

DOCKET NO. UM 1688

**Cover Sheet for Submission of
2014 Annual ETC Certification Reports**

Name of Eligible Telecommunications Carrier: Mt. Angel Telephone Company

Filing date: 6/19/14

Is this: Original submission? X

OR

Revised submission? _____

Person to contact for questions:

Name Nate Brentano

Phone number 503-845-4435

E-mail address nbrentano@cbsoregon.com

Documents included in this filing (please check applicable items):

CAF/ICC Support (47 CFR § 54.304)

Rate Floor Data (47 CFR § 54.313(h))

Form 481 (High-cost per 47 CFR § 54.313, Low-income per 54.422)¹

Form 690 (Mobility Fund per 47 CFR § 54.1009)

Affidavit for High-Cost Support

Filing deadlines: The deadlines for filing items required by 47 CFR § 54 are the same as the deadlines for filing with the FCC. The notarized affidavit for high-cost support must be filed no later than the due date for the FCC Form 481. Based on current information, it appears that all items other than CAF/ICC support data are due by July 1, 2014. The CAF/ICC support data are due the same day as the ETC's interstate access tariff filing.

If revisions to an original submission are filed with the FCC or USAC, a copy of the revisions must be filed with the Oregon Commission no later than five business days following submission to the FCC or USAC.

¹ Lifeline-only ETCs must provide all information specified in 47 CFR § 54.422(b) even if the ETC does not submit this information to the FCC.

Rate Floor Template

Certification of Officer as to the Accuracy of the Data Reported for the Rate Floor Data

I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the actual rate floor data reported ; and, to the best of my knowledge, the information reported on this form is accurate.

Name of Reporting Carrier Mt. Angel Telephone Company

Signature of authorized officer



Date

6/11/14

Printed name of authorized officer

Paul Hauer

Title or position of authorized officer

President

Telephone number of authorized officer:

(503) 266 8240 ext.

Study Area Code of Reporting Carrier

532386

Filing Due Date for this form
(mm/dd/yyyy)

07/01/2014

RATE FLOOR DATA COLLECTION - OMB Control Number 3060-0986

Block 1 - Contact Information

ROW #	DATA ELEMENT	FORMAT OF REQUESTED DATA	RESPONSE
1	Carrier Study Area Code	6 numeric digits	532386
2	Carrier Study Area Name	alpha characters	MT. ANGEL TELEPHONE COMPANY
3	Service Provider Identification Number	9 numeric digits	143002627
4	Residential Local Service Charge Effective Date	mm/dd/yy	07/01/14
5	Contact Name	alpha characters	Brentano, Nate S
6	Contact Telephone Number (include area code)	9 numeric digits	503-845-4435
7	Sheet Number	numeric digit(s)	
8	Total Number of Sheets	numeric digit(s)	

Block 2- Residential Local Service Rates, Fees, and Line Counts

	Column 1 Residential Local Service Charge	Column 2 State Subscriber Line Charge	Column 3 State Universal Service Fee	Column 4 Mandatory Extended Area Service Charge	Column 5 Loops
9	1.00		0.09		173
10	9.00		1.53	9.00	648

<010> Study Area Code 532386
 <015> Study Area Name MT. ANGEL TEL CO.
 <020> Program Year 2015
 <030> Contact Name: Person USAC should contact with questions about this data Nate Brentano
 <035> Contact Telephone Number: Number of the person identified in data line <030> 5038454435 ext.
 <039> Contact Email Address: Email of the person identified in data line <030> nbrentano@cbsoregon.com

ANNUAL REPORTING FOR ALL CARRIERS 54,313 Completion Required 54,422 Completion Required

(check box when complete)

<100> Service Quality Improvement Reporting *(complete attached worksheet)*

<200> Outage Reporting (voice) *(complete attached worksheet)*

<210> ← check box if no outages to report

<300> Unfulfilled Service Requests (voice) 0

<310> Detail on Attempts (voice) *(attach descriptive document)*

<320> Unfulfilled Service Requests (broadband) 0

<330> Detail on Attempts (broadband) *(attach descriptive document)*

<400> Number of Complaints per 1,000 customers (voice)

<410> Fixed 0.0

<420> Mobile 0.0

<430> Number of Complaints per 1,000 customers (broadband)

<440> Fixed 0.0

<450> Mobile 0.0

<500> Service Quality Standards & Consumer Protection Rules Compliance *(check to indicate certification)*

<510> 5323860R510.pdf *(attached descriptive document)*

<600> Functionality in Emergency Situations *(check to indicate certification)*

<610> 5323860R610.pdf *(attached descriptive document)*

<700> Company Price Offerings (voice) *(complete attached worksheet)*

<710> Company Price Offerings (broadband) *(complete attached worksheet)*

<800> Operating Companies and Affiliates *(complete attached worksheet)*

<900> Tribal Land Offerings (Y/N)? *(if yes, complete attached worksheet)*

<1000> Voice Services Rate Comparability *(check to indicate certification)*

<1010> *(attach descriptive document)*

<1100> Terrestrial Backhaul (Y/N)? *(if not, check to indicate certification)*

<1110> *(complete attached worksheet)*

<1200> Terms and Condition for Lifeline Customers *(complete attached worksheet)*

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

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

<2000> *(check to indicate certification)*

<2005> *(complete attached worksheet)*

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000> *(check to indicate certification)*

<3005> *(complete attached worksheet)*

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
-----------------------------------------------------------------------------	----------------------------------------------------------------------------------

<010> Study Area Code	532386
<015> Study Area Name	MT. ANGEL TEL CO.
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Nate Brentano
<035> Contact Telephone Number - Number of person identified in data line <030>	5038454435 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	nbrentano@cbsoregon.com

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

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.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.



Name of Attached Document

Please check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113>** Maps detailing progress towards meeting plan targets
- <114>** Report how much universal service (USF) support was received
- <115>** How (USF) was used to improve service quality
- <116>** How (USF) was used to improve service coverage
- <117>** How (USF) was used to improve service capacity
- <118>** Provide an explanation of network improvement targets not met in the prior calendar year.

