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**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

IN RE

PETITION OF TENINO TELEPHONE
COMPANY TO RECEIVE SUPPORT
FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES
COMMUNICATIONS PROGRAM

DOCKET NO.

PETITION TO RECEIVE SUPPORT

COMES NOW Tenino Telephone Company (the "Company") and, pursuant to Chapter 480-123 of the Washington Administrative Code ("WAC"), including, but not limited to, WAC 480-123-110, hereby petitions the Washington Utilities and Transportation Commission (the "Commission") to receive support from the state Universal Communications Services Program (the "Program") established by RCW 80.36.650 for the Program year 2015.

I. Demonstration of Eligibility under WAC 480-123-100

1. WAC 480-123-100(1)(a): The Company is a local exchange company as defined in WAC 480-120-021 that serves less than forty thousand access lines within the state.

2. WAC 480-123-100(1)(b): The Company is an incumbent local exchange carrier as defined in 47 U.S.C. Sec. 251(h) or has been designated as an incumbent local exchange carrier by the Federal Communications Commission.
3. WAC 480-123-100(1)(c): The Company offers basic residential and business exchange telecommunications services as set forth in WAC 480-120-021 and RCW 80.36.630.
4. WAC 480-123-100(1)(d): The Company's rates for residential local exchange service, plus mandatory extended area service charges, are no lower than the local urban rate floor established by the Commission as the benchmark rate based on the Federal Communications Commission's national local urban rate floor pursuant to 47 C.F. R. Sec. 54.318 in effect on the date of this Petition.
5. WAC 480-123-100(1)(e): The Company has been designated by the Commission as an eligible telecommunications carrier for purposes of receiving federal universal services support pursuant to 47 C.F.R. Part 54 Subpart D - Universal Service Support for High Cost Areas with respect to the service areas for which the Company is seeking Program support.

II. Demonstration of Eligibility under WAC 480-123-110

1. WAC 480-123-110(1)(a): The name of the legal entity that provides communications services and is seeking Program support is as follows: Tenino Telephone Company.
2. WAC 480-123-110(1)(b): A corporate organization chart showing the relationship between the Company and all affiliates as defined in RCW 80.16.010 is attached hereto as Exhibit 1.¹

¹ Pursuant to agreement with the Commission Staff, Exhibit 1 is limited to those affiliates having transactions with the Company that are to be identified in Exhibit 2.

1 A detailed description of any transactions between the Company and the affiliates named in
2 Exhibit 1 recorded in the Company's operating accounts is attached hereto as Exhibit 2.²

- 3 3. WAC 480-123-110(1)(c): A service area map for the Company can be found at Sheet No.
4 19 in Schedule 5 of the Company's Tariff W.D.P.U. No. 1.
- 5 4. WAC 480-123-110(1)(d): A demonstration that the Company's customers are at risk of rate
6 instability or service interruption or cessation in the absence of support from the Program is
7 attached as Exhibit 3.
- 8 5. WAC 480-123-110(1)(e)(i): On the Commission's prescribed form, attached as Exhibit 4,
9 are copies of the Company's balance sheet as of December 31, 2013, and December 31,
10 2012, and copies of the Company's statements of income and retained earnings or margin for
11 the years ended December 31, 2013, and December 31, 2012.
- 12 6. WAC 480-123-110(1)(e)(ii): A copy of the Company's annual financial statements for the
13 years ended December 31, 2013, and December 31, 2012, reviewed by a certified public
14 accountant are attached as Exhibit 5. Annual financial statements for the years ended
15 December 31, 2013, and December 31, 2012, for the parent and affiliates of the Company
16 are included in Exhibit 5 of the PETITION OF KALAMA TELEPHONE COMPANY TO
17 RECEIVE SUPPORT FROM THE STATE UNIVERSAL COMMUNICATIONS
18 SERVICES COMMUNICATIONS PROGRAM being filed contemporaneously herewith.
- 19 7. WAC 480-123-110(1)(e)(iii): Information demonstrating the Company's earned rate of
20 return on a total Washington unseparated regulated operations basis for each of the two prior
21 years, calculated in the manner prescribed by the Commission, is provided in Exhibit 4.

22
23 _____
24 ² Pursuant to agreement with the Commission Staff, Exhibit 2 is limited to transactions other than
25 employment compensation and benefits pursuant to employee benefit plans

- 1 8. WAC 480-123-110(1)(e)(iv): Information demonstrating the Company's earned return on
2 equity on a total company (regulated and non-regulated) Washington basis for each of the
3 two prior years, calculated in the manner prescribed by the Commission, is provided in
4 Exhibit 4.
- 5 9. WAC 480-123-110(1)(e)(v): Information detailing all of the Company's revenues from the
6 statements of income and retained earnings or margin section in the same format and detail
7 as is required to complete the RUS Form 479 for the prior two years is attached as Exhibit 6.
- 8 10. WAC 480-123-110(1)(e)(vi): A statement under penalty of perjury from a Company with
9 personal knowledge and responsibility certifying that no corporate operations adjustment to
10 existing high-cost loop and interstate common line support mechanisms required by the
11 Federal Communications Commission applied to the Company for the two prior years is
12 attached hereto as Exhibit 7.
- 13 11. WAC 480-123-110(1)(e)(vii): Exhibit 4 contains additional supporting information
14 requested by the Commission.
- 15 12. WAC 480-123-110(1)(e)(viii): A statement under penalty of perjury from a Company
16 officer with personal knowledge and responsibility certifying that the Company complies
17 with state and federal accounting, cost allocation, and cost adjustment rules pertaining to
18 incumbent local exchange companies is attached as Exhibit 8.
- 19 13. WAC 480-123-110(1)(f): A complete copy of the FCC Form 481 filed by the Company or
20 on its behalf with the Federal Communications Commission for the calendar year preceding
21 the current year has already been filed with the Commission. See the Company's filing in
22 Docket No. UT-143013 filed on or about July 1, 2014.
- 23 14. WAC 480-123-110(1)(g): The number of residential local exchange access lines served by
24 the Company as of December 31, 2013, was 2,245. The number of residential local
25

1 exchange access lines served by the Company as of December 31, 2012, was 2,324. The
2 number of business local exchange access lines served by the Company as of December 31,
3 2013, was 490. The number of business local exchange access lines served by the Company
4 as of December 31, 2012, was 601. The monthly recurring rate charged by the Company for
5 residential local exchange access service on December 31, 2013, was \$14.00. The monthly
6 recurring rate charged by the Company for residential local exchange access service on
7 December 31, 2012, was \$12.50. The monthly recurring rate charged by the Company for
8 single line business local exchange access service on December 31, 2013, was \$21.00. The
9 monthly recurring rate charged by the Company for single line business local exchange
10 access service on December 31, 2012, was \$18.00. (The Company has other business local
11 exchange service rates, but the Company understands that WAC 480-123-110(1)(g) is
12 requesting the single line business local exchange access service rate.)

13 15. WAC 480-123-110(1)(h): The requested statement is attached as Exhibit 9.

14 [continued on page 6]
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1 16. All exhibits attached hereto are incorporated into this Petition as though fully set forth.

2 Respectfully submitted this 31st day of July, 2014.

3 TENINO TELEPHONE COMPANY

4
5 

6 By

7 Steven D. Hanson, President

8
9 CERTIFICATION

10 I, Steven D. Hanson, an officer of the Company that is responsible for the Company's
11 business and financial operations, hereby certify under penalty of perjury that the information and
12 representations set forth in the Petition, above, are accurate and the Company has not knowingly
13 withheld any information required to be provided to the Commission pursuant to the rules
14 governing the Program.

15 

16 Steven D. Hanson, President

EXHIBIT 1

CORPORATE ORGANIZATION CHART

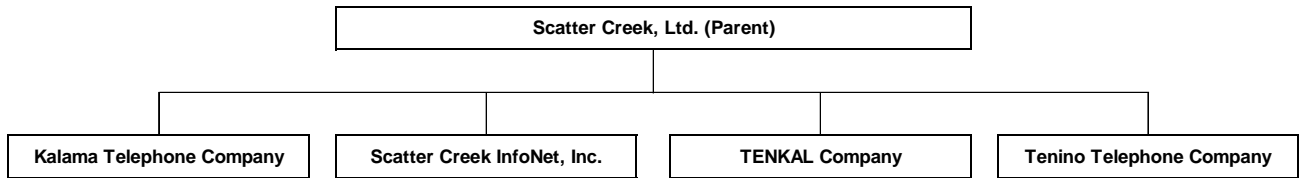


EXHIBIT 2

AFFILIATED TRANSACTIONS

SCATTTTER CREEK, LTD (Parent): Scatter Creek, Ltd (Parent) acts as a common paymaster for the Tenino Telephone Company (Company) and some of its affiliates. The Parent also provides billing and operational systems support for the Company. Certain shareholders holding, directly or indirectly, five percent or more of the stock of the Company are also employees of the Company and receive from the Company's employment compensation together with employment-associated benefits in accordance with benefit plans that are in place.

Scatter Creek InfoNet, Inc. (affiliate): Scatter Creek InfoNet, Inc. (SCIN) is an affiliate of the Company that is an internet service provider. SCIN purchases from the Company DSL service on a wholesale basis, Ethernet Transport Service, and Special Access Service. The pricing for these services is set in accordance with National Exchange Carrier Association (NECA) Tariff FCC No. 5. SCIN purchases local business access lines from the Company. These lines are used for customer service and dial-up Internet service. The rates charged to SCIN by the Company for these lines are set forth in the Company's Tariff WN U-1. The Company purchases from SCIN web hosting service, email delivery and internet access at rates equivalent to the rates SCIN charges to its similarly situated retail customers.

TENKAL Company (affiliate): TENKAL Company (TENKAL) provides long distance service to customers in the Company's service territory using the DBA of Scatter Creek Communications. TENKAL purchases local business access lines from the Company. These lines are used for customer service. The rates charged to TENKAL by the Company for these lines are set forth in the Company's Tariff WN U-1. The Company purchases long distance service from TENKAL at rates equivalent to those TENKAL charges to its similarly situated retail customers. The Company provides billing and collection service for TENKAL. The cost of these services is identified through the Company's FCC Part 64 procedures, charged to TENKAL, and reflected on the Company's books of account as a reduction of operating expense.

Kalama Telephone Company (affiliate): On occasion an employee of either Telephone Company will perform work for the other Telephone Company. The actual payroll and overheads associated with the hours worked are reimbursed by the Telephone Company benefitting from the work performed.

