

**DOCKET NO. UM 1726**

**Cover Sheet for Submission of  
2015 Annual ETC Certification Reports**

Name of Eligible Telecommunications Carrier: North-State Telephone Co

Filing date: June 25, 2015

Is this: Original submission?  X   
OR  
Revised submission? \_\_\_\_\_

Person to contact for questions:

Name  Delinda Kluser

Phone number  541-932-4411

E-mail address  dkluser@oretelco.net

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)<sup>1</sup>
- Form 690 (Mobility Fund per 47 CFR § 54.1009)
- Affidavit for High-Cost Support

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**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, 2015. 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.

\_\_\_\_\_  
<sup>1</sup> 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.

**Deedee Kluser**

---

**From:** Form481@usac.org  
**Sent:** Wednesday, June 24, 2015 5:28 PM  
**To:** dkluser@ortelco.net  
**Subject:** Form 481 Certification Confirmation



**Form 481 Certification Confirmation**

**Congratulations. Your filing has been successfully certified.**

**Filing Number: 2**

**Certification Date and Time: Wed Jun 24 20:28:01 EDT 2015**

**Filing Created By: dkluser@ortelco.net**

**SAC: 532388**

**SPIN: 143002629**

**Carrier: NORTH STATE TEL CO.**

**Program Year: 2016**

This is a system generated email.  
Please do not respond to this message.

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USAC | 2000 L Street NW | Suite 200 | Washington, DC 20036



USAC Home | High Cost Program | Search Tools | Form 481

**CONFIRMATION**

**Congratulations. Your filing has been successfully certified.**

Filing 2 was successfully certified on Wed 24 Jun 15 02:30:37 PM EDT by dkluser@ortelco.net.

SAC : 532388

SPIN : 143002629

Carrier Name : NORTH STATE TEL CO.

Program Year : 2016

A confirmation email will be sent to the email address on record for your user ID. Please email USAC at HCCERTS@USAC.ORG if you do not receive this email within 24 hours.

[Return to 481 Search](#) | [Print Confirmation Page](#)

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<010> Study Area Code	532368
<015> Study Area Name	NORTH STATE TEL. CO.
<020> Program Year	2016
<030> Contact Name: Person USAC should contact with questions about this data	Delinda Kluser
<035> Contact Telephone Number: Number of the person identified in data line <030>	5419324411 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	dkluser@ortelco.net

<b>ANNUAL REPORTING FOR ALL CARRIERS</b>	54,313	54,482
	Completion Required	Completion Required
	<i>(check box when complete)</i>	

<100> Service Quality Improvement Reporting	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<210> <input type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)	<input type="text" value=""/> <i>(attach descriptive document)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)	<input type="text" value=""/> <i>(attach descriptive document)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<410> Fixed	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<420> Mobile	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<450> Mobile	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<510> <input type="text" value="532388or510.pdf"/> <i>(attached descriptive document)</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<600> Functionality in Emergency Situations	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<610> <input type="text" value="532388or610.pdf"/> <i>(attached descriptive document)</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<700> Company Price Offerings (voice)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800> Operating Companies and Affiliates	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	<input type="radio"/> <input checked="" type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability Certification	<input type="text" value="Yes"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010> <input type="text" value=""/> <i>(attach descriptive document)</i>		<input type="checkbox"/>	<input type="checkbox"/>
<1100> Certify whether terrestrial backhaul options exist (Yes or No)	<input checked="" type="radio"/> <input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>
<1110>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

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

<2000>	<i>(check to indicate certification)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

<3000>	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**(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 532388  
 <015> Study Area Name NORTH STATE TEL CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Delinda Kluser  
 <035> Contact Telephone Number - Number of person identified in data line <030> 5419324411 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> dkluser@ortelco.net

<110> Has your company received its ETC certification from the FCC?  
 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)   
 <111>  (yes / no)

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.

532388box112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) 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 much (USF) was used to improve service quality and how support was used to improve service quality  
 <116> How much (USF) was used to improve service coverage and how support was used to improve service coverage  
 <117> How much (USF) was used to improve service capacity and how support was used to improve service capacity  
 <118> Provide an explanation of network improvement targets not met in the prior calendar year.

Yes
Yes
Yes
Yes
Yes
Not Applicable



**(700) Price Offerings Including Voice Rate Data  
Data Collection Form**

FCC Form 487

OMB Control No. 3060-0066/OMB Control No. 2160-0119  
July 2013

<010> Study Area Code 532388  
 <015> Study Area Name NORTH STATE TEL CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Delinda Kluser  
 <035> Contact Telephone Number - Number of person identified in data line <030> 541932411 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> dkluser@ortelco.net

<701> Residential Local Service Charge Effective Date <702> Single State-wide Residential Local Service Charge	1/1/2015
---	----------

<a1><	<a2>	<a3>	<b1>	<b2>	<b3>	<b4>	<b5>	Total per line Rates and Fees
State	Exchange (ILEC)	SAC (CETC)	Rate Type	Residential Local Service Rate	State Subscriber Line Charge	State Universal Service Fee	Mandatory Extended Area Service Charge	

See attached worksheet

(710) Broadband Price Offering  
Data Collection Form

FCC Form 431  
OMB Control No. 3045-0066 / OMB Control No. 3045-0119  
JULY 2013

<010> Study Area Code 532388

<015> Study Area Name NORTH STATE TEL CO.

<020> Program Year 2016

<030> Contact Name - Person USAC should contact regarding this data Delinda Kluser

<035> Contact Telephone Number - Number of person identified in data line <030> 5419324411 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> dk1user@ortelco.net

<711>	<01>	<02>	<03>	<04>	<05>	<06>	<07>	<08>	<09>	<10>
State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rate and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached (select)		

See attached worksheet



(800) Operating Companies  
Data Collection Form

FCC Form 451  
OMB Control No. 3045-0696/OMB Control No. 3130-0813  
July 2013

<010> Study Area Code 532388  
 <015> Study Area Name NORTH STATE TEL CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data helinda.klusner  
 <035> Contact Telephone Number - Number of person identified in data line <030> 5415324411 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> dkklusner@ortelco.net

<810> Reporting Carrier North-State Telephone Co  
 <811> Holding Company Oregon Telephone Corp  
 <812> Operating Company N/A

<813> Affiliates  
 SAC  
 Doing Business As Company or Brand Designation

-- See attached worksheet --

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

FCC Form 481  
OMB Control No. 3050-0986 / OMP Control No. 3960-0819  
July 2013

- <010> Study Area Code 532388
- <015> Study Area Name NORTH STATE TEL CO.
- <020> Program Year 2016
- <030> Contact Name - Person USAC should contact regarding this data Delinda Klueber
- <035> Contact Telephone Number - Number of person identified in data line <030> 5419324411 ext.
- <039> Contact Email Address - Email Address of person identified in data line <030> dklueber@ortel.co.net

<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 or No or Not Applicable

(1100) No Terrestrial Backhaul Reporting  
Data Collection Form

FCC Form 181  
OMB Control No. 3061-0086/DIMB Control No. 3060-0819  
July 2013

<010> Study Area Code 522388

<015> Study Area Name NORTH STATE TEL CO.