**(200) Service Outage Reporting (Voice)
Data Collection Form**

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

<010> Study Area Code 532386
 <015> Study Area Name MT. ANGEL TEL CO.
 <020> Program Year 2015
 <030> Contact Name - Person USAC should contact regarding this data Nate Brentano
 <035> Contact Telephone Number - Number of person identified in data line <030> 5038454435 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> nbrentano@cbsoregon.com

<220>

<a> NORS Reference Number	<b1> Outage Start Date	<b2> Outage Start Time	<b3> Outage End Date	<b4> Outage End Time	<c1> Number of Customers Affected	<c2> Total Number of Customers	<d> 911 Facilities Affected (Yes / No)	<e> Service Outage Description (Check all that apply)	<f> Did This Outage Affect Multiple Study Areas (Yes / No)	<g> Service Outage Resolution	<h> Preventative Procedures

(710) Broadband Price Offerings
Data Collection Form

FCC Form 451
OMB Control No. 3060-0986 / OMB Control No. 3060-0619
July 2013

<010> Study Area Code	532386
<015> Study Area Name	MT. ANGEL TEL CO.
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Nate Brentano
<035> Contact Telephone Number - Number of person identified in data line <030>	5038454435 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	nbrentano@cbsoregon.com

<a1> State	<a2> Exchange (ILEC)	<b1> Residential Rate	<b2> State Regulated Fees	<c> Total Rate and Fees	<d1> Broadband Service - Download Speed (Mbps)	<d2> Broadband Service - Upload Speed (Mbps)	<d3> Usage Allowance (GB)	<d4> Usage Allowance Action Taken When Limit Reached <i>{select}</i>

See attached
worksheet --

**(900) Tribal Lands Reporting
Data Collection Form**

FCC Form 481

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

July 2013

<010>	Study Area Code	532386
<015>	Study Area Name	MT. ANGEL TEL CO.
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Nate Brentano
<035>	Contact Telephone Number - Number of person identified in data line <030>	5038454435 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	nbrentano@cbsoregon.com

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

<920> Tribal Government Engagement Obligation

Name of Attached Document

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

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

Select (Yes,No, NA)

(1100) No Terrestrial Backhaul Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	532386
<015>	Study Area Name	MT. ANGEL TEL. CO.
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Nate Brentano
<035>	Contact Telephone Number - Number of person identified in data line <030>	5038454435 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	nbrentano@cbsoregon.com

Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

(1200) Terms and Condition for Lifeline Customers Lifeline Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	532386
<015>	Study Area Name	MT. ANGEL TEL CO.
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Nate Brentano
<035>	Contact Telephone Number - Number of person identified in data line <030>	5038454435 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	nbrentano@cbsoregon.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

532386or1210.pdf

Name of Attached Document

<1220> Link to Public Website

HTTP www.puc.state.or.us/Pages/rsp/otap.aspx

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,
- <1222> Details on the number of minutes provided as part of the plan,
- <1223> Additional charges for toll calls, and rates for each such plan.

(2000) Price Cap Carrier Additional Documentation Data Collection Form <i>Including Rate of Return Carriers affiliated with Price Cap Local Exchange Carriers</i>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	532386
<015>	Study Area Name	MT. ANGEL TEL CO.
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Nate Brentano
<035>	Contact Telephone Number - Number of person identified in data line <030>	5038454435 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	nbrentano@cbsoregon.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)}
- <2011> 3rd Year Certification {47 CFR § 54.313(b)(2)}

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

- <2012> 2013 Frozen Support Certification
- <2013> 2014 Frozen Support Certification
- <2014> 2015 Frozen Support Certification
- <2015> 2016 and future Frozen Support Certification

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

- <2016> Certification Support Used to Build Broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

- <2017> 3rd year Broadband Service Certification
- <2018> 5th year Broadband Service Certification
- <2019> Interim Progress Certification
- <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information 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 broadband service in the preceding calendar year.

- <2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation

FCC Form 481

Data Collection Form

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

July 2013

<010>	Study Area Code	532386
<015>	Study Area Name	MT. ANGEL TEL. CO.
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Nate Brentano
<035>	Contact Telephone Number - Number of person identified in data line <030>	5038454435 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	nbrentano@cbsoregon.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010) Progress Report on 5 Year Plan Milestone Certification (47 CFR § 54.313(f)(1)(i))

[Redacted box for document listing]

Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

[Redacted box for document listing]

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))
(3014) If yes, does your company file the RUS annual report

(Yes/No) (Yes) (No)

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

[Redacted box for document listing]

Name of Attached Document Listing Required Information

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

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

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

(3023) Underlying information subjected to a review by an independent certified public accountant

(3024) Underlying information subjected to an officer certification.

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

532386OR3026.pdf

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0926/OMB Control No. 3060-0819 July 2012
-------------------------------------------------------------------	----------------------------------------------------------------------------------

<010> Study Area Code	532386
<015> Study Area Name	MT. ANGEL TEL CO.
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Nate Brentano
<035> Contact Telephone Number - Number of person identified in data line <030>	5038454435 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	nbrentano@cbsoregon.com

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 responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	MT. ANGEL TEL CO.
Signature of Authorized Officer:	CERTIFIED ONLINE Date 06/19/2014
Printed name of Authorized Officer:	Paul Hauer
Title or position of Authorized Officer:	President
Telephone number of Authorized Officer:	5032668200 ext.
Study Area Code of Reporting Carrier:	532386 Filing Due Date for this form: 06/30/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
-----------------------------------------------------------------	----------------------------------------------------------------------------------

<010> Study Area Code	532386
<015> Study Area Name	MT. ANGEL TEL CO.
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Nate Brentano
<035> Contact Telephone Number - Number of person identified in data line <030>	5038454435 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	nbrentano@cbsoregon.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I 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: _____	
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 can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

Response Line 100
Mt. Angel Telephone Co
Study Area 532386

Voice Network Upgrades - 2015

	Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs
None						

Voice Network Upgrades - 2016

	Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs
None						

Voice Network Upgrades - 2017

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs
None					

Voice Network Upgrades - 2018

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs
None					

Response Line 100
 Mt. Angel Telephone Co
 Study Area 532386

Voice Network Upgrades - 2019

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs
None					

Broadband Upgrades - 2015

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs
FTTH to replace bad copper sections (81 addresses)	2410 MTANORXADS0	3/31/2015	12/31/2015	219	\$ 150,000
Replace broadband router/switch eq.	2230 MTANORXADS0	3/31/2015	12/31/2015	3,399	\$ 15,000
Fiber conversions (81 addresses)	2230 MTANORXADS0	3/31/2015	12/31/2015	219	\$ 179,577