EXHIBIT 3

DEMONSTRATION OF RISK OF RATE INSTABILITY OR SERVICE INTERRUPTION OR CESSATION

The operating environment in which the Tenino Telephone Company ("Company") finds itself is one of great financial uncertainty. In large part, this financial uncertainty stems from the Transformation Order issued by the Federal Communications Commission.¹ The Transformation Order has built in an automatic decline in the Company's intrastate and interstate access revenues. The intercarrier compensation portion of the Transformation Order introduces a concept of a base line year for calculating revenues and provides support from the Connect America Fund ("CAF") based on the base line year. However, the base line year revenues (from which the level of CAF support is derived) are reduced iteratively by five percent each year. The Company had been exploring ways of addressing access bypass to increase access revenues. However, any increase in access revenues under the Transformation Order would simply be a reduction in CAF support and no new net revenues would be produced. The CAF support reduction began July 2012. Projecting through the calendar year 2015, including additional reductions that will occur July 1, 2015, the Company is seeing a reduction in annual support from the base line revenue amount of approximately \$278,900.

In addition, by order of this Commission, the traditional universal service access rate element and related pooling fund have been terminated effective July 1, 2014. Using 2012 as a base line, which is the latest year with final pool numbers, the Company is facing a loss of traditional universal service fund revenues of approximately \$76,250 per year.

In addition, the Company has seen some migration of customers "cutting the cord" to move to wireless or other service as their sole method of telecommunications. Further, in moving to the federal urban rate floor, the Company has seen an accelerated pace of customers giving up their landline telephone service subscribership. A loss of customers easily equates to a loss of revenue without a corresponding reduction in expenses.

In addition, during the three-year period ended December 31, 2013, the Company has seen its Federal high cost loop support declining from \$954,852 in 2011 to \$691,068 in 2013.

¹ *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform - Mobility Fund*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011)(*USF/ICC Transformation Order or Transformation Order*).

These factors have led to the risky financial condition of the Company, as reflected in the financial reports that are part of the Petition.

The combination of factors noted above creates a situation in which, without support from the state universal service communications program, the Company may be faced with a choice of increasing rates further, which may drive more customers away, or cutting service in order to be able to match expenses to revenues. Neither choice presents a viable path for providing good service to customers. The dilemma presented by these choices reflects the risk of rate instability or service interruption or cessation to which the Company is subject.

Company Name: (Below)
 Tenino Telephone Company

ASSETS	Balance End of Year 2012 (A)	Part 64 Adj to NonReg 2012 (B)	Adj. Balance End of Year 2012	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance Prior Year 2012 (A)	Part 64 Adj to NonReg 2012 (B)	Adj. Balance End of Year 2012
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	4,010,266		4,010,266	25. Accounts Payable	190,090		190,090
2. Cash-RUS Construction Fund			0	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits			0
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt			0
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases			0
a. Telecom, Accounts Receivable	188,257		188,257	32. Income Taxes Accrued			0
b. Other Accounts Receivable			0	33. Other Taxes Accrued	82,153		82,153
c. Notes Receivable			0	34. Other Current Liabilities	118,820		118,820
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	391,063		391,063
6. Material-Regulated			0	LONG-TERM DEBT			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes			0
8. Prepayments			0	37. Funded Debt-RTB Notes			0
9. Other Current Assets	55,530		55,530	38. Funded Debt-FFB Notes			0
10. Total Current Assets (1 Thru 9)	4,254,053	-	4,254,053	39. Funded Debt-Other			0
NONCURRENT ASSETS				40. Funded Debt-Rural Develop. Loan			0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt			0
a. Rural Development			0	42. Reacquired Debt			0
b. Nonrural Development			0	43. Obligations Under Capital Lease			0
12. Other Investments				44. Adv. From Affiliated Companies	28,652		28,652
a. Rural Development	3,000		3,000	45. Other Long-Term Debt			0
b. Nonrural Development			0	46. Total Long-Term Debt (36 thru 45)	28,652		28,652
13. Nonregulated Investments (B1)		3,084	3,084	OTHER LIAB. & DEF. CREDITS			
14. Other Noncurrent Assets			0	47. Other Long-Term Liabilities			0
15. Deferred Charges	449,927		449,927	48. Other Deferred Credits (C)			0
16. Jurisdictional Differences			0	49. Other Jurisdictional Differences			0
17. Total noncurrent Assets (11 thru 16)	452,927	3,084	456,011	50. Total Other Liab. & Def. Credits (47 thru 49)	0	0	0
PLANT, PROPERTY AND EQUIPMENT				EQUITY			
18. Telecom Plant-In-Service	21,828,273	(29,785)	21,798,488	51. Cap. Stock Outstanding & Subscribed	97,200		97,200
19. Property Held for Future Use			0	52. Additional Paid-in-Capital			0
20. Plant Under Construction	55,468		55,468	53. Treasury Stock			0
21. Plant Adj., Nonop Plant & Goodwill				54. Membership and cap. Certificates			0
22. Accumulated Depreciation (CR.)	(18,985,313)	26,701	(18,958,612)	55. Other Capital			0
23. Net Plant (18 thru 21 less 22)	2,898,428	(3,084)	2,895,344	56. Patronage Capital Credits			0
TOTAL ASSETS (10+17+23)	7,605,408	0	7,605,408	57. Retained Earnings or Margins (B2)	7,088,493	0	7,088,493
				58. Total Equity (51 thru 57)	7,185,693	-	7,185,693
				59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	7,605,408	0	7,605,408

(A) - As reported on Form 481
 (B) - Part 64 adjustments to rate base from regulated to nonregulated.
 (B1) - Part 64 offset to nonreg investment
 (B2) - Part 64 offset to retained earnings
 (C) - Part 64 Adj. for line 48 is only for deferred taxes.

Company Name: (Below)
 Tenino Telephone Company

ASSETS	Balance End of Year 2013 (A)	Part 64 Adj to NonReg 2013 (B)	Adj. Balance End of Year 2013	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance Prior Year 2013 (A)	Part 64 Adj to NonReg 2013 (B)	Adj. Balance End of Year 2013
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	4,251,857		4,251,857	25. Accounts Payable	250,094		250,094
2. Cash-RUS Construction Fund			0	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits			0
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt			0
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases			0
a. Telecom, Accounts Receivable	413,493		413,493	32. Income Taxes Accrued			0
b. Other Accounts Receivable			0	33. Other Taxes Accrued	96,242		96,242
c. Notes Receivable			0	34. Other Current Liabilities	114,094		114,094
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	460,430		460,430
6. Material-Regulated			0	LONG-TERM DEBT			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes			0
8. Prepayments			0	37. Funded Debt-RTB Notes			0
9. Other Current Assets	24,150		24,150	38. Funded Debt-FFB Notes			0
10. Total Current Assets (1 Thru 9)	4,689,500	-	4,689,500	39. Funded Debt-Other			0
NONCURRENT ASSETS				40. Funded Debt-Rural Develop. Loan			0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt			0
a. Rural Development			0	42. Reacquired Debt			0
b. Nonrural Development			0	43. Obligations Under Capital Lease			0
12. Other Investments				44. Adv. From Affiliated Companies	44,925		44,925
a. Rural Development	3,000		3,000	45. Other Long-Term Debt			0
b. Nonrural Development			0	46. Total Long-Term Debt (36 thru 45)	44,925		44,925
13. Nonregulated Investments (B1)		2,491	2,491	OTHER LIAB. & DEF. CREDITS			
14. Other Noncurrent Assets			0	47. Other Long-Term Liabilities			0
15. Deferred Charges	488,804		488,804	48. Other Deferred Credits (C)			0
16. Jurisdictional Differences			0	49. Other Jurisdictional Differences			0
17. Total noncurrent Assets (11 thru 16)	491,804	2,491	494,295	50. Total Other Liab. & Def. Credits (47 thru 49)	0	0	0
PLANT, PROPERTY AND EQUIPMENT				EQUITY			
18. Telecom Plant-In-Service	22,284,920	(28,541)	22,256,379	51. Cap. Stock Outstanding & Subscribed	97,200		97,200
19. Property Held for Future Use			0	52. Additional Paid-in-Capital			0
20. Plant Under Construction	56,687		56,687	53. Treasury Stock			0
21. Plant Adj., Nonop Plant & Goodwill			0	54. Membership and cap. Certificates			0
22. Accumulated Depreciation (CR.)	(19,971,273)	26,050	(19,945,223)	55. Other Capital			0
23. Net Plant (18 thru 21 less 22)	2,370,334	(2,491)	2,367,843	56. Patronage Capital Credits			0
TOTAL ASSETS (10+17+23)	7,551,638	0	7,551,638	57. Retained Earnings or Margins (B2)	6,949,083	-	6,949,083
				58. Total Equity (51 thru 57)	7,046,283	-	7,046,283
				59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	7,551,638	0	7,551,638

(A) - As reported on Form 481
 (B) - Part 64 adjustments to rate base from regulated to nonregulated.
 (B1) - Part 64 offset to nonreg investment
 (B2) - Part 64 offset to retained earnings
 (C) - Part 64 Adj. for line 48 is only for deferred taxes.

Company Name: (Below)
Tenino Telephone Company

ASSETS	Adjusted Prior Year Balance 2012	Adjusted Current Year Balance 2013	LIABILITIES AND STOCKHOLDERS' EQUITY	Adjusted Prior Year Balance 2012	Adjusted Prior Year Balance 2013
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	4,010,266	4,251,857	25. Accounts Payable	190,090	250,094
2. Cash-RUS Construction Fund	0	0	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	0	0
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	0	0
c. Notes Receivable	0	0	30. Current Mat. L/T Debt Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat. - Capital Leases	0	0
a. Telecom, Accounts Receivable	188,257	413,493	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	82,153	96,242
c. Notes Receivable	0	0	34. Other Current Liabilities	118,820	114,094
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 - 34)	391,063	460,430
6. Material-Regulated	0	0	LONG-TERM DEBT		
7. Material-Nonregulated	0	0	36. Funded Debt-RUS Notes	0	0
8. Prepayments	0	0	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	55,530	24,150	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 Thru 9)	4,254,053	4,689,500	39. Funded Debt-Other	0	0
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Recquired Debt	0	0
b. Nonrural Development	0	0	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	28,652	44,925
a. Rural Development	3,000	3,000	45. Other Long-Term Debt	0	0
b. Nonrural Development	0	0	46. Total Long-Term Debt (36-45)	28,652	44,925
13. Nonregulated Investments	3,084	2,491	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets	0	0	47. Other Long-Term Liabilities	0	0
15. Deferred Charges	449,927	488,804	48. Other Deferred Credits (B)	0	0
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total noncurrent Assets (11 thru 16)	456,011	494,295	50. Total Other Liab. & Def. Credits (47 thru 49)	0	0
PLANT, PROPERTY AND EQUIPMENT			EQUITY		
18. Telecom Plant-in-Service	21,798,488	22,256,379	51. Cap. Stock Outstanding & Subscribed	97,200	97,200
19. Property Held for Future Use	0	0	52. Additional Paid-in-Capital	0	0
20. Plant Under Construction	55,468	56,687	53. Treasury Stock	0	0
21. Plant Adj., Nonop Plant & Goodwill	0	0	54. Membership and cap. Certificates	0	0
22. Accumulated Depreciation (CR.)	(18,958,612)	(19,945,223)	55. Other Capital	0	0
23. Net Plant (18 thru 21 less 22)	2,895,344	2,367,843	56. Patronage Capital Credits	0	0
TOTAL ASSETS (10+17+23)	7,605,408	7,551,638	57. Retained Earnings or Margins	7,088,493	6,949,083
			58. Total Equity (51 thru 57)	7,185,693	7,046,283
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	7,605,408	7,551,638

