUS Notes	Redacted	Redacted
8. Prepayments	Redacted	Redacted	37. Funded Debt-RTB Notes	Redacted	Redacted
9. Other Current Assets	Redacted	Redacted	38. Funded Debt-FFB Notes	Redacted	Redacted
10. Total Current Assets (1 Thru 9)	Redacted	Redacted	39. Funded Debt-Other	Redacted	Redacted
			40. Funded Debt-Rural Develop. Loan	Redacted	Redacted
<b>NONCURRENT ASSETS</b>			41. Premium (Discount) on L/T Debt	Redacted	Redacted
11. Investment in Affiliated Companies			42. Recquired Debt	Redacted	Redacted
a. Rural Development	Redacted	Redacted	43. Obligations Under Capital Lease	Redacted	Redacted
b. Nonrural Development	Redacted	Redacted	44. Adv. From Affiliated Companies	Redacted	Redacted
12. Other Investments			45. Other Long-Term Debt	Redacted	Redacted
a. Rural Development	Redacted	Redacted	46. Total Long-Term Debt (36 thru 45)	Redacted	Redacted
b. Nonrural Development	Redacted	Redacted	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
13. Nonregulated Investments	Redacted	Redacted	47. Other Long-Term Liabilities	Redacted	Redacted
14. Other Noncurrent Assets	Redacted	Redacted	48. Other Deferred Credits	Redacted	Redacted
15. Deferred Charges	Redacted	Redacted	49. Other Jurisdictional Differences	Redacted	Redacted
16. Jurisdictional Differences	Redacted	Redacted	50. Total Other Liabilities and Deferred Credits (47 thru 49)	Redacted	Redacted
17. Total Noncurrent Assets (11 thru 16)	Redacted	Redacted	<b>EQUITY</b>		
			51. Cap. Stock Outstanding & Subscribed	Redacted	Redacted
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			52. Additional Paid-in-Capital	Redacted	Redacted
18. Telecom, Plant-in-Service	Redacted	Redacted	53. Treasury Stock	Redacted	Redacted
19. Property Held for Future Use	Redacted	Redacted	54. Membership and Cap. Certificates	Redacted	Redacted
20. Plant Under Construction	Redacted	Redacted	55. Other Capital	Redacted	Redacted
21. Plant Adj., Nonop. Plant & Goodwill	Redacted	Redacted	56. Patronage Capital Credits	Redacted	Redacted
22. Less Accumulated Depreciation	Redacted	Redacted	57. Retained Earnings or Margins	Redacted	Redacted
23. Net Plant (18 thru 21 less 22)	Redacted	Redacted	58. Total Equity (51 thru 57)	Redacted	Redacted
24. TOTAL ASSETS (10+17+23)	Redacted	Redacted	59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	Redacted	Redacted

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

FCC Form 481

## Income Statement - Data Collection Form

OMB Control No. 3060-0986

OMB Control No. 3060-0819

Page 2 of 3

April 2014

<010> Study Area Code	522452
<015> Study Area Name	Whidbey Tel Co.
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Trish Mason
<035> Contact Telephone Number - Number of person identified in data line <030>	360-321-0013
<039> Contact Email Address - Email Address of person identified in data line <030>	trish.mason@whidbeytel.com