Broadband Upgrades - 2016

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs
FTTH to replace bad copper sections (81 addresses)	2410 MTANORXADS0	3/31/2016	12/31/2016	219	\$ 150,000
Fiber conversions (81 addresses)	2230 MTANORXADS0	3/31/2016	12/31/2016	219	\$ 179,577

Broadband Upgrades - 2017

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs
FTTH to replace bad copper sections (81 addresses)	2410 MTANORXADS0	3/31/2017	12/31/2017	219	\$ 150,000
Fiber conversions (81 addresses)	2230 MTANORXADS0	3/31/2017	12/31/2017	219	\$ 179,577

Broadband Upgrades : 2018

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs
FTTH to replace bad copper sections (81 addresses)	2410 MTANORXADSO	3/31/2018	12/31/2018	219	\$ 150,000
Fiber conversions (81 addresses)	2230 MTANORXADSO	3/31/2018	12/31/2018	219	\$ 179,577

Broadband Upgrades : 2019

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs
FTTH to replace bad copper sections (81 addresses)	2410 MTANORXADSO	3/31/2019	12/31/2019	219	\$ 150,000
Fiber conversions (81 addresses)	2230 MTANORXADSO	3/31/2019	12/31/2019	219	\$ 179,577

Response Line 100
Mt. Angel Telephone Co
Study Area 532386

The Company projects that the capital expenditures, by Part 32 accounts for calendar years 2014 through 2019:

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
2110 Land & General Support	\$ 8,375	\$ 10,000	\$ -	\$ 9,500	\$ 35,000	\$ 55,000
2210 Central Office Switching	\$ 294,000	\$ -	\$ -	\$ -	\$ -	\$ -
2230 Central Office Transmission	\$ 39,000	\$ 194,577	\$ 179,577	\$ 179,577	\$ 179,577	\$ 179,577
2410 Cable & Wire Facilities	\$ 126,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Total Capital Expenditures	\$ 459,000	\$ 344,577	\$ 329,577	\$ 329,577	\$ 329,577	\$ 329,577

General Review

Answer/Response

Please list CLLI codes for your wire centers as identified in Tariff No. 4

MTANORXADS0

How many customers per wire center? (Estimate)

1,030

What is the voice take rate per wire center? (Estimate)

20%

What is the BB take rate per wire center? (Estimate)

33% of total available addresses

What's the goal and/or vision for the company over the next five years regarding its network? For example: Soft switch & FTTH to 40% of customer base or soft switch and VDSL2 and deploy FFTC technology.

FTTH to replace defective copper plant. VDSL2 as a temporary stop gap where it meets customer needs.

If you have an RUS Loan – please provide a copy of the financial projections used for the loan.

N/A

Voice Network

What kind of switching technology do you have deployed in your network?

Legacy PSTN switch, Soft switch

Do you have a plan to decommission your legacy switching equipment?

Yes

How many subscribers are on each of your switching platforms?

1,030 on legacy Class V switch. 0 on Soft switch.

Estimate how much you pay for maintenance agreement for legacy switch

\$5,000

Estimate how much you pay for maintenance agreement for Soft switch.

\$20,000

Have you collapsed any remote offices? If yes, what did you replace with?

Yes. FTTH back to the CO.

Estimate costs for spare cards and replacement cards each year for switching equipment.

\$3,000

Have you placed media gateways into your remote offices to handle voice?

Yes

Since moving over to soft switch – have you enhanced product offerings to residential and/or business customers? If so, briefly explain.

We are in the process of installing a media gateway to provide additional functionality and to replace our End of Life legacy PSTN switch.

Core Network

Which technology is your core network using? SONET? DWDM? MPLS? ATM?

DWDM, ATM, SONET

Have you made upgrades to core network to handle increased Broadband? If yes and plan to deploy FTTH, need to assume capacity and where to add more light.

Yes. We have added a DWDM system to handle increasing bandwidth demand.

How many rings in your network?

1

How often do you do scheduled maintenance?

Varies depending on the equipment. On average, we perform some sort of maintenance every 2-4 months on some piece of equipment in our voice or broadband network.

Estimate annual cost of schedule maintenance –

2,000 (labor)

Have you started to retire SONET or ATM?

No

Do your voice and data networks use same technology?

Yes

Have you updated any alarms or batteries?

No.

Do you have a NOC? If yes – any plan upgrade to NOC.

No

Have you replaced or added more optical cards for DWDM?

No

Is the network folded or ringed? If folded – any plans to change?

Ringed

Have you added redundancy into the core network?

No

Broadband Network

Which types of broadband do you currently have deployed in the network?
ADS2+, FTTH, Ethernet? Etc.

G.Lite, ADSL2+, VDSL2, FTTH / Ethernet

What speeds of DSL do you currently offer per wire center/census block? 4/1 minimum?

4x1 will is available to 99% of our customers. We offer speeds xDSL speeds of 3/1, 6/1, and 10/1. We will be adding additional speeds soon.

Are you upgrading your DSL network with new technology?

Yes

What FTTH plans are in place for now and over next 5 years? Will need to work on each wire center

We are replacing DSL with Active Ethernet on a limited scale where it makes financial sense.

Have you added new BLCs?

Yes

Are your adding to schools and libraries? Any new RFPs or planned builds to support?

Yes

ETS to anchor communities? Now and planned builds

We already offer 1000/1000 to all anchor institutions.

If moving to FTTH – will you use active or passive technology?

Active

Do you have any wifi or wimax deployed in network? If so please discuss

We offer WiFi to the end user. WiFi is a highly congested unlicensed network that is increasingly ill-suited for use as an aggregation or backhaul technology. WiMax spectrum is currently unavailable in our area.

Plant Facilities

Have you done new fiber build outs to any new BLCs?

Yes

Describe any cable remediation that you have completed to support DSL – shorten loops. Moved to a FTTC platform, etc.