Note:
Adjusted Balances represents balances
after current year Part 64 adjustments
(B) - Provide Deferred Taxes on
separate rate base schedule

Company Name: (Below)
 Tenino Telephone Company

	Line #	Adj. Balance End of Year 2012	Adj. Balance End of Year 2013	Average Adj End of Year Balance
Average Rate Base:				
Total Regulated Adjusted Telecom Plant-In-service	18	21,798,488	22,256,379	22,027,434
Total Property Held for Future Use	19	0	0	0
Total Regulated Adjusted Accumulated Depreciation (CR)	22	(18,958,612)	(19,945,223)	(19,451,918)
Total Regulated Materials & Supplies	6	0	0	0
Deferred Income Taxes (CR)		448,565	487,602	468,084
Total Regulated Rate Base		3,288,441	2,798,758	3,043,600

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

Company Name: (Below)
 Tenino Telephone Company

Description	Prior Year End of Yr. Balance - 2012	Current Year End of Yr Balance - 2013	Difference	% Change
Access Lines:				
Residential	2,324	2,245	(79)	-3.4%
Business	601	490	(111)	-18.5%
Total	2,925	2,735	(190)	-6.5%
<hr/>				
	End of Yr. Balance - 2012	End of Year Balance -2013	Difference	% Change
Broadband Connections - DLS Based	1,286	1,311	25	1.9%
<hr/>				
	Prior Yr. 2012	Current Yr. 2013	Difference	% Change
Total Annual Amount:				
Gross Capital Expenditures	660,386	494,152	(166,234)	-25.2%
<hr/>				

FCC Form 481
 Part B Statement of Income and Retained Earnings Statement

Company Name: (Below)
 Tenino Telephone Company

Line #	Item	Prior Year 2012 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2012
1	Local Network Services Revenues	570,729		570,729
2	Network Access Services Revenues	3,123,128		3,123,128
3	Long Distance Network Services Revenues			0
4	Carrier Billing and Collection Revenues			0
5	Miscellaneous Revenues	86,876		86,876
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(6,683)		(6,683)
7	Net Operating Revenues (1 thru 6)	3,774,050	0	3,774,050
8	Plant Specific Operations Expense	1,344,495	(4,457)	1,340,038
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	639,273		639,273
10	Depreciation Expense	1,051,815	(1,533)	1,050,282
11	Amortization Expense			0
12	Customer Operations Expense	235,405	(3,984)	231,421
13	Corporate Operations	769,346	(4,174)	765,172
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ()			0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	769,346	(4,174)	765,172
14	Total Operations Expenses (8 thru 12 +13b)	4,040,334	(14,148)	4,026,186
15	Operating Income or Margins (7 less 14)	(266,284)	14,148	(252,136)
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes	124,075	(137)	123,938
18	Federal Income Taxes (A1)	(131,831)	1,873	(129,958)
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	(7,756)	1,736	(6,020)
21	Net Operating Income or Margins (15+16-20)	(258,528)	12,412	(246,116)
22	Interest on Funded Debt			0
23	Interest Expense - Capital Leases			0
24	Other Interest Expense			0
25	Allowance for Funds Used During Construction (CR)			0
26	Total Fixed Charges (22+23+24-25)	0	0	0
27	Nonoperating Net Income	77,836		77,836
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	14,637	(12,412)	2,225
31	Total Net Income or Margins (21+27+28+29+30-26)	(166,055)	0	(166,055)
32	Total Taxes Based on Income	(84,194)	1,873	(82,321)
33	Retained Earning or Margins Beginning-of-Year	7,254,548		7,254,548
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))	7,088,493	0	7,088,493
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments	0		0
45	Cash Ratio ((14+20-10-11)/7)	0.7898	#DIV/0!	0.7869
46	Operating Accrual Ratio ((14+20+26)/7)	1.0685	#DIV/0!	1.0652
47	TIER ((31+26)/26)	#DIV/0!	#DIV/0!	#DIV/0!
48	DSCR ((31+26+10+11)/44)	#DIV/0!	#DIV/0!	#DIV/0!

Notes:

- (A) As reported on Form 481
- (A1) S Corporations provide effective tax rate on Income Statement Summary Schedule footnote, Page 8
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)

Company Name: (Below)
 Tenino Telephone Company

Line #	Item	Prior Year 2013 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2013
1	Local Network Services Revenues	570,598		570,598
2	Network Access Services Revenues	3,094,294		3,094,294
3	Long Distance Network Services Revenues			0
4	Carrier Billing and Collection Revenues			0
5	Miscellaneous Revenues	74,119		74,119
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(9,575)		(9,575)
7	Net Operating Revenues (1 thru 6)	3,729,436	0	3,729,436
8	Plant Specific Operations Expense	1,257,076	(4,237)	1,252,839
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	676,956		676,956
10	Depreciation Expense	1,005,583	(715)	1,004,868
11	Amortization Expense			0
12	Customer Operations Expense	247,369	(4,408)	242,961
13	Corporate Operations	755,323	(5,689)	749,634
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ()			0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	755,323	(5,689)	749,634
14	Total Operations Expenses (8 thru 12 +13b)	3,942,307	(15,049)	3,927,258
15	Operating Income or Margins (7 less 14)	(212,871)	15,049	(197,822)
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes	117,481	(124)	117,357
18	Federal Income Taxes (A1)	(109,468)	2,380	(107,088)
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	8,013	2,256	10,269
21	Net Operating Income or Margins (15+16-20)	(220,884)	12,793	(208,091)
22	Interest on Funded Debt			0
23	Interest Expense - Capital Leases			0
24	Other Interest Expense			0
25	Allowance for Funds Used During Construction (CR)			0
26	Total Fixed Charges (22+23+24-25)	0	0	0
27	Nonoperating Net Income	60,472		60,472
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	21,002	(12,793)	8,209
31	Total Net Income or Margins (21+27+28+29+30-26)	(139,410)	0	(139,410)
32	Total Taxes Based on Income	(67,497)	(2,380)	(69,877)
33	Retained Earning or Margins Beginning-of-Year	7,088,493		7,088,493
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))	6,949,083	0	6,949,083
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments			0
45	Cash Ratio ((14+20-10-11)/7)	0.7896	#DIV/0!	0.7864
46	Operating Accrual Ratio ((14+20+26)/7)	1.0592	#DIV/0!	1.0558
47	TIER ((31+26)/26)	#DIV/0!	#DIV/0!	#DIV/0!
48	DSCR ((31+26+10+11)/44)	#DIV/0!	#DIV/0!	#DIV/0!

Notes:

- (A) As reported on Form 481
- (A1) S Corporations provide effective tax rate on Income Statement Summary Schedule footnote, Page 8
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)

Company Name:
 Tenino Telephone Company

Line #	Item	Adjusted Prior Year 2012	Adjusted Current Year 2013
1	Local Network Services Revenues	570,729	570,598
2	Network Access Services Revenues	3,123,128	3,094,294
3	Long Distance Network Services Revenues	0	0
4	Carrier Billing and Collection Revenues	0	0
5	Miscellaneous Revenues	86,879	74,119
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(6,683)	(9,575)
7	Net Operating Revenues (1 thru 6)	3,774,053	3,729,436
8	Plant Specific Operations Expense	1,340,038	1,252,839
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	639,273	676,956
10	Depreciation Expense	1,050,282	1,004,868
11	Amortization Expense	0	0
12	Customer Operations Expense	231,421	242,961
13	Corporate Operations	765,172	749,634
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ()	0	0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	765,172	749,634
14	Total Operations Expenses (8 thru 12 +13b)	4,026,186	3,927,258
15	Operating Income or Margins (7 less 14)	(252,133)	(197,822)
16	Other Operating Income and Expenses ()	0	0
17	State and Local Taxes	123,938	117,357
18	Federal Income Taxes	(129,958)	(107,088)
19	Other Taxes	0	0
20	Total Operating Taxes (17+18+19)	(6,020)	10,269
21	Net Operating Income or Margins (15+16-20)	(246,113)	(208,091)
22	Interest on Funded Debt	0	0
23	Interest Expense - Capital Leases	0	0
24	Other Interest Expense	0	0
25	Allowance for Funds Used During Construction	0	0
26	Total Fixed Charges (22+23+24-25)	0	0
27	Nonoperating Net Income	77,836	60,472
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	2,225	8,209
31	Total Net Income or Margins (21+27+28+29+30-26)	(166,052)	(139,410)
32	Total Taxes Based on Income	(82,321)	(69,877)
33	Retained Earning or Margins Beginning-of-Year	7,254,545	7,088,493
34	Miscellaneous Credits Year-to-Date	0	0
35	Dividends Declared (Common)	0	0
36	Dividends Declared (Preferred)	0	0
37	Other Debits Year-to-Date	0	0
38	Transfers to Patronage Capital	0	0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))	7,088,493	6,949,083
40	Patronage Capital Beginning-of-Year	0	0
41	Transfers to Patronage Capital	0	0
42	Patronage Capital Credits Retired	0	0
43	Patronage Capital End-of-Year (40+41-42)	0	0
44	Annual Debt Service Payments	0	0
45	Cash Ratio ((14+20-10-11)/7)	0.7869	0.7864
46	Operating Accrual Ratio ((14+20+26)/7)	1.0652	1.0558
47	TIER ((31+26)/26)	#DIV/0!	#DIV/0!
48	DSCR ((31+26+10+11)/44)	#DIV/0!	#DIV/0!

Footnote (A1)
 S Corporation Effective Tax Rate (2 decimal places):

2012 2013

Company Name: (Below)
 Tenino Telephone Company _____

Description	Part 32 Account	2012	2013
End User Revenue (SLC, ARC, etc.)	5081	316,486	327,185
Switched Access (excluding USF):	5082		
Intrastate		456,028	264,124
Interstate		(209,066)	(88,059)
Special Access:	5083		
Intrastate		12,029	7,651
Interstate		448,911	670,743
Federal USF (ICLS/CAF/HCL/SN)	Varies	2,098,740	1,912,650
Total (must equal line 2 of Income Stmt.)		3,123,128	3,094,294
Line 2 of Income Stmt.		3,123,128	3,094,294
Difference		0	0

TENINO TELEPHONE COMPANY

(A Wholly-Owned Subsidiary of
Scatter Creek, Ltd.)