<020> Program Year 2016

<030> Contact Name - Person USAC should contact regarding this data Belinda Kluser

<035> Contact Telephone Number - Number of person identified in data line <030> 5419324411 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> dkluser@ortelco.net

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<1130> Please select the appropriate response (Yes, No, Not Applicable) 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  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0086/OMB Control No. 3060-0019  
July 2013

<010> Study Area Code 532388  
 <015> Study Area Name NORTH STATE TEL CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Delinda Kluser  
 <035> Contact Telephone Number - Number of person identified in data line <030> 5419324411 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> dkluser@ortelco.net

532388or1222.docx  
 Name of Attached Document

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

<1220> Link to Public Website

HTTP <http://www.puc.state.or.us/Pages/rspf/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**

*Indicating Parts of Form are filled out with Price Cap Local Exchange Carrier*

FCC Form 431

OMB Control No. 3160-0086/0748 Control No. 3160-0039  
July 2013

<010> Study Area Code

<015> Study Area Name

<020> Program Year

<030> Contact Name - Person USAC should contact regarding this data

<035> Contact Telephone Number - Number of person identified in data line <030>

<039> Contact Email Address - Email Address of person identified in data line <030>

532388

NORTH STATE TEL CO.

2016

DELINDA KIRSEF

5419924441 EXT.

DKIRSEF@NTSICO.NET

Select the appropriate responses below (Yes, No, Not Applicable) 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)i)

<2011a> 3rd Year Certification (47 CFR § 54.313(b)(1)ii)

<2011b> Attachment (47 CFR § 54.313(b)(1)iii)

[Redacted]

[Redacted]

Name of Attached Document(s) Listing Required Information

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

<2012> 2013 Frozen Support Calculation (47 CFR § 54.313(c)(1))

<2013> 2014 Frozen Support Calculation (47 CFR § 54.313(c)(2))

<2014> 2015 Frozen Support Calculation (47 CFR § 54.313(c)(3))

<2015> 2016 and future Frozen Support Calculation (47 CFR § 54.313(c)(4))

[Redacted]

[Redacted]

[Redacted]

[Redacted]

**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)(iii), 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

[Redacted]

Name of Attached Document(s) Listing Required Information

30X - Rate Of Return Carrier Additional Document Information  
 Data Collected in Form

Form 481  
 3060-55-04/0488 Control No. 7060-0319  
 July 27/13

<010> Study Area Code 532388  
 <015> Study Area Name NORTH STATE TEL CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Delinda Kluser  
 <035> Contact Telephone Number - Number of person identified in data line <030> 5419324411 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> dkluser@ortelco.net

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))	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	532388or3012.pdf
(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))	<input type="checkbox"/>	532388or3012.docx
(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))	<input checked="" type="checkbox"/>	Name of Attached Document Listing Required Information (Yes/No)
(3014) If yes, does your company file the RUS annual report	<input checked="" type="checkbox"/>	88
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:	<input checked="" type="checkbox"/>	
(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	<input checked="" type="checkbox"/>	532388or3017.pdf
(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>	Name of Attached Document Listing Required Information (Yes/No)
(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	<input type="checkbox"/>	88
(3018) If the response is no on line 3014, is your company audited?	<input type="checkbox"/>	
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:	<input type="checkbox"/>	
(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications	<input type="checkbox"/>	
(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>	
(3021) Management letter and audit opinion issued by the independent certified public accountant that performed the company's financial audit	<input type="checkbox"/>	
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:	<input type="checkbox"/>	
(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,	<input type="checkbox"/>	
(3023) Underlying information subjected to a review by an independent certified public accountant	<input type="checkbox"/>	
(3024) Underlying information subjected to an officer certification.	<input type="checkbox"/>	
(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>	
(3026) Attach the worksheet listing required information	<input type="checkbox"/>	Name of Attached Document Listing Required Information

(3000) Rate of Return Carrier Additional Documentation (Continued)  
 Data Collection Form  
 FCC Form 481  
 481-CR-13  
 Critical No. 1300-15-13, 13X/13  
 Serial No. 3060-0839  
 July 2013

<010> Study Area Code 532388  
 <015> Study Area Name NORTH STATE TEL. CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAG should contact regarding this data Delinda Kluser  
 <035> Contact Telephone Number - Number of person identified in data line <030> 541932411 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> dk.luser@ortel.co.net

**Financial Data Summary**

(3027) Revenue	1861303
(3028) Operating Expenses	1131167
(3029) Net Income	154804
(3030) Telephone Plant In Service(TPIS)	12059962
(3031) Total Assets	18722635
(3032) Total Debt	14114120
(3033) Total Equity	2968690
(3034) Dividends	0

<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 401 OMB Control No. 3060-0044/OMB Control No. 3050-0013 July 2013
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<b>&lt;010&gt;</b>	Study Area Code	532388
<b>&lt;015&gt;</b>	Study Area Name	NORTH STATE TEL CO.
<b>&lt;020&gt;</b>	Program Year	2016
<b>&lt;030&gt;</b>	Contact Name - Person USAC should contact regarding this data	Delinda Kluser
<b>&lt;035&gt;</b>	Contact Telephone Number - Number of person identified in data line <030>	5419324411 ext.
<b>&lt;039&gt;</b>	Contact Email Address - Email Address of person identified in data line <030>	dkluser@ortelco.net

**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
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:	NORTH STATE TEL CO.
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	Delinda Kluser
Title or position of Authorized Officer:	Vice-Pres, Manager
Telephone number of Authorized Officer:	5419324411 ext.
Study Area Code of Reporting Carrier:	532388
	Filing Due Date for this form: 07/01/2015
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.	



<b>Certification - Agent / Carrier</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0045, OMB Control No. 3060-0839 July 2011
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<010>	Study Area Code	532388
<015>	Study Area Name	NORTH STATE TEL CO.
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Delinda Kluser
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419324411 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	dkluser@ortelco.net

**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.	

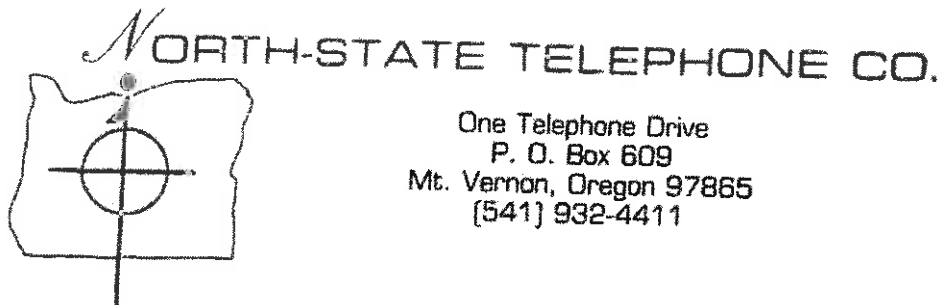
## Attachments











One Telephone Drive  
P. O. Box 609  
Mt. Vernon, Oregon 97865  
(541) 932-4411

Date: June 24, 2015

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
9300 East Hampton Drive  
Capitol Heights, MD 20743

**Re: WC Docket No. 14-58, 2015 Annual Report, Form 481 for High-Cost Recipient  
54.313(f)(1) "Milestone Certification"**


Dear Ms Dortch:

In compliance with the filing requirements associated with, and attached to Form 481, we wish to advise the Commission that North-State Telephone Co. provides High Speed Internet service to its customers and:

- Has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 4 Mbps downstream/1 Mbps upstream;
- Provides latency suitable for real-time applications including VoIP and usage capacity which is reasonably comparable to those in urban areas and;
- That reasonable requests for service are met within a reasonable timeframe.