We have done some FTTC builds to shorten very long, rural copper loops to be able to meet the 4x1 requirement. We have done some FTTH in areas where we also have severe copper maintenance problems.

Are you replacing retired copper with fiber?

Yes

Are you replacing retired copper with new copper?

Only where the cost of fiber does not make reasonable financial sense.

Any new customer initiated fiber builds – planned communities, businesses, etc.

Yes. We occasionally have customer needs that require a fiber solution.

Maps (Optional)

Please provide any maps that may be submitted to the FCC to show progress towards meeting build out obligations. This is optional for 2015. filing.

Initial Five-Year Service Quality Improvement Plan – 47 C.F.R. §54.202(a)

Mt. Angel Telephone Company submits initial five-year build-out Service Quality Improvement plan pursuant to C.F.R. §54.202(a)(1)(ii) that specifies specificity proposed improvements or upgrades to the Mt. Angel Telephone Company's network throughout its service area, in addition, Mt. Angel Telephone Company is providing information that includes an estimate of the population that will be serviced as a result of these improvements.

See also general review tab of this worksheet.

Progress Report – Five-Year Service Quality Plan – 47 C.F.R. § 54.313 (a)(1)

N/A Program Year 2015.

The receipt of USF support, combined with other funding sources will allow Mt. Angel Telephone Company to continue to meet its broadband obligations within its service area and will allow Mt. Angel Telephone Company to continue to provide reliable, state-of-the-art, high-quality voice and broadband service to its 1,053 rural customers in the Mt. Angel exchange.

Per the Universal Service Administrative Company (USAC), during the calendar year 2013, Mt. Angel Telephone received a total of \$271,266 (as of 6/1/14) in USF support funds. The breakdown of the funding for the year was:

\$ -11,808 Local Switching Support
\$ 104,874 Connect America Fund-Intercarrier Compensation Support
\$ 178,200 Interstate Common Line Support
\$ 0 Safety Net Additive

The projects listed within this plan will be used to improve or upgrade the network over the next five years:



Consumer Protection

Mt. Angel Telephone Company complies with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information to prevent identity theft. A manual for this program is in place and is part of the employees' handbook. Employee training is conducted annually and new hires are instructed on the program as required by their job functions.

Service Quality Standards

Mt. Angel Telephone Company complies with the service standards of the State of Oregon as promulgated in the Oregon Administrative Rules 860-034-0390, Retail Telecommunications Service Standards for Small Telecommunications Utilities.



Back-up Power

Mt. Angel Telephone Company has the following back-up power capabilities:

Switches-Stand alone and/or host

Switch A 55kw Generator, primary fuel Natural Gas, Secondary fuel
2-125 gallon propane tanks, batteries good for 10 hours.

Remote Central Offices-

No Remote Offices

Subscriber carrier (DLC, AFC, OPM, etc.)

AFC 1 10 hour battery back up

AFC 2 Express powered from C.O. DC power plant

AFC 3 Express powered from C.O. DC power plant

Network Interface Devices (NIDs)

Mt. Angel Telephone Company has 1,046 access lines with metallic (copper) connections to the Central Office and their NID's are powered from the Central Office.

Mt. Angel Telephone Company has 7 access lines with non-metallic (fiber optic) connections to the Central Office. These customer's NIDs are battery powered in case of emergency. Batteries are rated to last 8 hours.

Ability to re-route traffic around damaged facilities:

Mt. Angel Telephone Company has fully redundant facilities for interexchange carrier traffic.

Capability to manage traffic spikes resulting from emergency situations:

Mt. Angel Telephone Company has 1,053 access lines, switching capacity of 2,500 simultaneous calls, and transport capacity for 375 simultaneous calls. **Mt. Angel Telephone Company** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts its networks during such events.

PUC Or. No. 7
Mt. Angel Telephone Company

LOCAL ACCESS LINE SERVICE

OREGON TELEPHONE ASSISTANCE PROGRAM (LIFELINE OR OTAP) (D)

OREGON TELEPHONE ASSISTANCE PROGRAM (LIFELINE OR OTAP)

Lifeline provides for a discount against the recurring monthly rate for the provision of local residential service for certain low-income customers. Lifeline is a joint State and Federal Programs pursuant to 47 C.F.R. Subpart E, 54. In order to be eligible for Lifeline, subscribers must meet the requirements for the Oregon Telephone Assistance Program as defined in OAR 860-033-0030. As well as the Federal qualification standards in 47 C.F.R.54.409 (C)

Lifeline subscribers may subscribe to toll blocking at no extra charge. Toll blocking is a service provided that allows OTAP recipients to elect not to allow the completion of outgoing toll calls from their telecommunications circuit (OAR 860-033-0005(18)). Lifeline subscribers who subscribe to toll blocking will not be required to pay service deposits in order to initiate service.

Lifeline subscribers will not be disconnected for non-payment of toll charges, regardless of whether toll blocking is activated on their service. Partial payments received from Lifeline subscribers will be first applied to local service and then to toll charges.

Lifeline will not be furnished with Foreign Exchange service.

The following services are included in Lifeline:

- Single party, voice grade access to the Public Switched Network
- Access to emergency services
- Access to operator services
- Access to interexchange services, unless toll blocking is chosen
- Access to directory assistance
- Toll Blocking

The discount will begin with the date the company receives a valid application from the customer or when new service is established for a qualifying customer. The discount will be prorated from the effective date of the customer's application. The discount is applicable only to one access line at a residential customer's principal residence.