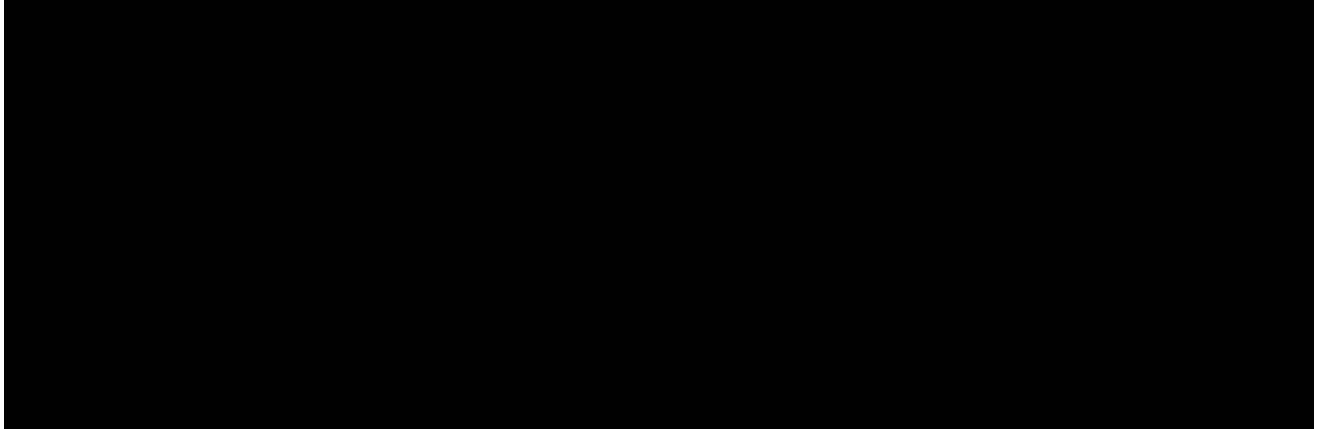
Reviewed Financial Statements

December 31, 2013 and 2012

TENINO TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

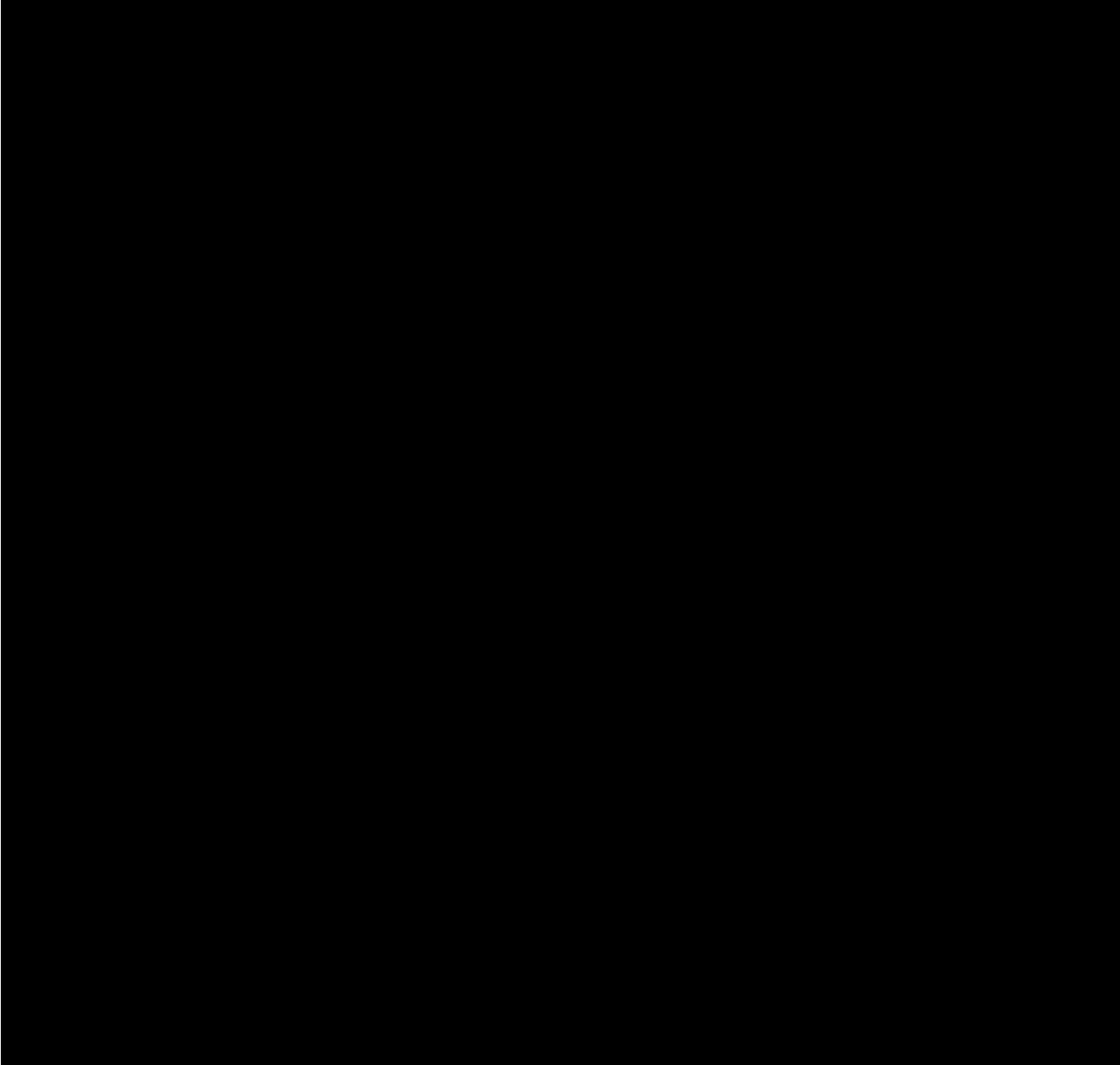
Reviewed Financial Statements

December 31, 2013 and 2012





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



REVIEWED FINANCIAL STATEMENTS

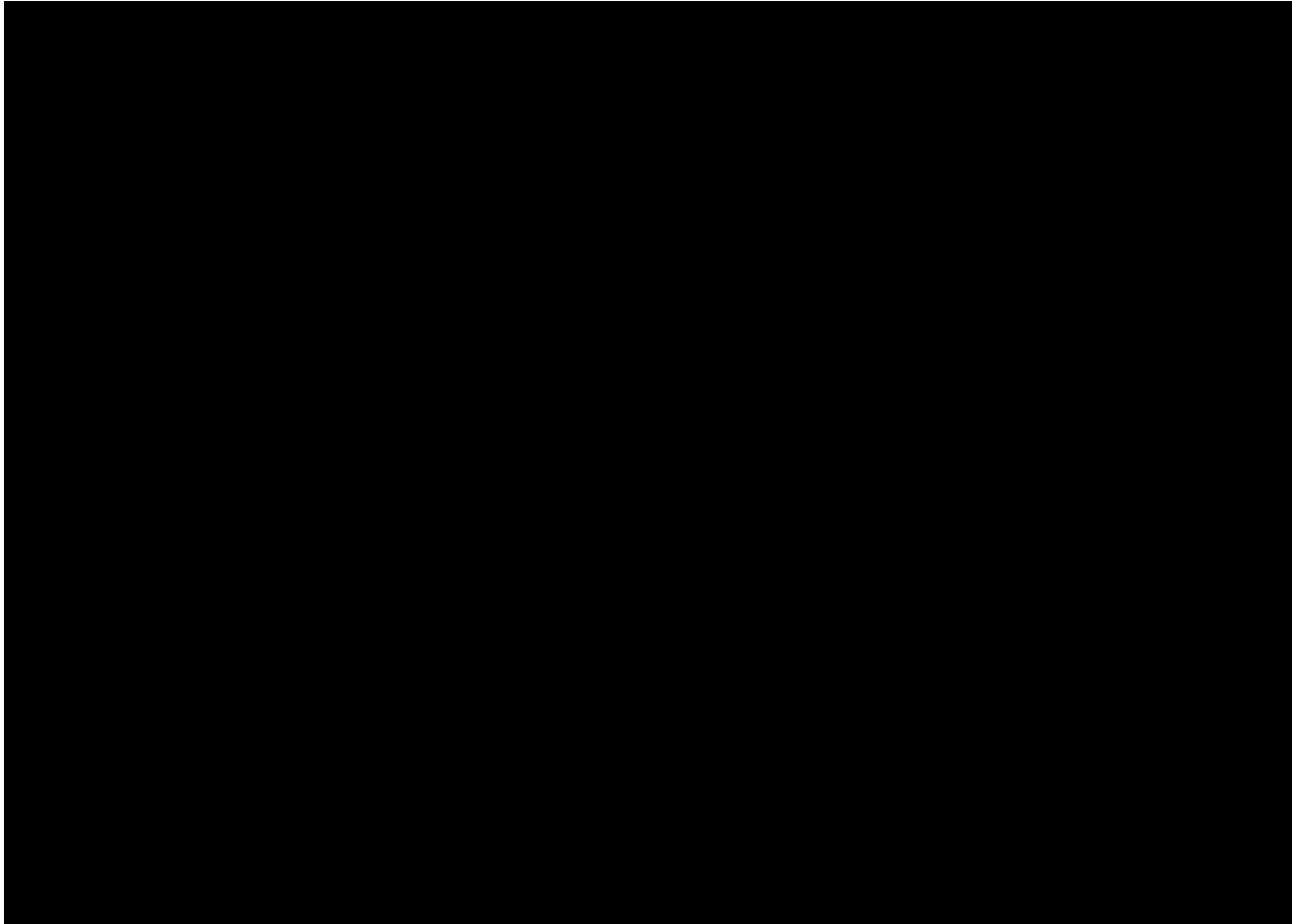
TENINO TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