If there are questions, I may be contacted at 541-932-4411.

Sincerely,

  
Deirdra Kluser  
Vice-Pres. Manager

[Type text]

**North-State Telephone Co.**  
**2015**  
**PROGRESS REPORT ON SERVICE QUALITY IMPROVEMENT PLAN**

**PREAMBLE**

This document is an integral part of the Company's 2015 Annual Report, as attached to Form 481. It is in compliance with §54.313(a)(1) adopted in the FCC's USF/ICC Transformation Order (11-161) and incorporates all further clarifications identified in subsequent Reconsideration Orders, as applicable, that were in effect at the time the Annual Report was due by Rule to the requisite regulatory authorities.

North-State Telephone Co. (North-State) advises that the environment in which the Company operates is dynamic, not static. As a result, certain network targets identified in its initial 5 Year Network Improvement Plan, filed in 2014, may be modified in response to regulatory decisions that have been subsequently adopted, and as their implication upon the Company's financial viability in providing the required services and service level quality became known.

Modifications to the network plan may also have been taken due to changes in technology, vendor-driven support, weather, or emergency related contingencies.

Targets not met or changed since the initial 5 Year Plan filing are identified and reasons provided for those changes.

**UNIVERSAL SERVICE SUPPORT RECEIVED IN 2015**

Per the Universal Service Administrative Company (USAC), as available for the period up to this filing, North-State has received a total of \$414,184 to date for 2015 (as of 06/04/15).

The breakdown of the funding for the year is:

- \$267,894 High Cost Loop Support
- \$ 21,224 Connect America Fund-Intercarrier Compensation Support
- \$125,066 Interstate Common Line Support
- \$ 0 Safety Net Additive

Universal Service Support funds are used to: 1) maintain, upgrade, and improve the Company's network and, 2) cover operating expenses and debt commitments as necessary to permit it to offer a high level of service for both voice and broadband within the authorized serving area.

USF support will continue to be included in the Company's current revenue accounts and forward-looking projections. Revenues, in the aggregate, are used for both capital expenditures as well as to cover operating expenses and fixed costs incurred to obtain capital from lenders. The Company does not segregate USF separately for purposes of capital and



operating expenditures; USF is expended in the same proportion as the Company's aggregated revenue amount.

The proportionate share of USF expenditures in 2015 to date for CAPEX is estimated to be \$83,304 (15%); for OPEX \$468,955 (85%).

In the accompanying 2015 project detail, expenditures for network improvements sometimes involve service quality, coverage and capacity as an integrated improvement project and are not mutually exclusive from one another. In terms of cost, projects involving multiple qualifiers are of equal dollar equivalence. Where a project involves a single qualifier, it is so noted.

## **PROGRESS REPORT**

### **2015**

Long Hollow Fiber Build: For 2015, NSTC intended to use operating cash flow to deploy mainline and drop fiber to the Long Hollow area. This project was a continuation from the 2014 Easton Canyon Project.

The Fiber Project cost is estimated at \$125,000. The project involves placement of approximately 2.5 route miles of fiber to 3 subscribers currently served over copper. When complete, these 3 subscribers will have a minimum of 1 MB upload and 6 MB download broadband speeds available. NSTC expects an increase in broadband services as a result of this project based on past experience with fiber upgrades to existing exchanges. This project was staked in fall 2013 and existing subscribers were informed at that time of the Company's plans to upgrade their service. As a result of a short construction season necessitated by extreme weather conditions, this project is scheduled for completion in the third quarter 2015. The Company's Field Engineer will be on-site, working alongside the construction crews on a daily basis and will provide weekly Progress Reports to Company Management to ensure deadlines are met.

Transmission: This project also required the addition of a new electronics in the field to replace the current system. The estimated cost of NSTC labor and material will be \$4,000.

This Long Hollow project has been delayed due to the upgrade of the switch cards.

DC Rectifier and Battery Upgrades: NSTC's policy is to upgrade emergency and backup power generation capabilities on a rotating basis. Battery life and years in service are evaluated each year and replacements are completed as necessary. Generators and batteries at the Central office and batteries at each DLC or remote are all considered. Rectifiers and inverters are also included. In 2015, assuming support becomes more predictable and continuing to upgrade remains economically viable NSTC has planned on replacing batteries in the Central Office. The budgeted amount is \$50,000.

Vehicles: In 2015 the Company planned to replace one service truck. Because the Company's service area is so large, by necessity significant miles (an average of 30,000 annually) are put on service trucks in order to serve subscribers. To ensure the safety of employees as well as

ensuring serviceable vehicles, the Company replaces most fleet vehicles every six years. The vehicle to be replaced in 2015 is expected to cost \$35,000.

This expenditure has been delayed due to the upgrade of the switch cards and virtualization of the network.

Upgrade Switch and Network: The switch cards allow for more functionality, ease of software upgrades and increased capacity. The virtualization of the network allows for increased service quality. In the event of an emergency, staff technicians can access the network from anywhere to resolve the issue quickly. The estimated total cost of these improvements is \$111,000 and is expected to be completed by July, 2015. This expenditure has been delayed due to the upgrade of the switch cards and virtualization of the network.

General Expenditures: NSTC expects to spend \$12,000 in miscellaneous additions.