The reductions to be applied to the residential one-party rate are as follows:

Baseline Federal Lifeline Reductions	\$ 9.25	(C)
State Supported Reduction (OTAP)	\$ 3.50	(D)
Total	<u>\$12.75</u>	(D) (D)

ADVICE NO. 87
 ISSUED February 29, 2012 EFFECTIVE April 1, 2012
 ISSUED BY Diana Coleman
 TITLE Vice President – General Manager

PUC Or. No. 7
Mt. Angel Telephone Company

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MT. ANGEL TELEPHONE COMPANY

Financial Statements

Years Ended December 31, 2013 and 2012



MT. ANGEL TELEPHONE COMPANY

Financial Statements

Years Ended December 31, 2013 and 2012

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CPAS AND BUSINESS CONSULTANTS

Personal Local Global

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mt. Angel Telephone Company
Mt. Angel, Oregon

We have audited the accompanying financial statements of Mt. Angel Telephone Company (the Company), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, comprehensive income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mt. Angel Telephone Company as of December 31, 2013 and 2012, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

AKT LLP

Salem, Oregon
March 18, 2014

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PORTLAND, OR ; SALEM, OR ; CARLSBAD, CA ; ESCONDIDO, CA ; SAN DIEGO, CA ; ANCHORAGE, AK

AKT LLP

MT. ANGEL TELEPHONE COMPANY

Balance Sheets

December 31, 2013 and 2012

ASSETS	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash and cash equivalents	\$ 887,795	\$ 782,535
Marketable securities	50,317	96,716
Accounts receivable, less allowance for doubtful accounts of zero	140,586	145,281
Materials and supplies	36,493	57,155
Prepaid expenses	<u>35,085</u>	<u>19,726</u>
Total Current Assets	<u>1,150,276</u>	<u>1,101,413</u>
Other Assets and Investments:		
Other assets	1,794	2,150
Investments	<u>42,323</u>	<u>39,863</u>
Total Other Assets and Investments	<u>44,117</u>	<u>42,013</u>
Noncurrent Deferred Income Tax Asset	<u>878,000</u>	<u>1,025,000</u>
Property, Plant, and Equipment:		
In service	6,018,191	5,698,617
Less accumulated depreciation	<u>4,697,472</u>	<u>4,502,390</u>
Property, Plant, and Equipment, net	<u>1,320,719</u>	<u>1,196,227</u>
	<u>\$ 3,393,112</u>	<u>\$ 3,364,653</u>

LIABILITIES AND STOCKHOLDER'S EQUITY	<u>2013</u>	<u>2012</u>
Current Liabilities:		
Current portion of long-term debt	\$ 304,500	\$ 304,500
Accounts payable	79,048	64,727
Income taxes payable	38,710	27,520
Accrued expenses	27,945	49,437
Current deferred income tax liability	<u>42,000</u>	<u>51,500</u>
 Total Current Liabilities	 <u>492,203</u>	 <u>497,684</u>
 Long-term Liabilities		
Other liabilities	103,698	161,203
Long-term debt	189,625	494,125
Intercompany note payable	<u>800,000</u>	<u>800,000</u>
 Total Long-Term Liabilities	 <u>1,093,323</u>	 <u>1,455,328</u>
 Total Liabilities	 <u>1,585,526</u>	 <u>1,953,012</u>
 Stockholder's Equity:		
Common stock of \$3.125 par value; authorized 4,800 shares, 1,737.21 of shares issued and outstanding	5,429	5,429
Additional paid in capital	30,846	30,846
Retained earnings	1,770,994	1,376,707
Accumulated other comprehensive income (loss)	<u>317</u>	<u>(1,341)</u>
 Total Stockholder's Equity	 <u>1,807,586</u>	 <u>1,411,641</u>
	<u>\$ 3,393,112</u>	<u>\$ 3,364,653</u>

MT. ANGEL TELEPHONE COMPANY**Statements of Operations**

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues:		
Local network	\$ 588,919	\$ 620,360
Network access	1,291,132	1,195,241
Miscellaneous	<u>185,516</u>	<u>178,013</u>
Total Operating Revenues	<u>2,065,567</u>	<u>1,993,614</u>
Operating Expenses:		
Plant specific	416,289	440,177
Plant nonspecific	140,520	89,874
Customer	334,981	367,024
Corporate	181,344	234,958
Depreciation	<u>208,638</u>	<u>188,561</u>
Total Operating Expenses	<u>1,281,772</u>	<u>1,320,594</u>
Operating Taxes:		
Operating income taxes	248,900	204,600
Other operating taxes	<u>41,174</u>	<u>61,534</u>
Total Operating Expense and Taxes	<u>1,571,846</u>	<u>1,586,728</u>
Operating Income	<u>493,721</u>	<u>406,886</u>
Other Income (Expense):		
Investment income	14,464	15,516
Non-regulated income	275,889	208,507
Non-regulated expense	<u>(316,817)</u>	<u>(212,832)</u>
Total Other (Expense) Income, net	<u>(26,464)</u>	<u>11,191</u>
Income Available for Fixed Charges	467,257	418,077
Fixed Charges - interest on long-term debt	<u>72,970</u>	<u>88,787</u>
Net Income	<u>\$ 394,287</u>	<u>\$ 329,290</u>

See accompanying notes to financial statements.

MT. ANGEL TELEPHONE COMPANY

Statements of Comprehensive Income

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Net Margin	\$ 394,287	\$ 329,290
Other Comprehensive Income		
Unrealized holding gains (losses) on marketable securities	1,659	(1,465)
Recassifications for realized (gains) losses included in net income	<u>(1)</u>	<u>1,859</u>
Total Other Comprehensive Income	<u>1,658</u>	<u>394</u>
Total Comprehensive Income	<u>\$ 395,945</u>	<u>\$ 329,684</u>

MT. ANGEL TELEPHONE COMPANY
Statements of Changes in Stockholder's Equity
Years Ended December 31, 2013 and 2012

	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2011	\$ 5,429	\$ 30,846	\$ 1,047,417	\$ (1,735)	\$ 1,081,957
2012 Net Income	-	-	329,290	-	329,290
2012 Other Comprehensive Income	-	-	-	394	394
Balance, December 31, 2012	5,429	30,846	1,376,707	(1,341)	1,411,641
2013 Net Income	-	-	394,287	-	394,287
2013 Other Comprehensive Income	-	-	-	1,658	1,658
Balance, December 31, 2013	<u>\$ 5,429</u>	<u>\$ 30,846</u>	<u>\$ 1,770,994</u>	<u>\$ 317</u>	<u>\$ 1,807,586</u>

