

ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080  
Contains Certifications Required by WAC 480-123-060 and 070  
July 1, 2015

Pend Oreille Telephone Company (the "Company") hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.

1. Report 1: Report on use of funds: WAC 480-123-070(1)(a):

The Company used support from the federal high-cost fund in 2014 as follows: NECA-1 Report for calendar year 2014 in Attachment A.

2. Report 2: WAC 480-123-070(1)(b): The Company reports that the investments and expenses report under Report 1, above, benefited the customers as follows:

The customers served by the Company benefited from the use of high-cost fund support by continuing to receive high quality telecommunications services.

Through the expenditure of these funds, the Company was able to continue to provide services at a level that the Company believes meets the intent set forth in 47 U.S.C § 254 of providing quality telecommunications services to customers in the service area for which the Company is designated as an ETC.<sup>1</sup> The Company has made substantial investments over the past several years which allow it to provide quality telecommunications services to its customers in its designated ETC service area. Those expenditures and investments, including those reflected in Report 1 above, generally benefit all customers receiving the federal high-cost fund supported services from the Company within its designated ETC service area. The Company has expanded its network over the past several years so that it is capable of providing access to broadband services throughout most of the Company's designated ETC service area. The Company offers services that are comparable to services offered in urban areas at rates that are comparable to rates for such services in urban areas.

3. Report 3: Local Services Outage Report: WAC 480-123-070(2):

None

4. Report 4: Report on Failure to Provide Service: WAC 480-123-070(3):

None

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<sup>1</sup> The term "ETC" is used in the same sense as the term is used in Chapter 480-123 WAC.

5. Report 5: Report on Complaints per 1000 Connections: WAC 480-123-070(4):

None

6. Report 6: Annual Plan: WAC 480-123-080(1):

As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period January 1, 2016, through December 31, 2016, are projected to be \$150,00 for gross capital expenditures and \$2,004,384 for operating expenses. Major projects are disclosed on FCC Form 481 filed with the Commission on June 30, 2015, in Docket No. UT-150065. The Company expects that levels of expenses will remain relatively the same as those it experience in calendar year 2014, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and increased depreciation on new investment placed in service. The Company does not anticipate major adjustments in staffing levels for the relevant period.

7. Report 7: Plan of Investments and Expenditures: WAC 480-123-080(2):

As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period January 1, 2016, through December 31, 2016, will remain relatively the same as those it experienced in calendar year 2014, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and increased depreciation on new investment placed in service. The Company does not anticipate major adjustments in staffing levels for the relevant period. Major projects are disclosed on FCC Form 481 as referenced in Report 6, above. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2016. The Company expects that the continued receipt of federal high-cost support will allow the Company to continue to provide the supported services at rates that are comparable to the rates for such services in urban areas. All customer in the Company's designated ETC service area will benefit from the expected level of support by continuing to have available to them services that are comparable to the telecommunications services offered in urban areas at rates that are comparable to the rates for such services in urban areas.

REDACTED

Attachment A

Pend Oreille Telephone Company  
UNIVERSAL SERVICE FUND  
DATA COLLECTION FORM

VII. CERTIFICATION FORM

I AM \_\_\_\_\_, I HEREBY CERTIFY THAT I HAVE OVERALL  
(TITLE OF CERTIFYING OFFICER OR EMPLOYEE)

RESPONSIBILITY FOR THE PREPARATION OF ALL DATA IN THE ATTACHED \_\_\_\_\_ 2015-1 \_\_\_\_\_ DATA SUBMISSION FOR  
(TITLE OF DATA SUBMISSION)

Pend Oreille Telephone Company  
(NAME OF CARRIER)

AND THAT I AM AUTHORIZED TO EXECUTE THIS CERTIFICATION. BASED ON INFORMATION KNOWN TO ME OR PROVIDED TO ME BY EMPLOYEES RESPONSIBLE FOR THE PREPARATION OF THE DATA IN THIS SUBMISSION, I HEREBY CERTIFY THAT THE DATA HAVE BEEN EXAMINED AND REVIEWED AND ARE COMPLETE, ACCURATE, AND CONSISTENT WITH THE RULES OF THE FEDERAL COMMUNICATIONS COMMISSION.