**NETWORK IMPROVEMENT PROJECTS-PROGRESS REPORT**  
**AS OF 2015 ANNUAL REPORT SUBMISSION - JULY 1, 2015**

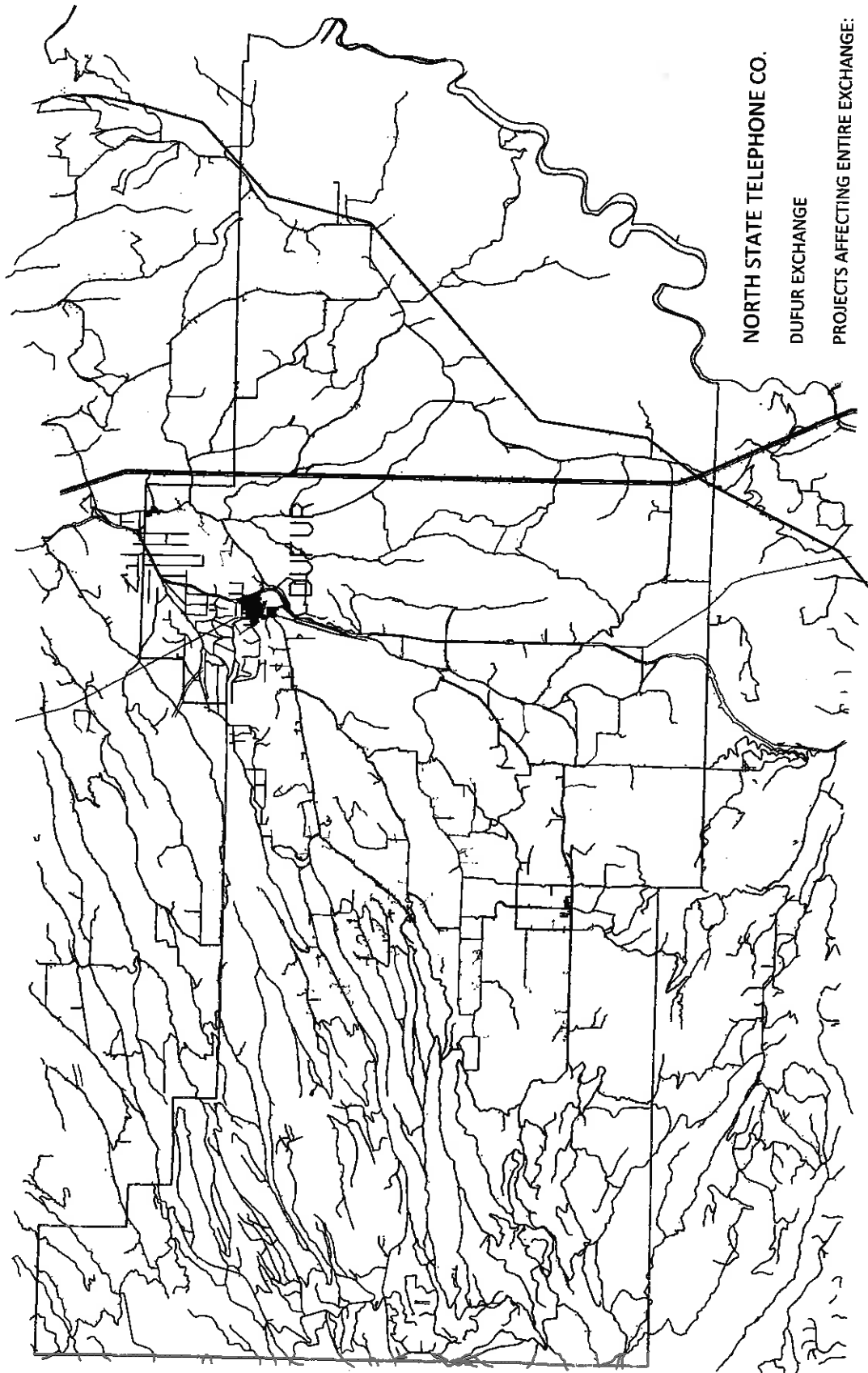
G:\12\DATA\MEL FOR 2015\WorkSheet\48 NETWORK UPGRADE DETAILS-06/20/2015

MAP REF.	WIRE CENTER NAME & CLI A	DESCRIPTION OF IMPROVEMENT B	PURPOSE C	COST ESTIMATE C	ACTUAL COST D	REGULATED % ALLOCATION E	AMOUNT IN USE F-C/E	% VOICE ***	% BROADBAND ***	AREA IMPACTED ***	POPULATION IMPACTED ***	TARGET COMPLETION DATE ***	ACTUAL COMPLETION DATE ***	NOTES
	<b>2015</b> Wire Center Name & CLI Dufur, DUJURKADSO	Long Hollow Fiber Build Upgrade Long Hollow Node Replace Backup Power Service Truck General Support Expenditures Upgrade Switch PIC Cards Upgrade Virtualization Network	Service Quality and Capacity Service Quality and Capacity Service Quality General General Service Quality and Capacity Service Quality and Capacity	\$125,000 \$4,000 \$50,000 \$95,000 \$12,000 \$100,000 \$11,000	\$68,146 \$11,549	100% 100% 100% 100% 100% 100%	\$125,000 \$4,000 \$50,000 \$35,000 \$12,000 \$100,000 \$11,000	50% 50% 50% 50% 50% 50%	50% 50% 50% 50% 50% 50%	325 sq miles 325 sq miles 325 sq miles 325 sq miles 325 sq miles 325 sq miles	391 391 391 391 391 391	10/1/2015 10/1/2015 10/1/2015 4/1/2015 11/1/2015	6/1/2015 2/1/2015	1 1 1 1 1 1

2015 TOTAL PROJECTS \$337,000

2015 TOTAL PROJECTS \$337,000

1. Project moved to 2016 as result of acceleration of above projects



NORTH STATE TELEPHONE CO.

DUFUR EXCHANGE

PROJECTS AFFECTING ENTIRE EXCHANGE:

BACKUP POWER REPLACEMENT

UPGRADE SWITCH PIC CARDS

UPGRADE VIRTUALIZATION NETWORK

SCALE: 1 INCH = 4 MILES

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

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER NAME

North-State Telephone Co.

(Prepared with Audited Data)

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.  
or detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING

December, 2014

BORROWER DESIGNATION

OR0532

**CERTIFICATION**

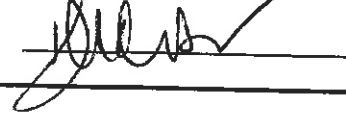
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**  
(Check one of the following)

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

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



3/28/15  
DATE

**PART A. BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	2,772,121	4,049,618	25. Accounts Payable	311,062	100,211
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	30,060	30,060
a. Telecom, Accounts Receivable	42,187	35,104	28. Customer Deposits	675	1,365
b. Other Accounts Receivable	9,812	0	29. Current Mat. L/T Debt	405,402	472,584
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable	130,030	116,918	33. Other Taxes Accrued		92,960
c. Notes Receivable	98,940	0	34. Other Current Liabilities		
5. Interest and Dividends Receivable	9,976	0	<b>35. Total Current Liabilities (25 thru 34)</b>	747,199	697,180
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	317	369	36. Funded Debt-RUS Notes	7,177,903	6,759,380
8. Prepayments	151,796	104,180	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
<b>Total Current Assets (1 Thru 9)</b>	3,215,179	4,306,189	39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development	1,399,550	6,519,687	42. Reacquired Debt		
b. Nonrural Development	111,357		43. Obligations Under Capital Lease	116,984	104,348
Other Investments			44. Adv. From Affiliated Companies		2,603,798
a. Rural Development			45. Other Long-Term Debt	460,584	4,174,010
b. Nonrural Development	11,000	11,000	<b>46. Total Long-Term Debt (36 thru 45)</b>	7,755,471	13,641,536
Nonregulated Investments		85,016	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
Other Noncurrent Assets			47. Other Long-Term Liabilities	547	42,839
Deferred Charges			48. Other Deferred Credits	1,285,051	1,372,390
Jurisdictional Differences			49. Other Jurisdictional Differences		
<b>Total Noncurrent Assets (11 thru 16)</b>	1,521,907	6,615,703	50. Total Other Liabilities and Deferred Credits (47 thru 49)	1,285,598	1,415,229
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
Telecom, Plant-in-Service	11,887,986	12,059,962	51. Cap. Stock Outstand. & Subscribed	1,349,950	1,251,010
Property Held for Future Use			52. Additional Paid-in-Capital	2,150	2,150
Plant Under Construction			53. Treasury Stock	(1,347,850)	(1,347,850)
Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
Less Accumulated Depreciation	3,923,977	4,259,219	55. Other Capital		
<b>Net Plant (18 thru 21 less 22)</b>	7,964,009	7,800,743	56. Patronage Capital Credits		
<b>TOTAL ASSETS (10+17+23)</b>	12,701,095	18,722,635	57. Retained Earnings or Margins	2,908,577	3,063,380
			<b>58. Total Equity (51 thru 57)</b>	2,912,827	2,968,690
			<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	12,701,095	18,722,635