MT. ANGEL TELEPHONE COMPANY**Statements of Cash Flows**

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Net income	\$ 394,287	\$ 329,290
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	208,638	188,561
Change in deferred taxes	137,500	130,200
Gains on investments and marketable securities	(2,461)	(1,440)
Changes in assets and liabilities:		
Accounts receivable	4,695	(11,861)
Materials and supplies	20,662	(21,428)
Income taxes receivable	-	34,783
Prepaid expenses	(15,359)	22,712
Accounts payable	14,321	(12,981)
Income taxes payable	11,190	27,520
Accrued expenses	(21,492)	(11,295)
Other liabilities	(57,505)	(1,439)
Net Cash Provided by Operating Activities	<u>694,476</u>	<u>672,622</u>
Cash Flows from Investing Activities:		
Purchases of property, plant, and equipment	(333,130)	(341,142)
Proceeds from sales and maturities of marketable securities	65,200	85,000
Purchases of marketable securities	(17,142)	(83,526)
Change in other assets	356	1,399
Net Cash Used by Investing Activities	<u>(284,716)</u>	<u>(338,269)</u>
Cash Flows from Financing Activities: Payments on long-term debt	<u>(304,500)</u>	<u>(304,500)</u>
Net Increase in Cash and Cash Equivalents	105,260	29,853
Cash and Cash Equivalents, beginning	<u>782,535</u>	<u>752,682</u>
Cash and Cash Equivalents, ending	\$ <u><u>887,795</u></u>	\$ <u><u>782,535</u></u>
Cash Paid During the Year for Interest	\$ <u><u>72,970</u></u>	\$ <u><u>88,787</u></u>
Cash Paid During the Year for Taxes	\$ <u><u>100,210</u></u>	\$ <u><u>12,096</u></u>

See accompanying notes to financial statements.

MT. ANGEL TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Mt. Angel Telephone Company (the Company) is an Oregon corporation providing telecommunications services within and around the city of Mt. Angel, Oregon. The Company is a wholly-owned subsidiary of Canby Telephone Association (CTA).

Basis of Accounting

The Company's financial statements are prepared on the accrual basis of accounting in conformity with the accounting principles generally accepted in the United States of America applicable to regulated enterprises.

Regulation

The Company is subject to limited regulation by the Oregon Public Utility Commission (PUC) and Federal Communications Commission (FCC). The Company maintains its accounting records in accordance with the Uniform System of Accounts, as prescribed by the FCC, and adopted by the PUC. As a result, the application of accounting principles generally accepted in the United States of America by the Company differs in certain respects from the application by non-regulated entities. Such differences primarily concern the time at which certain items enter into the determination of net income.

Regulatory and legislative actions, as well as future regulations, could have a significant impact on the Company's future operations and financial condition. See Note 1, National Broadband Plan and FCC Order.

Cash and Cash Equivalents

The Company considers all highly liquid investment securities with a maturity of 3 months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At December 31, 2013 the Company had \$454,107 in uninsured cash (there was no uninsured cash at December 31, 2012).

The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

The Company extends credit to its customers. Credit risk associated with receivables is periodically reviewed by management and, if required, an allowance for doubtful accounts is established. Receivables from subscribers are due 30 days after the issuance of the invoice. Receivables from other exchange carriers are typically outstanding from 30 to 60 days before payment is received. Delinquent accounts are written off to uncollectible expense when it is determined that the account will not be collected. Receivables past due more than 90 days are considered delinquent.

Materials and Supplies

Materials and supplies are stated at the lower of cost or market. Cost is determined principally by the average cost method.

Marketable Securities

The Company has classified all marketable securities as available for sale. These investments are stated at fair value in the financial statements with accumulated unrealized gains and losses reported as a separate component of stockholder's equity.

Fair Value of Financial Instruments

The Company's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, receivables, accounts payable, mortgage and notes payable. The Company estimates that the fair value of all of these non-derivative financial instruments at December 31, 2013 and 2012 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheets.

MT. ANGEL TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Property, Plant, and Equipment

Property, plant, and equipment in service and under construction is stated at cost, including estimated overhead expense. Depreciation is calculated on a straight-line basis over the estimated life of the classes of property and equipment in accordance with rates consistent with industry standards, and range from 2.5% to 23.75%. Expenditures for maintenance and repairs are charged to expense as incurred and major additions are capitalized. Costs of plant retired are eliminated from utility plant accounts, and such costs plus removal expenses, less salvage, are charged to accumulated provision for depreciation in accordance with industry practice.

Network Access Revenues

Network access revenue is received under a system of access charges. Access charges represent a methodology by which local telephone companies, including the Company, charge the long-distance carrier for access and interconnection to local facilities. The Company has elected to file access tariffs through the National Exchange Carriers Association (NECA) and the Oregon Exchange Carriers Association (OECA). These access tariffs are subject to approval by the FCC for interstate charges and the PUC for intrastate charges.

When network access revenues have been received pursuant to the settlement and access agreements above, they are then either placed into a common pooling arrangement with other exchange carriers for redistribution or kept by the Company. The redistributions are made according to formulas established by the governing boards of the pools and are generally based upon expenses incurred and investments maintained.

The Company participates in various pooling arrangements with NECA and OECA. The OECA Optional pool closed in July 2013 and as a result the Company is no longer a member of any OECA pools.

Settlement, access, and pool distribution revenues are recorded when the amounts become determinable. Related expenses are recorded when incurred. Subsequent true-ups and retroactive adjustments, which are generally allowed for a period up to 24 months (NECA pool only), are recorded in the year in which such adjustments become determinable.

In 2013, the Company received \$845,217 (\$801,979 in 2012) in interstate access revenues administered through the NECA pool. In 2013, the Company received \$341,755 from the Oregon Universal Service Fund (\$134,091 in 2012).

National Broadband Plan and FCC Order

In 2010 the FCC issued the National Broadband Plan which outlined a long-term plan to increase broadband penetrations and services throughout the United States of America. The plan further outlined a proposed long-term phase-out of access charges (referred to as Intercarrier Compensation) and moved to support mechanisms based on broadband services rather than the current Universal Service High Cost Loop Fund administered by USAC.

In response to the plan, the FCC on October 27, 2011, approved Report and Order 11-161 (the Order), that begins the process of reforming the universal service and intercarrier compensation (ICC) systems and adopts support for broadband-capable networks as an express universal service principle. The Order further creates the Connect America Fund which will ultimately replace all existing high-cost support mechanisms as well as help facilitate ICC reforms.