DATE: \_\_\_\_\_

CERTIFYING SIGNATURE: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

PERIOD COVERED: \_\_\_\_\_ January 1, 2014 - December 31, 2014 \_\_\_\_\_

VII.A. RURAL STATUS: The rural status of this company during the calendar year \_\_\_\_\_ 2016 \_\_\_\_\_ will be: (Check One)

RURAL  NON-RURAL

VII.B. ACQUISITION CERTIFICATION (CHECK ONE)

<input type="checkbox"/> MY COMPANY HAS NOT ACQUIRED AN EXCHANGE DURING THE PERIOD COVERED.		
<input type="checkbox"/> MY COMPANY HAS ACQUIRED THE FOLLOWING EXCHANGE(S) DURING THE PERIOD COVERED.		
Exchange Name	Selling Company	No. of Loops

PURSUANT TO FCC RULES, SECTION 69.901(C), EXCHANGE CARRIERS ARE REQUIRED TO CERTIFY UNIVERSAL SERVICE FUND DATA SUBMITTED TO NECA.

(FCC RULES STATE THAT PERSONS MAKING WILLFUL FALSE STATEMENTS IN THIS DATA SUBMISSION CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001).

Universal Service Fund - High Cost Loop Support  
Data Collection Form

SAC: 522418  
SA Name: Pend Oreille Telephone Company  
Region: Western

I. EXCHANGE CARRIER/DATA IDENTIFICATION

- (010) Study Area Code: 522418
- (020) Contact Name: Bev Arrington
- (030) Contact Telephone Number: 1.206.366.2614
- (040) USF Data Collection Period: 2015-1

Data Line	Description	Pending View 2015-1 Amount
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II. WORKING LOOPS

- (060) Total Loops (Cat. 1.1, 1.2 and 1.3)
- (070) Category 1.3 Loops (Excluding Cat. 1.3 TWX Loops)

III. INVESTMENT, EXPENSE AND TAXES

Net Plant Investment

- (160) Acct. 2001 - Telephone Plant in Service
- (170) Acct. 1220 - Materials and Supplies
- (190) Acct. 3100 - Accumulated Depreciation
- (195) Acct. 3400 - Accumulated Amortization Tangible
- (210) Acct. 4340 - Net Noncurrent Deferred Operating Income Taxes
- (220) Net Plant Investment (Sum of Lines 160 + 170 Minus Lines 190 Through 210)

Selected Plant Accounts

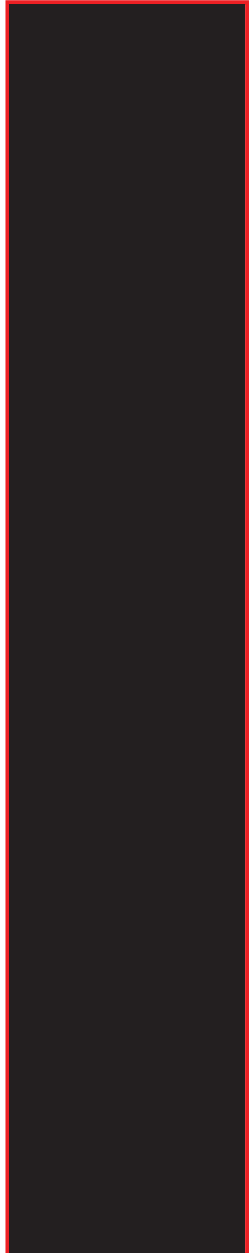
- (230) Acct. 2210 - Central Office Switching Equipment
- (235) Acct. 2220 - Operator System Equipment
- (240) Acct. 2230 - Central Office Transmission Equipment
- (245) Total Central Office Equipment (Sum of Lines 230 Through 240)
- (250) Circuit Equipment Category 4.13
- (255) Acct. 2410 - Cable and Wire Facilities Total
- (260) Acct. 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment
- (265) Acct. 3100 (2220) - Accumulated Depreciation Operator System Equipment
- (270) Acct. 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment
- (275) Acct. 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment (Sum of Lines 260 Through 270)
- (280) Acct. 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities
- (310) Acct. 4340 (2210) - Net Noncurrent Deferred Operating Income Taxes - Central Office Switching Equipment
- (315) Acct. 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator System Equipment
- (320) Acct. 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment
- (325) Acct. 4340 (2210-2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Equipment (Sum of Lines 310 Through 320)
- (330) Acct. 4340 (2410) - Net Noncurrent Deferred Operating Income Taxes - Cable and Wire Facilities