BALANCE SHEETS

December 31, 2013 and 2012

2013

2012



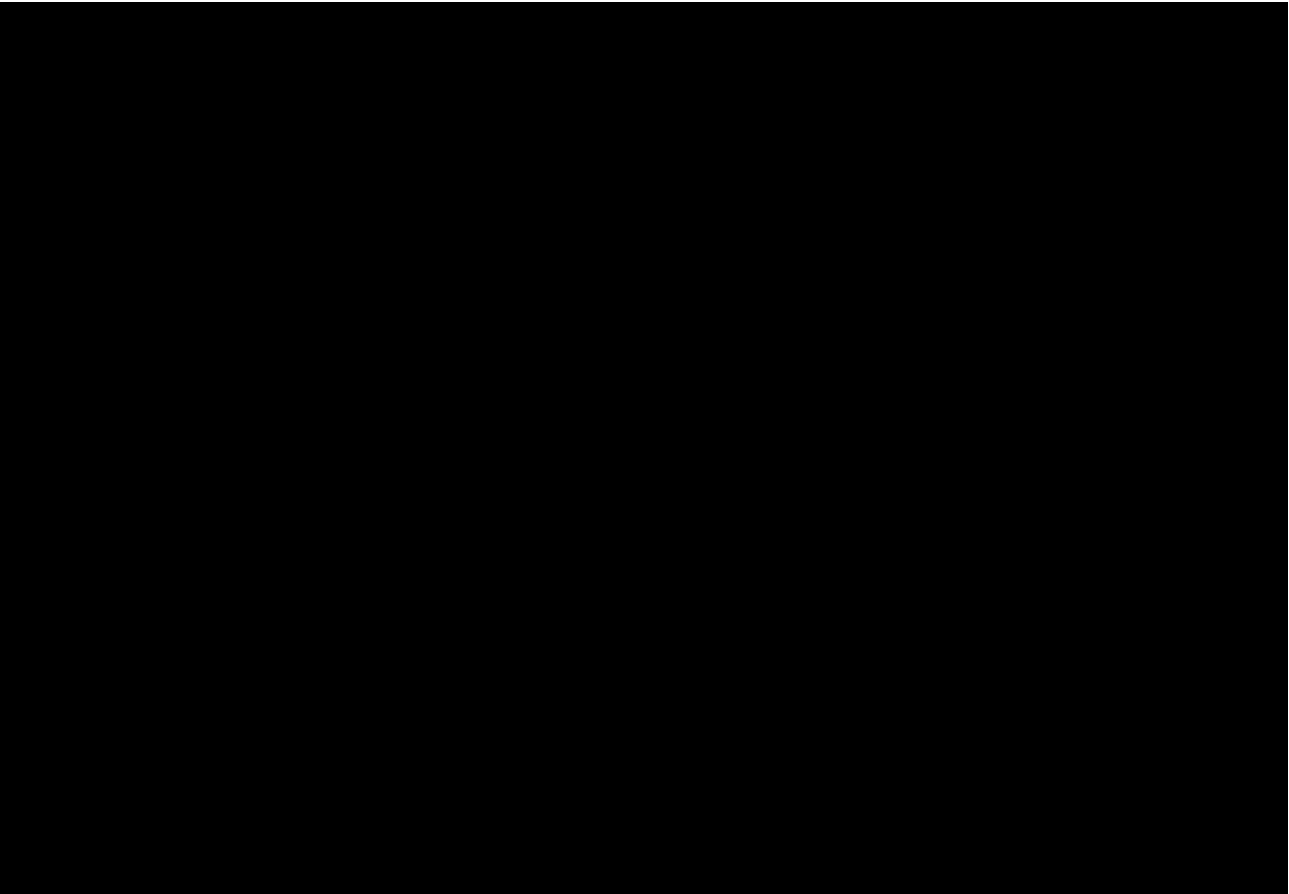
TENINO TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

BALANCE SHEETS (Continued)

December 31, 2013 and 2012

2013

2012



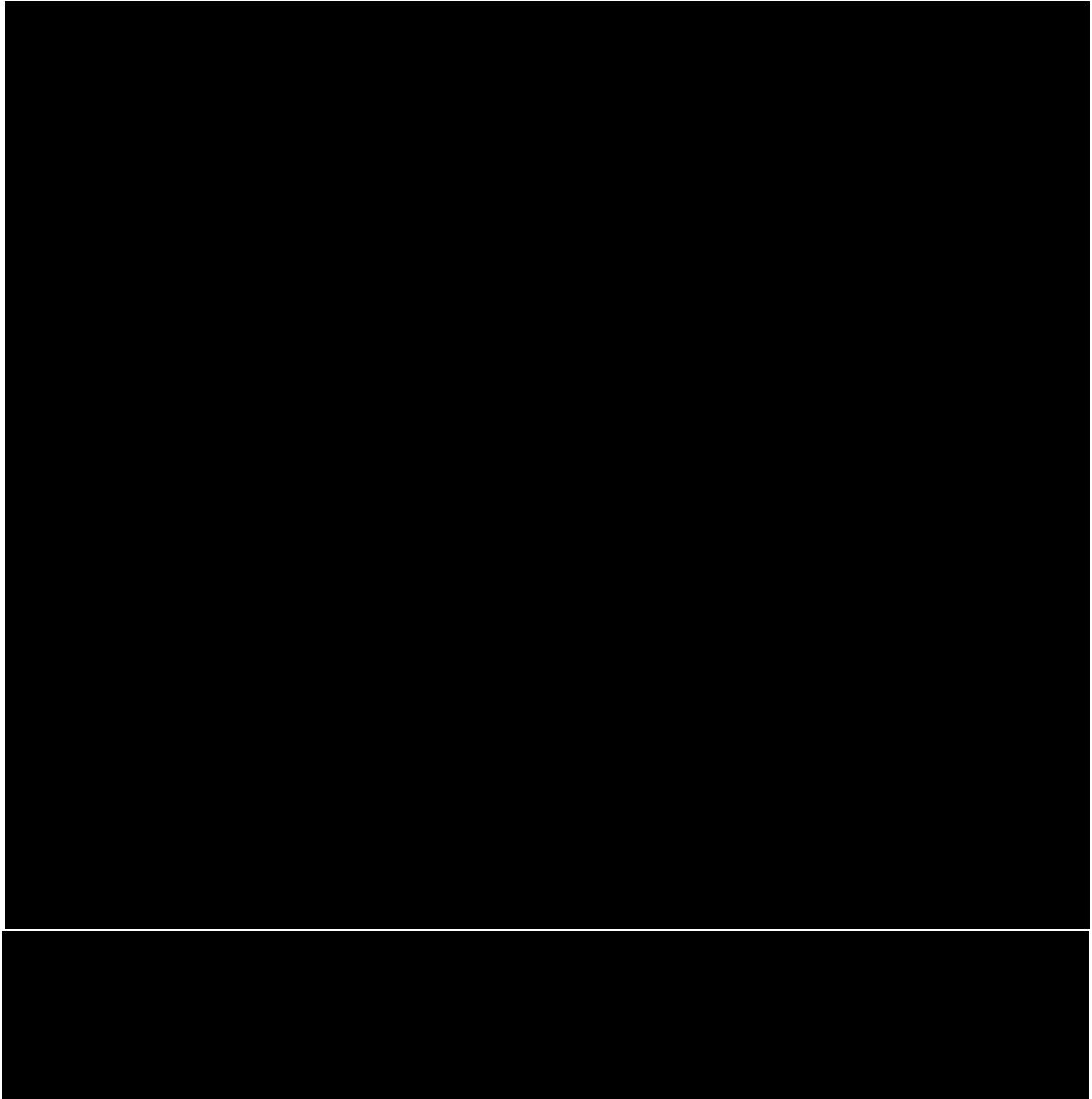
TENINO TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Years Ended December 31, 2013 and 2012

2013

2012



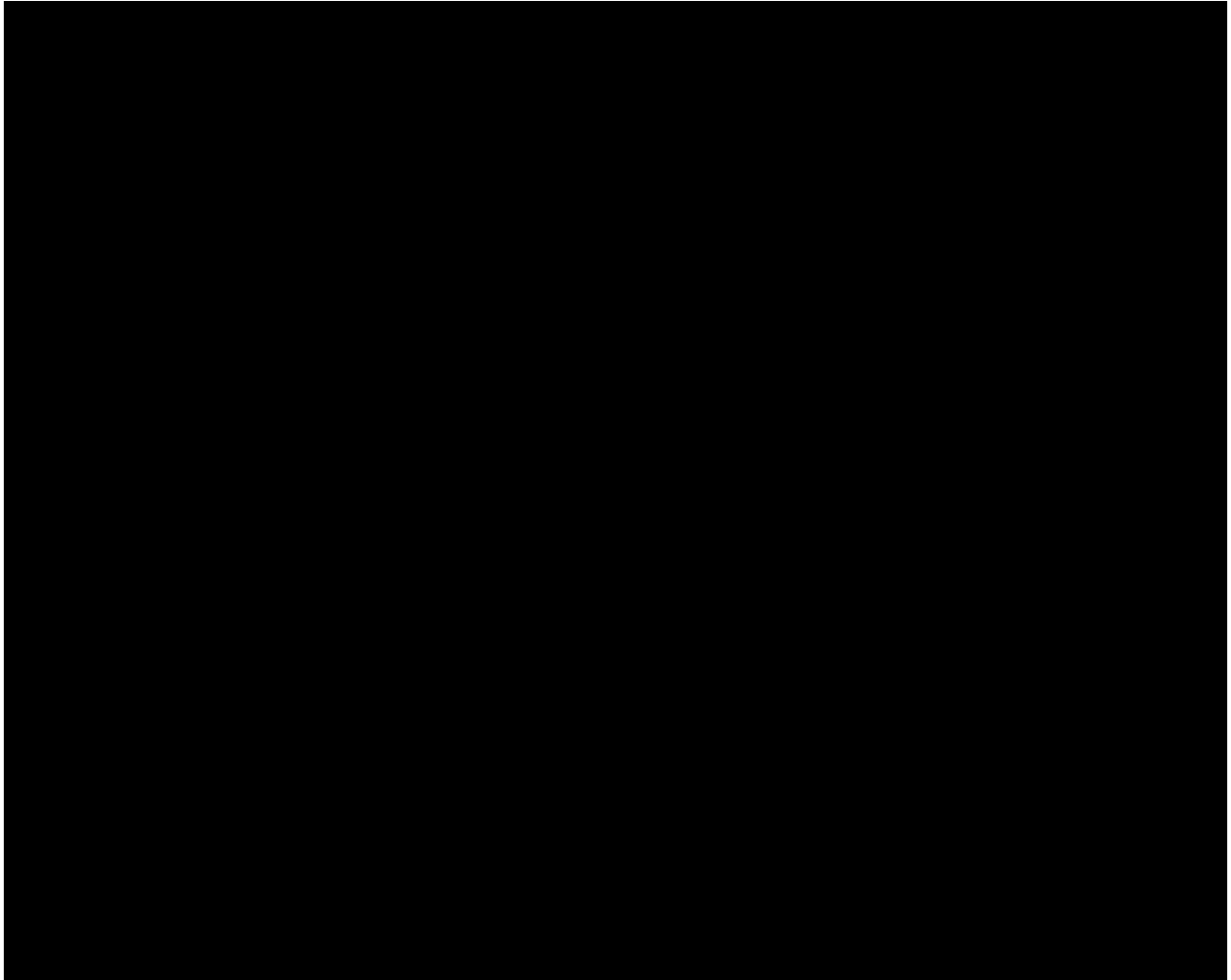
TENINO TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2013 and 2012