MT. ANGEL TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies, continued

National Broadband Plan and FCC Order, continued

The key provisions of the order include;

- Capping the federal universal service fund at current levels.
- Placing limitations on capital and operating spending.
- Establishing local rate benchmarks.
- Capping the per-line support amount for the universal service high cost loop fund at \$250 per month.
- Phase out of local switching support and the establishment of the CAF for recovery of investment and expenses related to the provision of switching services.
- Reforming the ICC system by adopting a plan to transition from access charges to a bill and keep framework. The transition period for rate-of-return carriers such as the Company is approximately 9 years from the date of the order.
- Adoption of a monthly Access Recovery Charge as a transitional recovery mechanism to mitigate the impact of reduced intercarrier revenues.

The Order was effective December 29, 2011 and implementation began July 1, 2012. As of the implementation date CAF recovery is calculated based on the frozen fiscal year 2011 interstate switched access revenue requirement, plus certain 2011 intrastate access revenues, and will decline annually by 5% during the transition period.

As of December 31, 2013 the Company is transitioning its local rates and is not subject to the \$250 per line support cap. Furthermore, for the period ended December 31, 2013 the impacts to the Company related to the 5% annual decline in switched access revenues have not been significant.

The overall reform process will take place in phases and will take several years to implement. Furthermore, the Order includes a Further Notice of Proposed Rulemaking. The FCC has issued numerous Orders for Reconsideration and continues to seek comments on various items. As a result, the ultimate outcome of these proceedings and their impact is uncertain at this time.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Comprehensive Income

The Company reports comprehensive income. The purpose of reporting comprehensive income is to report all changes in equity of an enterprise that result from recognized transactions and other economic events of the period other than transactions with owners in their capacity as owners.

Income Taxes

The Company is a taxable C corporation.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred income taxes. Deferred taxes represent the future tax return consequences of differences between the financial statement and the tax basis of assets and liabilities, which will either be taxable or deductible when the related assets or liabilities are recorded or settled.

MT. ANGEL TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Company follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Company recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There were no amounts accrued in the financial statements related to uncertain tax positions.

The Company files federal, state and local income tax returns. With limited exceptions, the Company is no longer subject to examinations for years before 2010.

Revenue Recognition

The Company recognizes revenues when earned regardless of the period in which they are billed.

Monthly service fees derived from local telephone and internet service are billed in advance. Accounts receivable are reduced by advanced billings and subsequently transferred to income in the period earned. Access charges (see Note 1, Network Access Revenue), long distance and other revenues based on usage are billed in arrears.

Subsequent Events

The Company has evaluated subsequent events through March 18, 2014, which is the date the financial statements were available to be issued.

Note 2 - Investments

Investments are recorded at cost and consist of the following:

	<u>2013</u>	<u>2012</u>
CoBank, equity investment and patronage allocations	\$ 42,323	\$ 39,863

CoBank is a cooperative bank. Borrowers are required to invest a minimum of \$1,000 or 2% of their loan, whichever is less. Patronage dividends are paid annually in cash and in stock at the discretion of the board of directors of CoBank.

Note 3 - Marketable Securities

As mentioned in Note 1, at December 31, 2013 and 2012 marketable securities have been categorized as available for sale and are stated at fair value in the financial statements, with unrealized gains and losses included in comprehensive income as a separate component of stockholder's equity.

The Company adopted a hierarchal disclosure framework, which among other matters requires enhanced disclosure about investments that are measured and reported at fair value. This framework prioritizes and ranks the level of market price observability used in measuring investments at fair value. The Company's marketable securities are measured and reported at fair value on a recurring basis based on quoted prices available in active markets for identical investments as of the reporting date (Classification Level 1). There have been no changes in the methodologies used at December 31, 2013 and 2012.

At December 31, the Company's securities consisted of the following:

	<u>2013</u>	<u>2012</u>
Fair Value: Municipal Bonds	\$ <u>50,317</u>	\$ <u>96,716</u>
Cost	\$ <u>50,000</u>	\$ <u>98,057</u>

MT. ANGEL TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

Note 3 - Marketable Securities, continued

Gross unrealized holding gains of \$317 (unrealized holding loss of \$1,341 in 2012) are included in accumulated other comprehensive income (loss). Proceeds from the sale of marketable securities for the year ended December 31, 2013 were \$65,200 (\$85,000 in 2012) with realized gain of \$1 for the year ended December 31, 2013 (\$1,859 loss in 2012). The Company uses the specific identification method to determine the cost of securities sold.

Included in marketable securities at December 31, 2013 are debt securities available for sale with maturities as follows:

	Amortized Cost	Fair Value
Amounts maturing in:		
One year or less	\$ 30,000	\$ 30,134
After one year through five years	<u>20,000</u>	<u>20,183</u>
	<u>\$ 50,000</u>	<u>\$ 50,317</u>

Note 4 - Property, Plant, and Equipment

Listed below are the major classes of property, plant, and equipment in service:

	<u>2013</u>	<u>2012</u>
Land and support	\$ 1,058,647	\$ 1,065,233
Central office	2,630,713	2,534,862
Cable and wire facilities	2,314,402	2,098,522
Under construction	<u>14,429</u>	<u>-</u>
	<u>\$ 6,018,191</u>	<u>\$ 5,698,617</u>

Note 5 - Long-Term Debt

Long-term debt consists of the following:

	<u>2013</u>	<u>2012</u>
Note payable to CoBank, at 5.72% at December 31, 2013 and 2012, payable in level quarterly principal only installments of \$76,125, interest payable monthly, collateralized by substantially all real and personal property, due in 2015.	\$ 494,125	\$ 798,625
3.75% intercompany note payable to DirectLink, with interest only payments until the final payment of the full balance, due July 1, 2019.	<u>800,000</u>	<u>800,000</u>
	1,294,125	1,598,625
Less current portion	<u>304,500</u>	<u>304,500</u>
	<u>\$ 989,625</u>	<u>\$ 1,294,125</u>

Future maturities of long-term debt are as follows:

2014	\$ 304,500
2015	189,625
2016	-
2017	-
2018	-
Thereafter	<u>800,000</u>
	<u>\$ 1,294,125</u>

MT. ANGEL TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

Note 5 - Long-Term Debt, continued

The long-term debt agreement contains restrictions on the payment of dividends and redemption of capital stock. The terms of the long-term debt agreement also require the maintenance of defined amounts of stockholder's equity and certain financial ratios. Management believes the Company was in compliance with the terms of the debt agreement for the years ended December 31, 2013 and 2012.