Total Equity = 15.86% of Total Assets

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

OR0532

PERIOD ENDING

December, 2014

INSTRUCTIONS- See RUS Bulletin 1744-2

**PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues	112,452	104,842
3. Long Distance Network Services Revenues	1,861,984	1,716,916
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues	9,637	9,396
6. Uncollectible Revenues	30,402	30,634
7. <b>Net Operating Revenues (1 thru 5 less 6)</b>	1,583	485
8. Plant Specific Operations Expense	2,012,892	1,861,303
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	270,609	205,252
10. Depreciation Expense	89,472	66,094
11. Amortization Expense	428,290	448,250
12. Customer Operations Expense		
13. Corporate Operations Expense	33,966	34,390
14. <b>Total Operating Expenses (8 thru 13)</b>	308,626	377,181
15. Operating Income or Margins (7 less 14)	1,130,963	1,131,167
16. Other Operating Income and Expenses	881,929	730,136
17. State and Local Taxes	1,054	1,006
18. Federal Income Taxes	15,167	6,934
19. Other Taxes	176,469	98,995
20. <b>Total Operating Taxes (17+18+19)</b>	134,613	144,057
21. Net Operating Income or Margins (15+16-20)	326,249	249,986
22. Interest on Funded Debt	556,734	481,156
23. Interest Expense - Capital Leases	388,629	452,683
24. Other Interest Expense		
25. Allowance for Funds Used During Construction	2	1
26. <b>Total Fixed Charges (22+23+24-25)</b>		
27. Nonoperating Net Income	388,631	452,684
28. Extraordinary Items	261,156	190,796
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. <b>Total Net Income or Margins (21+27+28+29+30-26)</b>	(145,584)	(64,464)
32. Total Taxes Based on Income	283,675	154,804
33. Retained Earnings or Margins Beginning-of-Year	195,825	109,797
34. Miscellaneous Credits Year-to-Date	2,953,606	2,908,577
35. Dividends Declared (Common)	5	
36. Dividends Declared (Preferred)	328,709	
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		1
39. <b>Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>		
40. Patronage Capital Beginning-of-Year	2,908,577	3,063,380
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. <b>Patronage Capital End-of-Year (40+41-42)</b>		
44. Annual Debt Service Payments	0	0
45. Cash Ratio [(14+20-10-11) / 7]	775,281	870,993
46. Operating Accrual Ratio [(14+20+26) / 7]	0.5112	0.5012
47. TIER [(31+26) / 26]	0.9170	0.9852
48. DSCR [(31+26+10+11) / 44]	1.7299	1.3420
	1.4196	1.2121

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

OR0532

PERIOD ENDED

December, 2014

INSTRUCTIONS - See RUS Bulletin 1744-2

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Dufur	17.40	12.45	66	300	366	320.22	178.64
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			66	300	366	320.22	178.64
No. Exchanges	1						

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

OR0532

PERIOD ENDED

December, 2014

INSTRUCTIONS - See RUS Bulletin 1744-2

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

**4. BROADBAND SERVICE**

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Details on Least Expensive Broadband Service				
				Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Dufur	366	251	68	512	256	29.95	StandAlone	Fiber to the Home
Total	366	251						



**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

OR0532

PERIOD ENDING

December, 2014

INSTRUCTIONS- See RUS Bulletin 1744-2

**PART D. SYSTEM DATA**

1. No. Plant Employees 1	2. No. Other Employees	3. Square Miles Served 323	4. Access Lines per Square Mile 1.13	5. Subscribers per Route Mile 1.14
-----------------------------	------------------------	-------------------------------	---	---------------------------------------

**PART E. TOLL DATA**

1. Study Area ID Code(s) a. _____ b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one)	
	Interstate: <input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis
	Intrastate: <input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis

**PART F. FUNDS INVESTED IN PLANT DURING YEAR**

1. RUS, RTB, & FFB Loan Funds Expended	
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	264,984
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	284,984

**PART G. INVESTMENTS IN AFFILIATED COMPANIES**

INVESTMENTS <i>(a)</i>	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year <i>(b)</i>	Income/Loss This Year <i>(c)</i>	Cumulative Investment To Date <i>(d)</i>	Cumulative Income/Loss To Date <i>(e)</i>	Current Balance <i>(f)</i>
1. Investment in Affiliated Companies - Rural Development	5,096,796	(36,414)	6,423,589	96,098	6,519,687
2. Investment in Affiliated Companies - Nonrural Development					

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

OR0532

PERIOD ENDING

December, 2014

**PART H. CURRENT DEPRECIATION RATES**

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

YES

NO

**EQUIPMENT CATEGORY**

**DEPRECIATION RATE**

1. Land and support assets - Motor Vehicles	10.00%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	7.50%
5. Land and support assets - Buildings	3.10%
6. Land and support assets - Furniture and Office equipment	6.30%
7. Land and support assets - General purpose computers	14.30%
8. Central Office Switching - Digital	12.30%
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	9.10%
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	5.60%
19. Cable and wire facilities - Aerial cable - Metal	6.00%
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	4.60%
24. Cable and wire facilities - Buried cable - Fiber	4.80%
25. Cable and wire facilities - Conduit systems	2.10%
26. Cable and wire facilities - Other	

USDA-RUS

BORROWER DESIGNATION

OR0532

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

PERIOD ENDED

December, 2014

INSTRUCTIONS – See help in the online application.