2013

2012



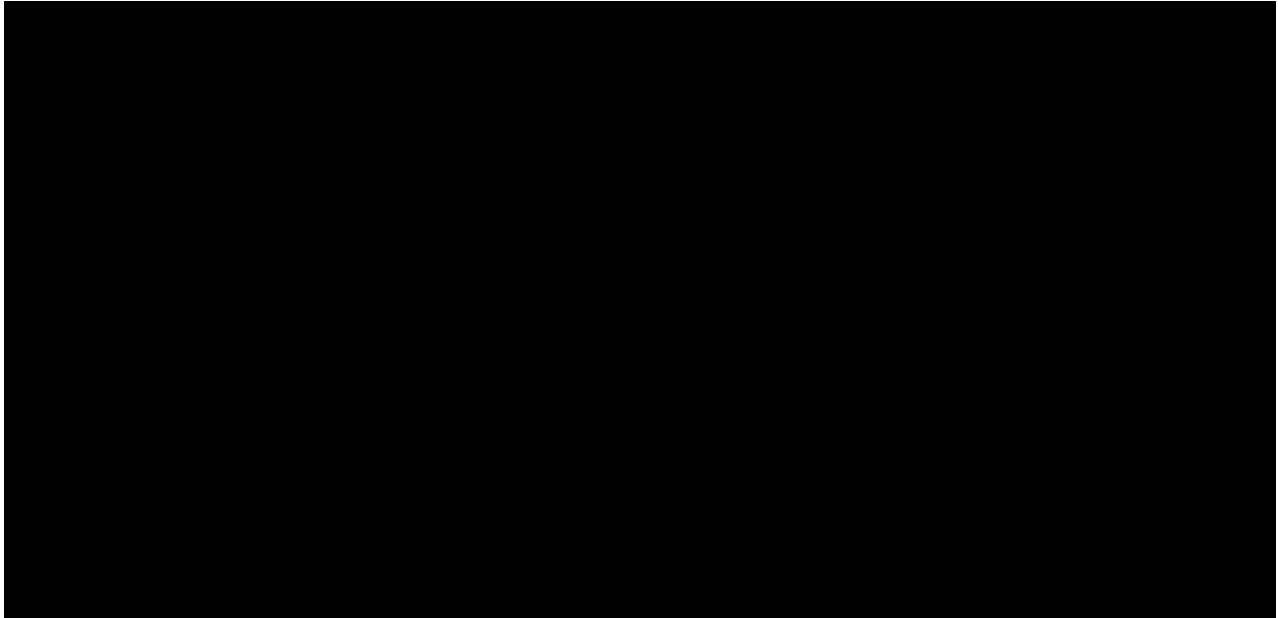
TENINO TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

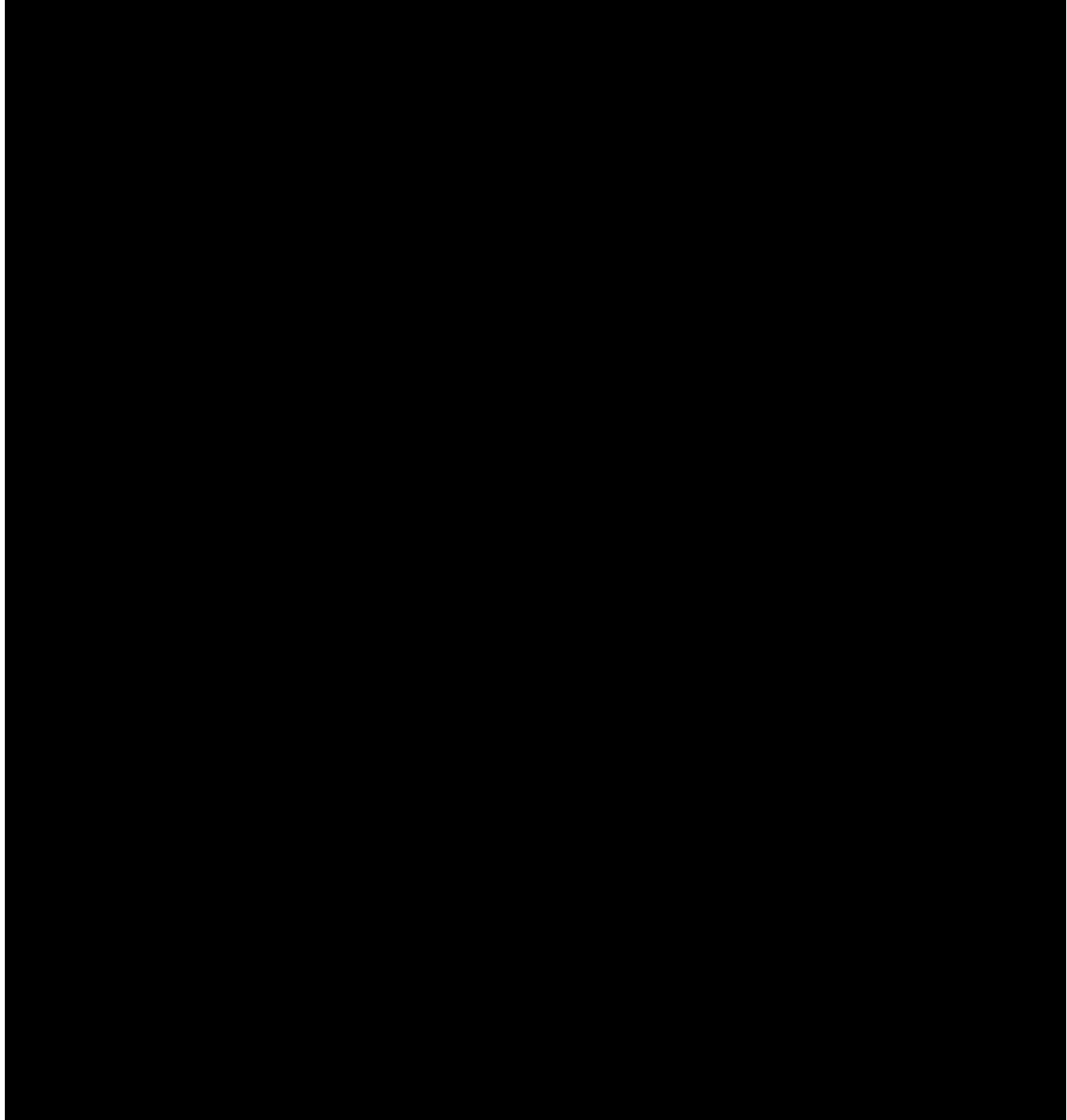
STATEMENTS OF CASH FLOWS (Continued)