Note 6 - Pension Plan

Effective January 1, 2013, all employees of the Company were transferred to their parent Company, CTA. As a result, all employee and employer contributions into the Company's 401(k) profit sharing plan (the Plan) ceased as of that date. The total contributions to the profit sharing portion of the Plan, including amounts charged to construction, were \$25,178 in 2012.

Note 7 - Other Liabilities

The Company sponsors a non-qualified, defined benefit, post-retirement benefit plan which provides certain health care benefits for retired employees and their respective spouses until the date of the retired employee's death. Benefits are based on years of service and the employee's average compensation for the five highest years of employment.

The annual measurement date is December 31 for the post-retirement benefit plan. The following tables provide information about changes in the benefit obligation and plan assets and the funded status of the Company's post-retirement benefit plan:

Obligations and Funded Status

	<u>2013</u>	<u>2012</u>
Benefit obligation at December 31	\$ 117,000	\$ 179,000
Fair value of plan assets at December 31	-	-
Net unfunded status of the plan	<u>\$ (117,000)</u>	<u>\$ (179,000)</u>
Benefit payments	<u>\$ (12,620)</u>	<u>\$ (12,620)</u>
Long-term benefit obligation	\$ (117,000)	\$ (179,000)
Other post-employment obligations	682	682
Less current portion	<u>12,620</u>	<u>17,115</u>
	<u>\$ (103,698)</u>	<u>\$ (161,203)</u>

Assumptions

Weighted average assumptions used in the accounting for the Company's post-retirement benefit plan were:

Weighted-average assumptions used to determine benefit obligations at December 31:	<u>2013</u> 5.75%	<u>2012</u> 5.75%
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31:	5.75%	5.75%

Cash Flows

The Company does not expect to contribute to its post-retirement benefit plan in 2014.

MT. ANGEL TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

Note 7 - Other Liabilities, continued

Post-retirement Benefit

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2014	\$	12,620
2015		12,620
2016		12,620
2017		12,620
2018		12,620
Years 2019 - 2022		63,105

Note 8 - Income Taxes

The following is a summary of the significant components of the Company's deferred tax assets and liabilities as of December 31:

	<u>2013</u>	<u>2012</u>
Current:		
Accrual to cash adjustment	\$ (42,000)	\$ (51,500)
Current deferred income tax liability	\$ <u>(42,000)</u>	\$ <u>(51,500)</u>
Noncurrent:		
Property, plant and equipment, depreciation	\$ 838,000	\$ 963,000
Post-retirement health benefits accrual	<u>40,000</u>	<u>62,000</u>
Noncurrent deferred income tax asset	\$ <u>878,000</u>	\$ <u>1,025,000</u>

Income tax expense for the years ended December 31 consists of the following:

	<u>2013</u>	<u>2012</u>
Prior year over accrual	\$ (2,260)	\$ (2,700)
Current provision	113,660	77,100
Deferred tax position	<u>137,500</u>	<u>130,200</u>
Income tax expense	\$ <u>248,900</u>	\$ <u>204,600</u>

The provision for income taxes differs from the amount computed by applying the current statutory federal and state income tax rates to earnings before income taxes due to the effects of state taxes, nondeductible items, prior year over or under accruals, and the use of accelerated depreciation for income tax purposes.

Note 9 - Related Party

The Company is a reseller of internet services provided by CTA. For the year ended December 31, 2013 internet expense to CTA was \$124,861 (\$126,373 in 2012). Effective January 1, 2013 the Company transferred all of their employees to CTA. The Company is charged for all of the labor, benefits and overhead costs that CTA provides on behalf of the Company and for the year ended December 31, 2013 total costs were \$486,659 (\$67,490 in 2012). At December 31, 2013 there was \$64,632 payable to CTA (\$23,427 in 2012).

On July 1, 2009, the Company entered into a debt agreement with Direct Link of Oregon, Inc. (DLO), a wholly-owned subsidiary of CTA, for \$800,000. Interest expense for the year ended December 31, 2013 was \$30,000 (\$30,000 at December 31, 2012). See Note 4 for further details.

MT. ANGEL TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

Note 9 - Related Party, continued

On September 1, 2012, the Company entered into a rental agreement for the use of their office building with Consolidated Business Services, LLC (CBS) a management and accounting service company whom the Company's Parent company, CTA, is a one-third owner. The Company received rental payments of \$21,000 during 2013 (\$7,000 in 2012). CBS provided accounting and regulatory services to the Company in the amount of \$120,259 in 2013 (none in 2012). At December 31, 2013 there was \$7,307 payable to CBS (none in 2012).

AFFIDAVIT CERTIFYING USE OF UNIVERSAL SERVICE FUNDS

I, Paul E. Hauer, being of lawful age and duly sworn, on my oath, state that I am the President of Mt. Angel Telephone Company and that I am authorized to execute this Affidavit on behalf of the Company, and the facts set forth in this Affidavit are true to the best of my knowledge, information and belief.

Pursuant to the requirements of the Federal Communications Commission, 47 C.F.R. § 54.314, Mr. Angel Telephone Company hereby certifies to the Public Utility Commission of Oregon that it is eligible to receive federal high-cost support for the program years cited.

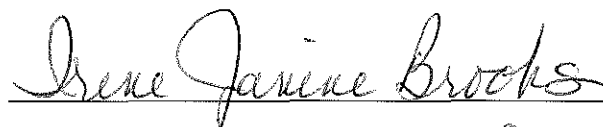
I attest that all federal high-cost support provided to Mt. Angel Telephone Company in Oregon was used in the preceding calendar year (2013) and will be used in the coming calendar year (2015) only for the provision, maintenance and upgrading of facilities and services for which the support is intended.

DATED this 12 day of June, 2014.

By:  (Paul E. Hauer)

Its: President (President)

SUBSCRIBED AND SWORN to before me this 12th day of June, 2014.



Notary public in and for the State of Oregon

My Commission Expires: August 19, 2016