**PART I – STATEMENT OF CASH FLOWS**

1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	2,772,121
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
2.	Net Income	154,804
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3.	Add: Depreciation	448,250
4.	Add: Amortization	0
5.	Other (Explain) Interest Receivable	9,976
<i>Changes in Operating Assets and Liabilities</i>		
6.	Decrease/(Increase) in Accounts Receivable	30,007
7.	Decrease/(Increase) in Materials and Inventory	(52)
8.	Decrease/(Increase) in Prepayments and Deferred Charges	47,616
9.	Decrease/(Increase) in Other Current Assets	0
10.	Increase/(Decrease) in Accounts Payable	(210,851)
11.	Increase/(Decrease) in Advance Billings & Payments	0
12.	Increase/(Decrease) in Other Current Liabilities	92,960
13.	Net Cash Provided/(Used) by Operations	572,710
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
14.	Decrease/(Increase) in Notes Receivable	98,940
15.	Increase/(Decrease) in Notes Payable	0
16.	Increase/(Decrease) in Customer Deposits	690
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	5,953,247
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	129,631
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	(98,940)
20.	Less: Payment of Dividends	0
21.	Less: Patronage Capital Credits Retired	0
22.	Other (Explain)	
23.	Net Cash Provided/(Used) by Financing Activities	6,083,568
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
24.	Net Capital Expenditures (Property, Plant & Equipment)	(171,976)
25.	Other Long-Term Investments	(5,093,796)
26.	Other Noncurrent Assets & Jurisdictional Differences	0
27.	Other (Explain) Accum Depr-Retired Assets	(113,009)
28.	Net Cash Provided/(Used) by Investing Activities	(5,378,781)
29.	Net Increase/(Decrease) in Cash	1,277,497
30.	Ending Cash	4,049,618

Revision Date 2010

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>OR0532</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2014</p>
<p><b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ASPECTS OF  
CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS FOR  
TELEPHONE BORROWERS

Board of Directors  
North State Telephone Company and Subsidiaries  
Mt. Vernon, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of North State Telephone Company and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2014 and 2013, and the related consolidated statements of revenue, comprehensive income, stockholders' equity and changes in cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2015. In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2015, on our consideration of North State Telephone Company and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above related to our audit have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that North State Telephone Company and Subsidiaries failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding North State Telephone Company and Subsidiaries' noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding North State Telephone Company and Subsidiaries' accounting and records to indicate that North State Telephone Company and Subsidiaries did not:

Maintain adequate and effective accounting procedures;

Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;

Reconcile continuing property records to the controlling general ledger plant accounts;

Clear construction accounts and accrue depreciation on completed construction;

Record and properly price the retirement of plant;

Seek approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;

Maintain adequate control over materials and supplies;

Prepare accurate and timely Financial and Operating Reports;

Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the telephone system;

Disclose material related party transactions in the financial statements, in accordance with requirements of related parties in generally accepted accounting principles;

Record depreciation in accordance with RUS requirements (See RUS Bulletin 183-1, Depreciation Rates and Procedures) and

Comply with the requirements for the detailed schedule of investments.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of investments in affiliated companies required by 7 CFR 1733.33(i), and attached to this letter, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

See Schedule of Investments in Affiliated Companies.

This report is intended solely for the information and use of the board of directors, management, and the RUS and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Wiggins & Co., PC*

Brigham City, Utah  
March 26, 2015

**DOCKET NO. UM 1726**

**Cover Sheet for Submission of  
2015 Annual ETC Certification Reports**

Name of Eligible Telecommunications Carrier: North-State Telephone Co

Filing date: June 25, 2015

Is this: Original submission?  X   
OR  
Revised submission? \_\_\_\_\_

Person to contact for questions:

Name Delinda Kluser

Phone number 541-932-4411

E-mail address dkluser@oretelco.net

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)<sup>1</sup>
- 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, 2015. The CAF/ICC support data are due the same day as the ETC's interstate access tariff filing.

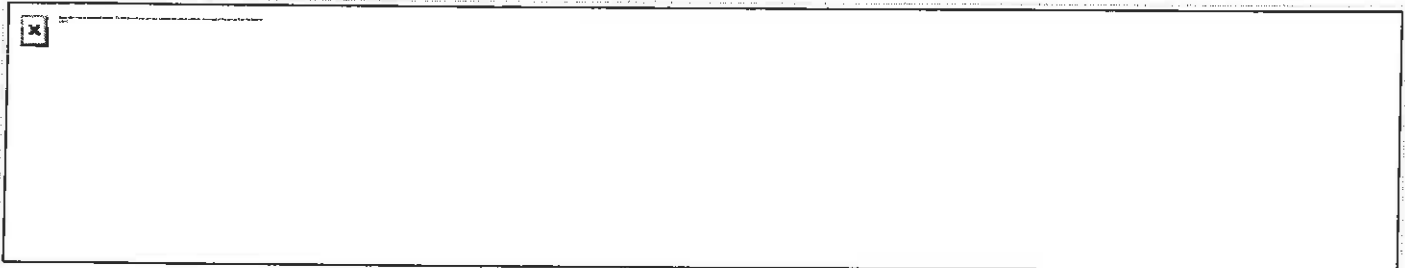
If revisions to an original submission are filed with the FCC or USAC, a copy of the revisions must be filed with the Oregon Commission no later than five business days following submission to the FCC or USAC.

<sup>1</sup> 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.

**Deedee Kluser**

---

**From:** Form481@usac.org  
**Sent:** Wednesday, June 24, 2015 5:28 PM  
**To:** dkluser@ortelco.net  
**Subject:** Form 481 Certification Confirmation



**Form 481 Certification Confirmation**

**Congratulations. Your filing has been successfully certified.**

**Filing Number: 2**

**Certification Date and Time: Wed Jun 24 20:28:01 EDT 2015**

**Filing Created By: dkluser@ortelco.net**

**SAC: 532388**

**SPIN: 143002629**

**Carrier: NORTH STATE TEL CO.**

**Program Year: 2016**

This is a system generated email.  
Please do not respond to this message.

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USAC | 2000 L Street NW | Suite 200 | Washington, DC 20036





[USAC Home](#) | 
 [High Cost Program](#) | 
 [Search Tools](#) | 
 [Form 481](#)

## CONFIRMATION

**Congratulations. Your filing has been successfully certified.**

Filing 2 was successfully certified on Wed 24 Jun 15 02:30:37 PM EDT by dkluser@ortelco.net.

SAC : 532388

SPIN : 143002629

Carrier Name : NORTH STATE TEL CO.

Program Year : 2016

A confirmation email will be sent to the email address on record for your user ID. Please email USAC at HCCERTS@USAC.ORG if you do not receive this email within 24 hours.