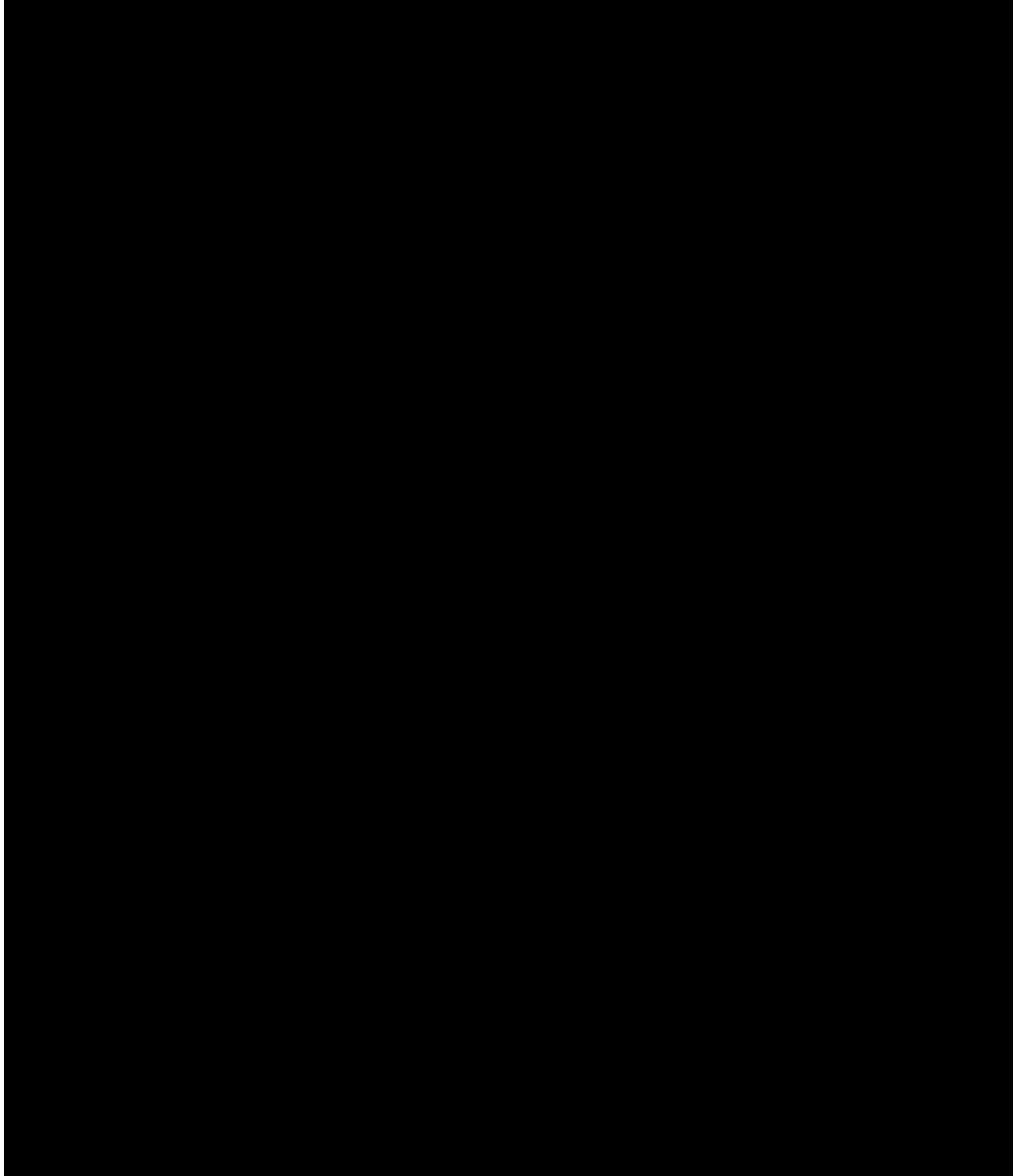
Years Ended December 31, 2013 and 2012

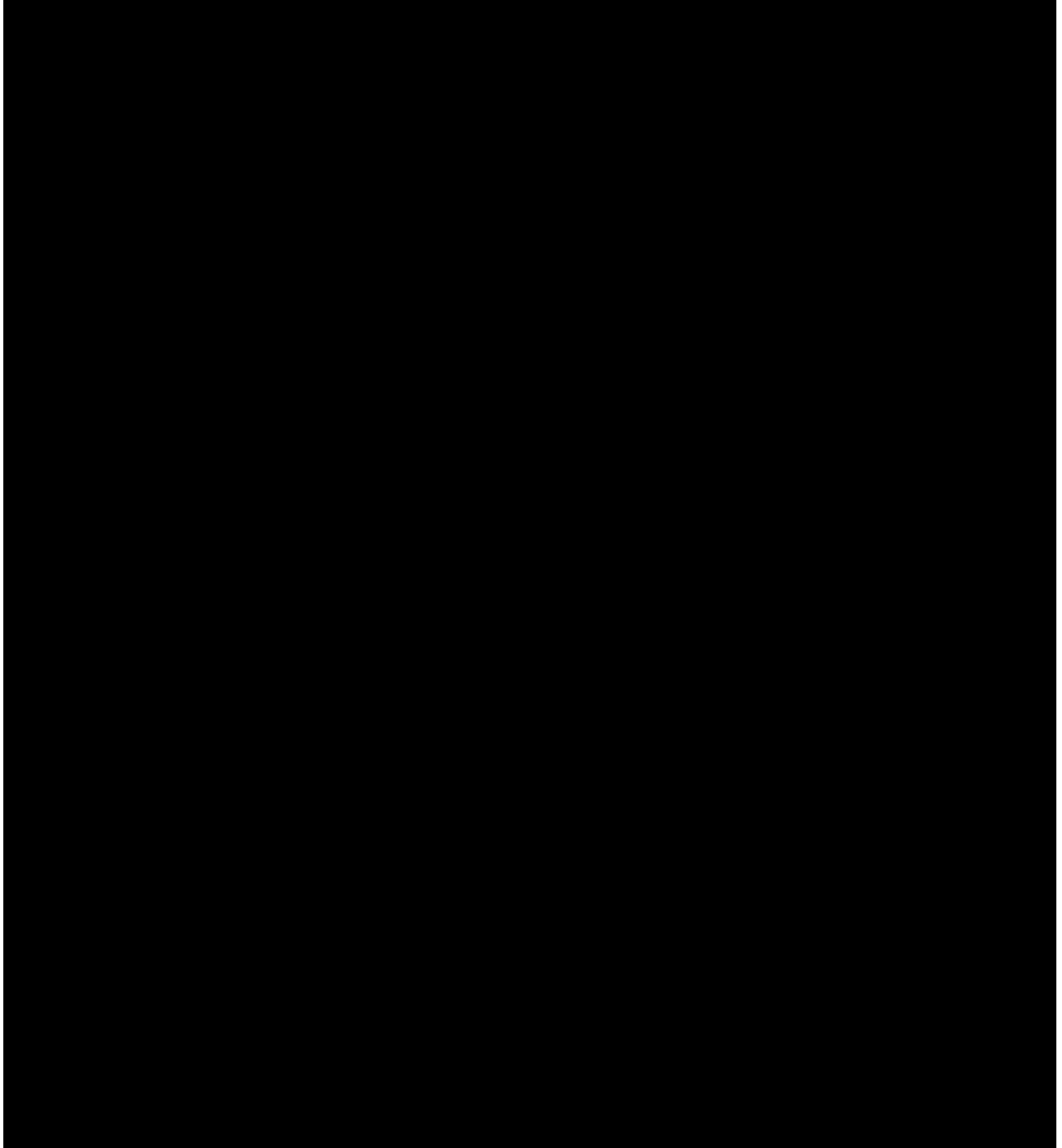
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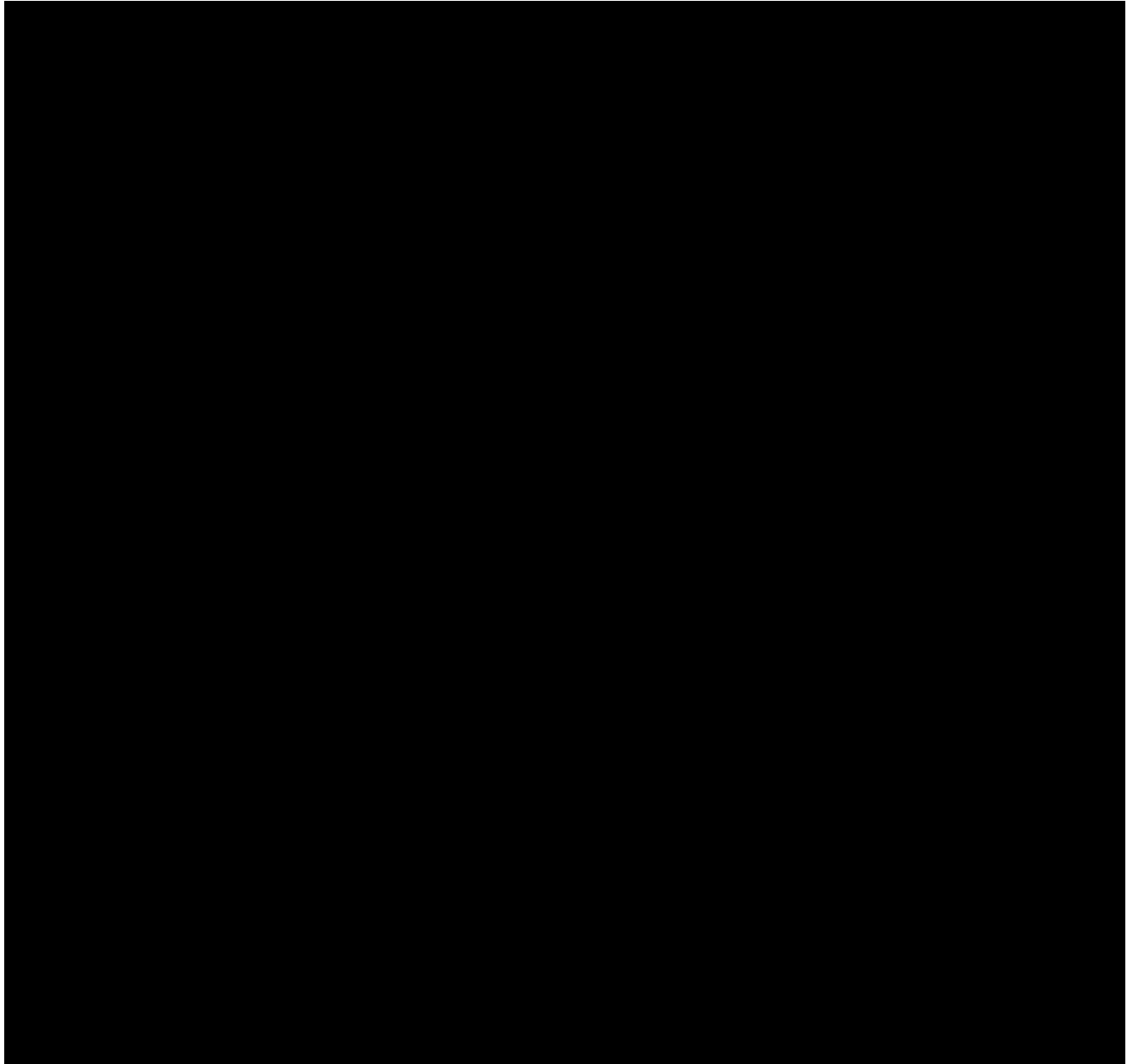
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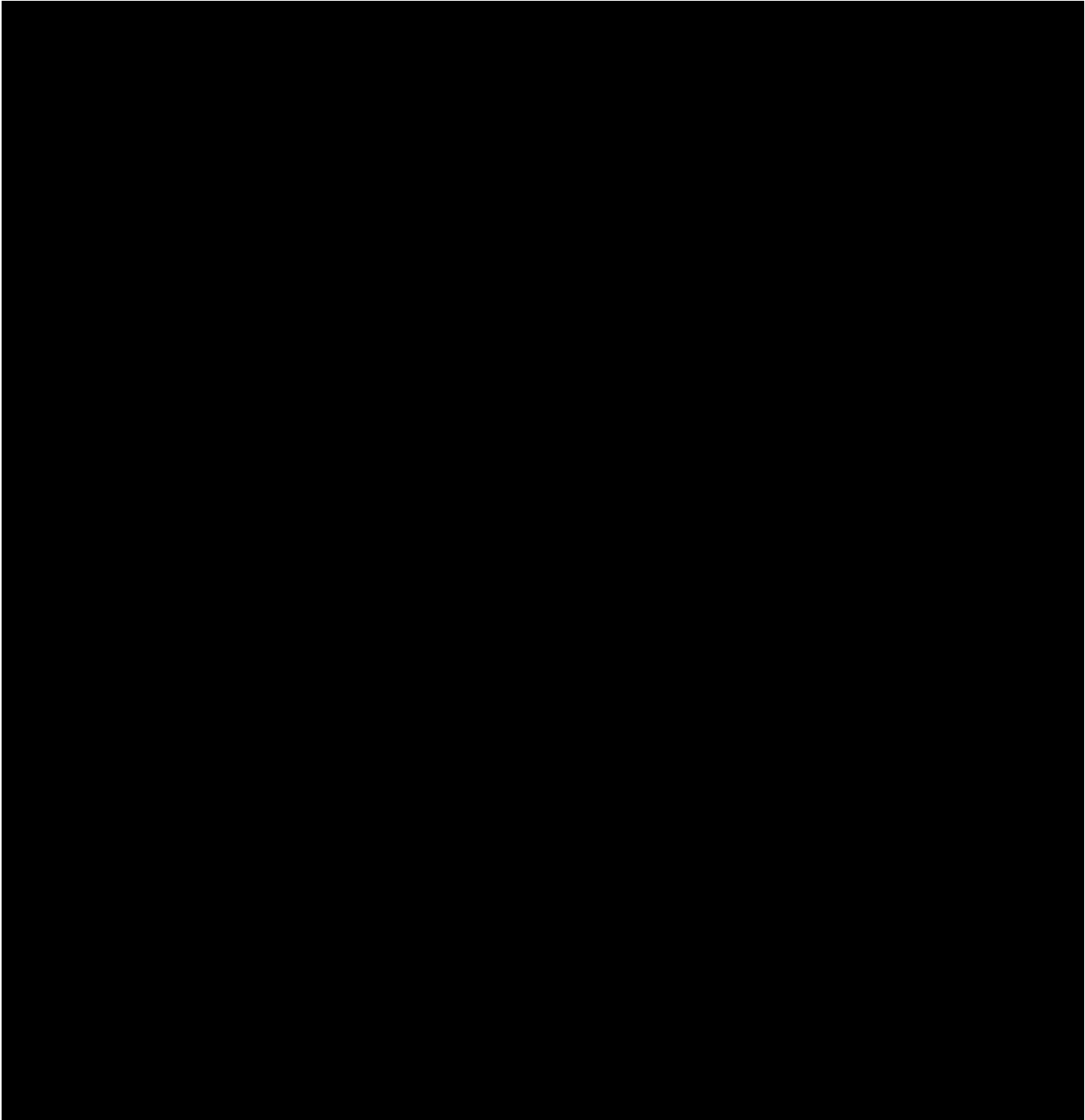