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	Redacted	Redacted
2. Network Access Services Revenues	Redacted	Redacted
3. Long Distance Network Services Revenues	Redacted	Redacted
4. Carrier Billing and Collection Revenues	Redacted	Redacted
5. Miscellaneous Revenues	Redacted	Redacted
6. Uncollectible Revenues	Redacted	Redacted
7. Net Operating Revenues (1 thru 5 less 6)	Redacted	Redacted
8. Plant Specific Operations Expense	Redacted	Redacted
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	Redacted	Redacted
10. Depreciation Expense	Redacted	Redacted
11. Amortization Expense	Redacted	Redacted
12. Customer Operations Expense	Redacted	Redacted
13. Corporate Operations Expense	Redacted	Redacted
14. Total Operating Expenses (8 thru 13)	Redacted	Redacted
15. Operating Income or Margins (7 less 14)	Redacted	Redacted
16. Other Operating Income and Expenses	Redacted	Redacted
17. State and Local Taxes	Redacted	Redacted
18. Federal Income Taxes	Redacted	Redacted
19. Other Taxes	Redacted	Redacted
20. Total Operating Taxes (17+18+19)	Redacted	Redacted
21. Net Operating Income or Margins (15+16-20)	Redacted	Redacted
22. Interest on Funded Debt	Redacted	Redacted
23. Interest Expense - Capital Leases	Redacted	Redacted
24. Other Interest Expense	Redacted	Redacted
25. Allowance for Funds Used During Construction	Redacted	Redacted
26. Total Fixed Charges (22+23+24-25)	Redacted	Redacted
27. Nonoperating Net Income	Redacted	Redacted
28. Extraordinary Items	Redacted	Redacted
29. Jurisdictional Differences	Redacted	Redacted
30. Nonregulated Net Income	Redacted	Redacted
31. Total Net Income or margins (21+27+28+29+30-26)	Redacted	Redacted
32. Total Taxes Based on Income	Redacted	Redacted
33. Retained Earnings or Margins Beginning-of-Year	Redacted	Redacted
34. Miscellaneous Credits Year-to-Date	Redacted	Redacted
35. Dividends Declared (Common)	Redacted	Redacted
36. Dividends Declared (Preferred)	Redacted	Redacted
37. Other Debits Year-to-Date	Redacted	Redacted
38. Transfers to Patronage Capital	Redacted	Redacted
39. Retained Earnings or Margins end-of-Period $[(31+33+34)-(35+36+37+38)]$	Redacted	Redacted
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year $(40+41-42)$		
44. Annual Debt Service Payments		
45. Cash Ratio $[(14+20-10-11)/7]$		
46. Operating Accrual Ratio $[(14+20+26)/7]$		
47. TIER $[(31+26)/26]$		
48. DSCR $[(31+26+10+11)/44]$		

CONFIDENTIAL PER WAC 480-07-160  
 REDACTED

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

FCC Form 481  
OMB Control No. 3060-0986  
OMB Control No. 3060-0819  
April 2014

Page 3 of 3

<010> Study Area Code 522452  
 <015> Study Area Name WHIDBEY TEL CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Trish Mason  
 <035> Contact Telephone Number - Number of person identified in data line <030> 360-321-0013  
 <039> Contact Email Address - Email Address of person identified in data line <030> trish.mason@whidbeytel.com

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



1501 Regents Blvd., Suite 100  
Fircrest, WA 98466-6060

April 29, 2015

To the Board of Directors and Management of  
Whidbey Telephone Company and Subsidiaries  
Langley, Washington

To Management and the Board of Directors:

We have audited the financial statements of Whidbey Telephone Company and Subsidiaries (the "Company") as of December 31, 2014, and have issued our report thereon dated April 29, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 12, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whidbey Telephone Company and Subsidiaries are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting these financial statements include management's estimate of the useful lives of property, plant and equipment, recoverability of long-term assets, fair value of financial instruments and investments, collectability of related party receivables and interstate revenue requirements all of which are based on prior experience with similar assets, liabilities and interstate filing requirements. Also included is management's estimate of the future maturities of long-term debt which are based on minimum required payments at current levels of debt.

We evaluated these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were regarding investments (Note 4), property, plant and equipment (Note 5), notes payable and long-term debt (Note 6), leases and service agreements (Note 8), various related party transactions (Notes 4 and 10), and subsequent events (Note 11).

The financial statement disclosures are neutral, consistent and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated April 29, 2015.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

***Other Matters***

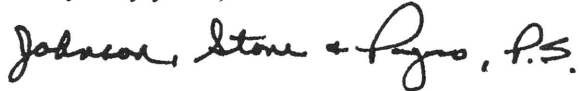
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the



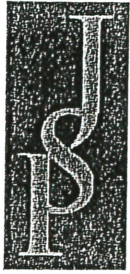
financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Management and the Board of Directors of Whidbey Telephone Company and Subsidiaries and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Johnson, Stone & Pagano, P.S.".

JOHNSON, STONE & PAGANO, P.S.



JOHNSON  
STONE &  
PAGANO, P.S.  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

To the Board of Directors  
Whidbey Telephone Company  
Langley, Washington

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Whidbey Telephone Company and Subsidiaries, which comprise the balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors  
Whidbey Telephone Company

Page 2

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Whidbey Telephone Company and Subsidiaries as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Johnson, Stone & Pagano, P.S.*

JOHNSON, STONE & PAGANO, P.S.

April 29, 2015