[Return to 481 Search](#) | 
 [Print Confirmation Page](#)

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[Website & Privacy Policies](#)

<010> Study Area Code	532388
<015> Study Area Name	NORTH STATE TEL CO.
<020> Program Year	2016
<030> Contact Name: Person USAC should contact with questions about this data	Delinda Kluser
<035> Contact Telephone Number: Number of the person identified in data line <030>	5419324411 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	dkluser@ortelco.net

<b>ANNUAL REPORTING FOR ALL CARRIERS</b>	54.313	54.421
	Completion Required	Completion Required

			<i>(check box when complete)</i>	
<100> Service Quality Improvement Reporting	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	<i>(complete attached worksheet)</i>		<input type="checkbox"/>	<input type="checkbox"/>
<210> <input type="checkbox"/> ← check box if no outages to report			<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	<input type="text" value="0"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)	<input type="text" value=""/> <i>(attach descriptive document)</i>		<input type="checkbox"/>	<input type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	<input type="text" value="0"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)	<input type="text" value=""/> <i>(attach descriptive document)</i>		<input type="checkbox"/>	<input type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)			<input checked="" type="checkbox"/>	<input type="checkbox"/>
<410> Fixed	<input type="text" value="0.0"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<420> Mobile	<input type="text" value="0.0"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)			<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed	<input type="text" value="0.0"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<450> Mobile	<input type="text" value="0.0"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	<i>(check to indicate certification)</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<510> <input type="text" value="532388oz510.pdf"/> <i>(attached descriptive document)</i>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
<600> Functionality in Emergency Situations	<i>(check to indicate certification)</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<610> <input type="text" value="532388oz610.pdf"/> <i>(attached descriptive document)</i>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
<700> Company Price Offerings (voice)	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800> Operating Companies and Affiliates	<i>(complete attached worksheet)</i>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	<i>(if yes, complete attached worksheet)</i>		<input type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability Certification	<input type="text" value="Yes"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010> <input type="text" value=""/> <i>(attach descriptive document)</i>			<input type="checkbox"/>	<input type="checkbox"/>
<1100> Certify whether terrestrial backhaul options exist (Yes or No) <input checked="" type="radio"/> <input type="radio"/>	<i>(if not, check to indicate certification)</i>		<input type="checkbox"/>	<input type="checkbox"/>
<1110>	<i>(complete attached worksheet)</i>		<input type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	<i>(complete attached worksheet)</i>		<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

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

<2000>	<i>(check to indicate certification)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet</b>			
<3000>	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**(100) Service Quality Improvement Reporting  
Data Collection Form**

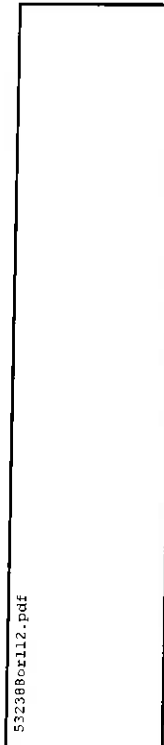
FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code 532388  
 <015> Study Area Name NORTH STATE TEL CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Delinda Kluser  
 <035> Contact Telephone Number - Number of person identified in data line <030> 5419324411 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> dkluser@ortelco.net

<110> Has your company received its ETC certification from the FCC?  
 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)   
 <111>  (yes / no)

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 select the appropriate responses below (Yes, No, Not Applicable) 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	Yes
<114> Report how much universal service (USF) support was received	Yes
<115> How much (USF) was used to improve service quality and how support was used to improve service quality	Yes
<116> How much (USF) was used to improve service coverage and how support was used to improve service coverage	Yes
<117> How much (USF) was used to improve service capacity and how support was used to improve service capacity	Yes
<118> Provide an explanation of network improvement targets not met in the prior calendar year.	Not Applicable









**(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 532388  
 <015> Study Area Name NORTH STATE TEL CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data Delinda Kluser  
 <035> Contact Telephone Number - Number of person identified in data line <030> 5419324411 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> dkluser@ortelco.net

<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:

Select Yes or No or Not Applicable

- <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.



**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

FCC Form 481  
OMB Control No. 3160-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code 532388

<015> Study Area Name NORTH STATE TEL CO.

<020> Program Year 2016

<030> Contact Name - Person USAC should contact regarding this data DeLinda Kluser

<035> Contact Telephone Number - Number of person identified in data line <030> 5419324411 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> dkluser@ortelco.net

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<1130> Please select the appropriate response (Yes, No, Not Applicable) 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  
Data Collection Form**

FCC Form 481  
OMB Control No. 3030-0930 (OMB Control No. 3160-0819)  
July 2713

<010> Study Area Code 532388

<015> Study Area Name NORTH STATE TEL CO.

<020> Program Year 2016

<030> Contact Name - Person USAC should contact regarding this data Delinda Kluser

<035> Contact Telephone Number - Number of person identified in data line <030> 541924411 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> dkluser@ortelco.net

532388or1222.docx

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

<http://www.puc.state.or.us/pages/rspf/rspf/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

Indicate if Form is Completed with Price Cap Local Exchange Carriers

FCC Form 411

OMB Control No. 3045-0046/OMB Control No. 3045-0819  
July 2013

<010> Study Area Code

<015> Study Area Name

<020> Program Year

<030> Contact Name - Person USAC should contact regarding this data

<035> Contact Telephone Number - Number of person identified in data line <030>

<039> Contact Email Address - Email Address of person identified in data line <030>

332388

NORTH STATE TEL CO.

2016

DELINDA KINSEI

5413324411 ext.

dkinse1@netelco.net

Select the appropriate responses below (Yes, No, Not Applicable) 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)(1)(i)-(j). The information reported on this form and in the documents attached below is accurate.

<2010> Incremental Connect America Phase I reporting

<2011a> 2nd Year Certification (47 CFR § 54.313(b)(1)(i))

<2011b> 3rd Year Certification (47 CFR § 54.313(b)(1)(ii))

<2011c> Attachment (47 CFR § 54.313(b)(1)(iii))

[Redacted]

[Redacted]

Name of Attached Document(s) Listing Required Information

Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(e))

<2012> 2013 Frozen Support Calculation (47 CFR § 54.313(c)(1))

<2013> 2014 Frozen Support Calculation (47 CFR § 54.313(c)(2))

<2014> 2015 Frozen Support Calculation (47 CFR § 54.313(c)(3))

<2015> 2016 and future Frozen Support Calculation (47 CFR § 54.313(c)(4))

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)(iii), 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

[Redacted]

Name of Attached Document(s) Listing Required Information

FCC Form 477  
 Change Form of No. 3010-02 (01/13) Form No. 3760-0819  
 五月 2013

(301-3) Rate of Return Calculation Worksheet - Attach  
 Data Collection Form

<010> Study Area Code 532388  
 <015> Study Area Name NORTH STATE TEL CO.  
 <020> Program Year 2016  
 <030> Contact Name - Person USAC should contact regarding this data DeLinda Kluser  
 <035> Contact Telephone Number - Number of person identified in data line <030> 541932411 ext.  
 <039> Contact Email Address - Email Address of person identified in data line <030> dkluser@ortelco.net

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). 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)(4)(i))  
 [ ]
- (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)(i); 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.  
 Name of Attached Document Listing Required Information [ ]  
 532388or3010.pdf
- (3012) Community Anchor Institutions (47 CFR § 54.313(f)(2)(ii))  
 Name of Attached Document Listing Required Information [ ]  
 532388or3012.docx
- (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  
 Name of Attached Document Listing Required Information (Yes/No) [ ]  
 532388or3017.pdf
- 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  
 Name of Attached Document Listing Required Information (Yes/No) [ ]
- (3018) If the response is no on line 3014, is your company audited?  
 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  
 Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications  
 Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows [ ]  
 Management letter and audit opinion issued by the independent certified public accountant that performed the company's financial audit [ ]
- (3019) 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:  
 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. [ ]
- (3020) Underlying information subjected to a review by an independent certified public accountant [ ]
- (3021) Underlying information subjected to an officer certification. [ ]
- (3022) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows [ ]
- (3023) Attach the worksheet listing required information [ ]
- (3024) [ ]
- (3025) [ ]
- (3026) [ ]