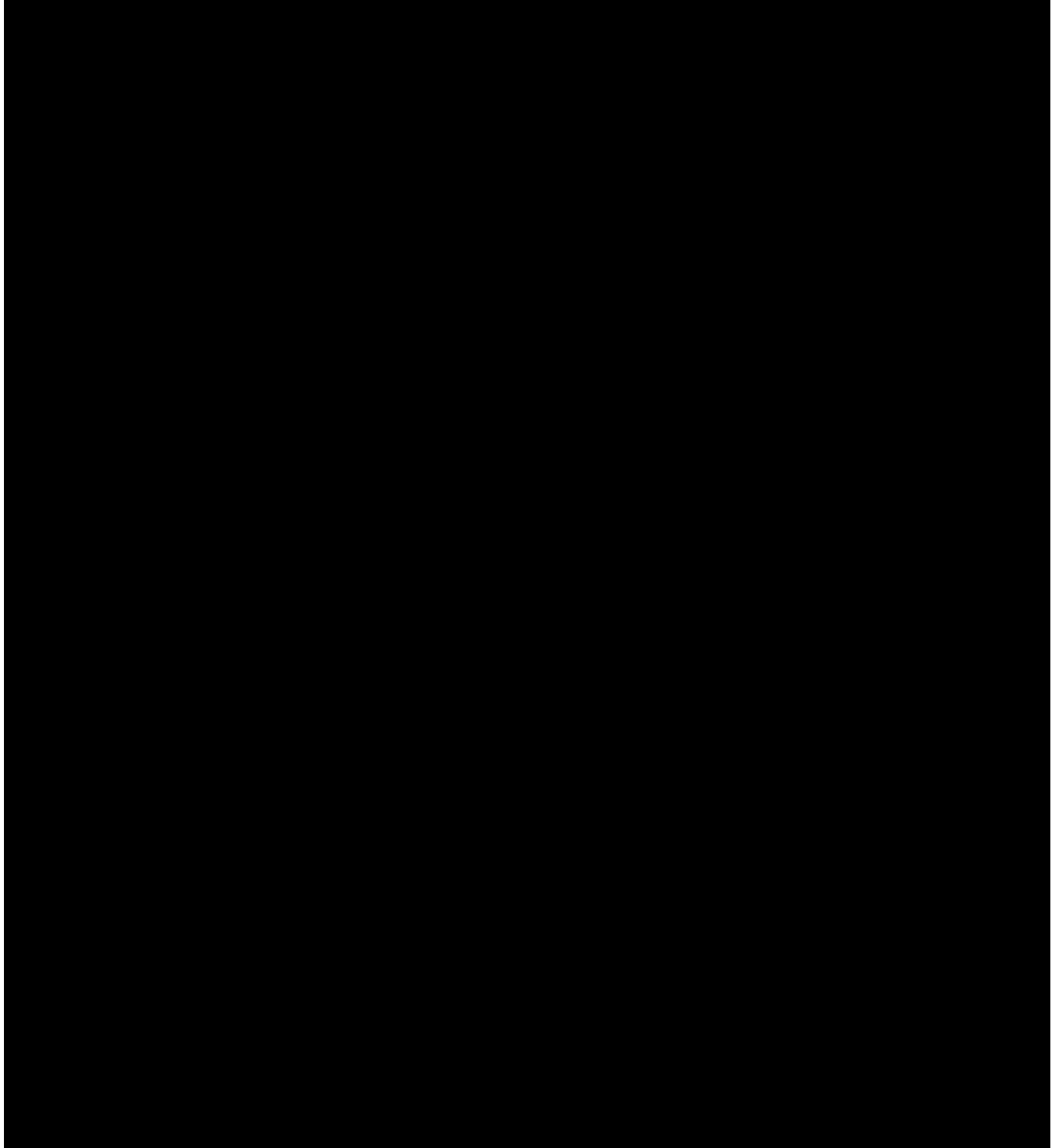


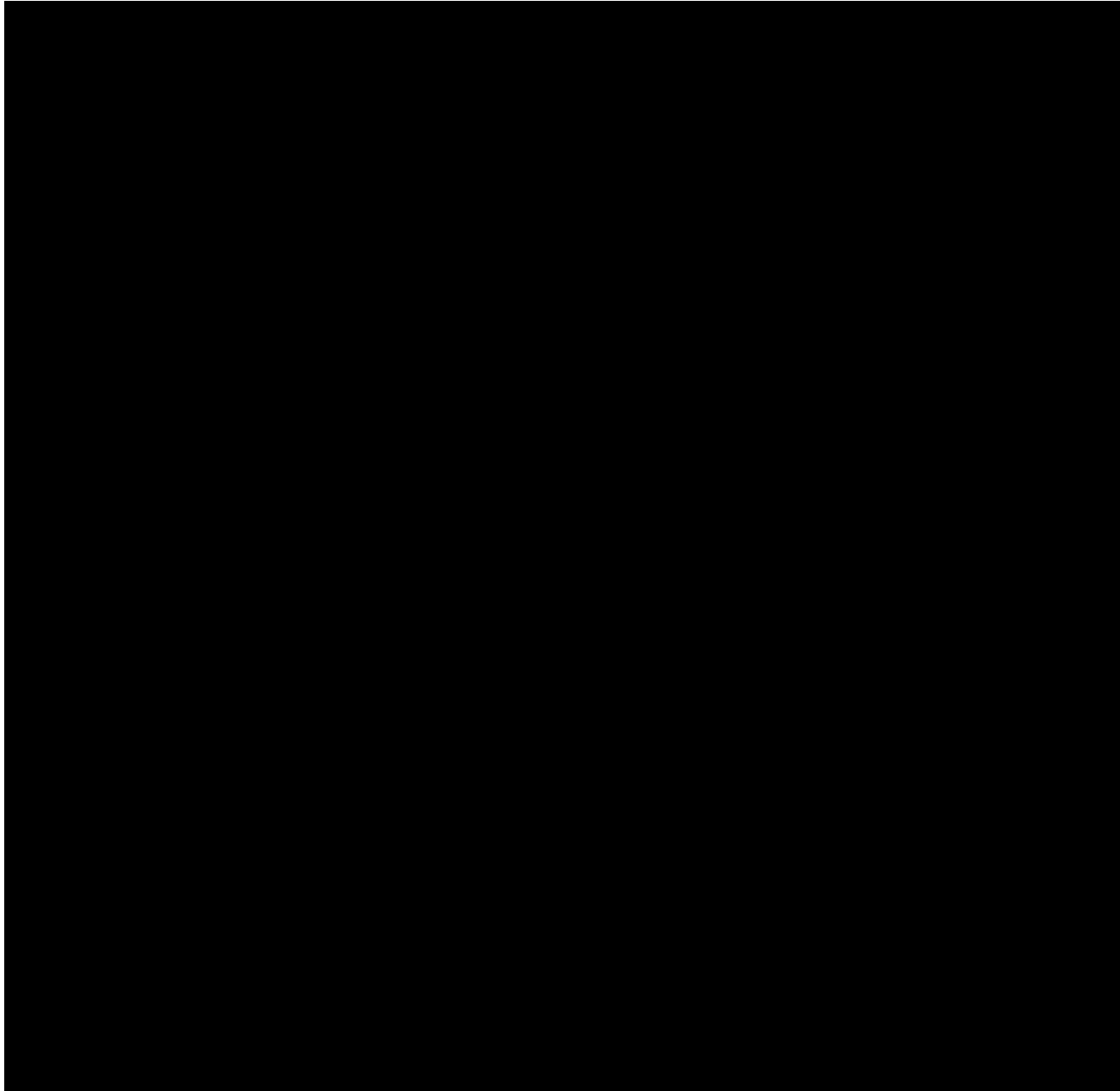














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CONFIDENTIAL PER WAC 480-07-160

(3005b) Operating Report for Privately-Held Rate of Return Carriers	FCC Form 481
Income Statement - Data Collection Form	OMB Control No. 3060-0986
Page 2 of 3	OMB Control No. 3060-0819
	July 2013

<010> Study Area Code: [522446](#)

<015> Study Area Name: [Tenino Telephone Company](#)

<020> Program Year: [2015](#)

<030> Contact Name: [Rick Vitzthum](#)

<035> Contact Telephone Number: [360-264-2915](#)

<039> Contact Email: rick@scattercreek.net

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	570,729	570,598
2. Network Access Services Revenues	3,123,128	3,094,294
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues	86,879	74,119
6. Uncollectible Revenues	(6,683)	(9,575)
7. Net Operating Revenues (1 thru 5 less 6)	3,774,053	3,729,436
8. Plant Specific Operations Expense	1,344,495	1,257,076
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	639,273	676,956
10. Depreciation Expense	1,051,815	1,005,583
11. Amortization Expense		
12. Customer Operations Expense	235,405	247,369
13. Corporate Operations Expense	769,346	755,323
14. Total Operating Expenses (8 thru 13)	4,040,334	3,942,307
15. Operating Income or Margins (7 less 14)	(266,281)	(212,871)
16. Other Operating Income and Expenses		
17. State and Local Taxes	124,075	117,481
18. Federal Income Taxes	(131,831)	(109,468)
19. Other Taxes		
20. Total Operating Taxes (17+18+19)	(7,756)	8,013
21. Net Operating Income or Margins (15+16-20)	(258,525)	(220,884)
22. Interest on Funded Debt		
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	77,836	60,472
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	14,637	21,002
31. Total Net Income or margins (21+27+28+29+30-26)	(166,052)	(139,410)
32. Total Taxes Based on Income	(84,194)	(67,497)
33. Retained Earnings or Margins Beginning-of-Year	7,254,545	7,088,493
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)]	7,088,493	6,949,083
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]	0.789804	0.789593
46. Operating Accrual Ratio [(14+20+26)/7]	1.068501	1.059227
47. TIER [(31+26)/26]		
48. DSCR [(31+26+10+11)/44]		

EXHIBIT 7

CORPORATE OPERATIONS EXPENSE ADJUSTMENT CERTIFICATE

I, Steven D. Hanson, an officer of Tenino Telephone Company with personal knowledge and responsibility, under penalty of perjury, hereby certify that no corporate operations adjustment to existing high-cost loop and interstate common line support mechanisms, as required by the Federal Communications Commission, applied to the Company for 2013 and 2012.

Date this 31st day of July, 2014.



Steven D. Hanson
President

EXHIBIT 8

FINANCIAL ACCOUNTING CERTIFICATE

I, Steven D. Hanson, an officer of Tenino Telephone Company with personal knowledge and responsibility, based upon my discussions with Company staff that handle such matters, under penalty of perjury, state that the Company complies with state and federal accounting, cost allocation and cost adjustment rules pertaining to incumbent local exchange companies.

Dated this 31st day of July, 2014.



Steven D. Hanson
President

EXHIBIT 9

CONTINUED OPERATIONS CERTIFICATE

I, Steven D. Hanson, an officer of Tenino Telephone Company, under penalty of perjury, hereby certify that if the Company receives Program support, the Company will continue to provide communications services pursuant to its tariffs on file with the Commission throughout its service territory in Washington for which the company is seeking and receives Program support during the entirety of 2015.

Dated this 31st day of July, 2014.



Steven D. Hanson
President