Universal Service Fund - High Cost Loop Support  
Data Collection Form

SAC: 522418  
SA Name: Pend Oreille Telephone Company  
Region: Western

Data Line	Description	Pending View 2015-1 Amount
<b>Plant-Specific Operation Expense</b>		
(335)	Acct. 6110 - Network Support Expense Total	
(340)	Acct. 6110 - Benefits Portion of Network Support Expense	
(345)	Acct. 6110 - Rents Portion of Network Support Expense	
(350)	Acct. 6120 - General Support Expense Total	
(355)	Acct. 6120 - Benefits Portion of General Support Expense	
(360)	Acct. 6120 - Rents Portion of General Support Expense	
(365)	Acct. 6210 - Central Office Switching Expense - Total	
(370)	Acct. 6210 - Benefits Portion of Central Office Switching Expense	
(375)	Acct. 6210 - Rents Portion of Central Office Switching Expense	
(380)	Acct. 6220 - Operator System Expense - Total	
(385)	Acct. 6220 - Benefits Portion of Operator System Expense	
(390)	Acct. 6220 - Rents Portion of Operator System Expense	
(395)	Acct. 6230 - Central Office Expense - Transmission Equipment - Total	
(400)	Acct. 6230 - Benefits Portion of Central Office Expense -Transmission Equipment	
(405)	Acct. 6230 - Rents Portion of Central Office Expense -Transmission Equipment	
(410)	Accts. 6210-6230 - Central Office Expense Total (Sum of Lines 365 + 380 + 395)	
(430)	Acct. 6410 - Cable and Wire Facilities Expense - Total	
(435)	Acct. 6410 - Benefits Portion Cable and Wire Facilities Expense	
(440)	Acct. 6410 - Rents Portion Cable and Wire Facilities Expense	
(445)	Total Plant-Specific Expense (Sum of Lines 335 + 350 + 365 + 380 + 395 + 415 + 430)	
<b>Plant-Nonspecific Expense</b>		
(450)	Acct. 6530 - Network Operations Expense - Total	
(455)	Acct. 6530 - Benefits Portion Network Operations Expense	
<b>Depreciation and Amortization Expenses</b>		
(510)	Acct. 6560 (2210) - Depreciation and Amortization Expense -Central Office Switching Equipment	
(515)	Acct. 6560 (2220) - Depreciation and Amortization Expense -Operator System Equipment	
(520)	Acct. 6560 (2230) - Depreciation and Amortization Expense -Central Office Transmission Equipment	
(525)	Acct. 6560 (2210-2230) - Depreciation and Amortization Central Office Equipment (Sum of Lines 510 Through 520)	
(530)	Acct. 6560 (2410) - Depreciation and Amortization Expense -Cable and Wire Facilities	



REDACTED

Universal Service Fund - High Cost Loop Support  
Data Collection Form

SAC: 522418  
SA Name: Pend Oreille Telephone Company  
Region: Western

Data Line	Description	
<b>Corporate Operating Expenses</b>		
(535)	Acct. 6710 - Executive and Planning Expense - Total	
(540)	Acct. 6710 - Benefits Portion Executive and Planning Expense	
(550)	Acct. 6720 - General Administrative Expense - Total	
(555)	Acct. 6720 - Benefits Portion -General Administrative Expense	
(565)	Total Corporate Operations Expense (Sum of Lines 535 + 550)	
<b>Other Expenses and Revenues</b>		
(600)	Benefits Portion of All Operating Expenses - Total	
(610)	Rents Portion of All Operating Expenses - Total	
<b>Taxes</b>		
(650)	Acct. 7200 - Operating Taxes	
<b>IV. PART 36 - COST STUDY DATA</b>		
(700)	Acct. 2410 - Cost Study Average Cable and Wire Facilities	
(710)	Cost Study Average Cable and Wire Facilities Cat. 1 - Total Exchange Line C&WF Excluding Wide Band	
<b>V. AMORTIZABLE TANGIBLE ASSETS</b> (Refer to instructions prior to completing this section)		
(800)	Acct. 2680 - Amortizable Tangible Assets	
(805)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	
(810)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment Allocated to Category 4.13	
(815)	<del>Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities</del>	
(820)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	
(830)	Acct. 6560 (2680) - Depreciation and Amortization Expense -Amortizable Tangible Assets	
	Sum of Data Collection Inputs	
<b>VI. COMMENTS/SIGNIFICANT CHANGE EXPLANATION</b>		
<b>VII. RENT REVENUE: OFFSET TO EXPENSE</b>		
(1)	Account 6120 - General Support Expense	-
(2)	Account 6210 - Central Office Switching Expense	-
(3)	Account 6220 - Central Office Operator Expense	-
(4)	Account 6230 - Central Office Transmission Expense	-
(5)	Account 6310 - Information Orig/Term Expense	-
(6)	Account 6410 - Cable & Wire Facilities Expense	-
	<b>TOTAL</b>	-