(3006) Rate Of Return Current Additional Documentation (Conf/Unconf)  
 Data Collected in Years

FCC Form 441  
 Chrg Control No. 300-0-987-0X(1) Control No. 300-0819  
 July 2013

<01>	Study Area Code	532388
<015>	Study Area Name	NORTH STATE TEL. CO.
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	DeLinda Klueber
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419324411 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	dklueber@ortelco.net

**Financial Data Summary**

(3027) Revenue	1861303
(3028) Operating Expenses	1131167
(3029) Net Income	154804
(3030) Telephone Plant In Service(TPIS)	12059962
(3031) Total Assets	18722635
(3032) Total Debt	14114120
(3033) Total Equity	2968690
(3034) Dividends	0

<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 483 OMB Control No. 3060-0086/OMB Cont. No. 3060-0819 July 2012
---	--

<010> Study Area Code	532388
<015> Study Area Name	NORTH STATE TEL CO.
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Delinda Kluser
<035> Contact Telephone Number - Number of person identified in data line <030>	5419324411 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	dkluser@ortelco.net

**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
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:	NORTH STATE TEL CO.
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	Delinda Kluser
Title or position of Authorized Officer:	Vice-Pres, Manager
Telephone number of Authorized Officer:	5419324411 ext.
Study Area Code of Reporting Carrier:	532388
Filing Due Date for this form:	07/01/2015
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.	

<b>Certification - Agent / Carrier</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3090-0986/OMB Control No. 3060-0819 July 2011
---	--

<b>&lt;010&gt;</b>	Study Area Code	532388
<b>&lt;015&gt;</b>	Study Area Name	NORTH STATE TEL CO.
<b>&lt;020&gt;</b>	Program Year	2016
<b>&lt;030&gt;</b>	Contact Name - Person USAC should contact regarding this data	Delinda Kluser
<b>&lt;035&gt;</b>	Contact Telephone Number - Number of person identified in data line <030>	5419324411 ext.
<b>&lt;039&gt;</b>	Contact Email Address - Email Address of person identified in data line <030>	dkluser@ortelco.net

**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

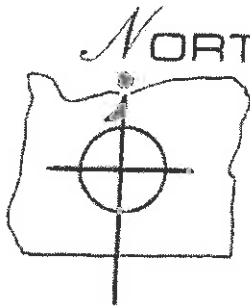












# NORTH-STATE TELEPHONE CO.

One Telephone Drive  
P. O. Box 609  
Mt. Vernon, Oregon 97865  
(541) 932-4411

Date: June 24, 2015

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
9300 East Hampton Drive  
Capitol Heights, MD 20743

**Re: WC Docket No. 14-58, 2015 Annual Report, Form 481 for High-Cost Recipient  
54.313(f)(1) "Milestone Certification"**

Dear Ms Dortch:

In compliance with the filing requirements associated with, and attached to Form 481, we wish to advise the Commission that North-State Telephone Co. provides High Speed Internet service to its customers and:

- Has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 4 Mbps downstream/1 Mbps upstream;
- Provides latency suitable for real-time applications including VoIP and usage capacity which is reasonably comparable to those in urban areas and;
- That reasonable requests for service are met within a reasonable timeframe.

If there are questions, I may be contacted at 541-932-4411.

Sincerely,

  
Delinda Kluser  
Vice-Pres, Manager

[Type text]

**North-State Telephone Co.**  
**2015**  
**PROGRESS REPORT ON SERVICE QUALITY IMPROVEMENT PLAN**

**PREAMBLE**

This document is an integral part of the Company's 2015 Annual Report, as attached to Form 481. It is in compliance with §54.313(a)(1) adopted in the FCC's USF/ICC Transformation Order (11-161) and incorporates all further clarifications identified in subsequent Reconsideration Orders, as applicable, that were in effect at the time the Annual Report was due by Rule to the requisite regulatory authorities.

North-State Telephone Co. (North-State) advises that the environment in which the Company operates is dynamic, not static. As a result, certain network targets identified in its initial 5 Year Network Improvement Plan, filed in 2014, may be modified in response to regulatory decisions that have been subsequently adopted, and as their implication upon the Company's financial viability in providing the required services and service level quality became known.

Modifications to the network plan may also have been taken due to changes in technology, vendor-driven support, weather, or emergency related contingencies.

Targets not met or changed since the initial 5 Year Plan filing are identified and reasons provided for those changes.

**UNIVERSAL SERVICE SUPPORT RECEIVED IN 2015**

Per the Universal Service Administrative Company (USAC), as available for the period up to this filing, North-State has received a total of \$414,184 to date for 2015 (as of 06/04/15).

The breakdown of the funding for the year is:

- \$267,894 High Cost Loop Support
- \$ 21,224 Connect America Fund-Intercarrier Compensation Support
- \$125,066 Interstate Common Line Support
- \$ 0 Safety Net Additive

Universal Service Support funds are used to: 1) maintain, upgrade, and improve the Company's network and, 2) cover operating expenses and debt commitments as necessary to permit it to offer a high level of service for both voice and broadband within the authorized serving area.

USF support will continue to be included in the Company's current revenue accounts and forward-looking projections. Revenues, in the aggregate, are used for both capital expenditures as well as to cover operating expenses and fixed costs incurred to obtain capital from lenders. The Company does not segregate USF separately for purposes of capital and

operating expenditures; USF is expended in the same proportion as the Company's aggregated revenue amount.

The proportionate share of USF expenditures in 2015 to date for CAPEX is estimated to be \$83,304 (15%); for OPEX \$468,955 (85%).

In the accompanying 2015 project detail, expenditures for network improvements sometimes involve service quality, coverage and capacity as an integrated improvement project and are not mutually exclusive from one another. In terms of cost, projects involving multiple qualifiers are of equal dollar equivalence. Where a project involves a single qualifier, it is so noted.

## **PROGRESS REPORT**

### **2015**

Long Hollow Fiber Build: For 2015, NSTC intended to use operating cash flow to deploy mainline and drop fiber to the Long Hollow area. This project was a continuation from the 2014 Easton Canyon Project.

The Fiber Project cost is estimated at \$125,000. The project involves placement of approximately 2.5 route miles of fiber to 3 subscribers currently served over copper. When complete, these 3 subscribers will have a minimum of 1 MB upload and 6 MB download broadband speeds available. NSTC expects an increase in broadband services as a result of this project based on past experience with fiber upgrades to existing exchanges. This project was staked in fall 2013 and existing subscribers were informed at that time of the Company's plans to upgrade their service. As a result of a short construction season necessitated by extreme weather conditions, this project is scheduled for completion in the third quarter 2015. The Company's Field Engineer will be on-site, working alongside the construction crews on a daily basis and will provide weekly Progress Reports to Company Management to ensure deadlines are met.

Transmission: This project also required the addition of a new electronics in the field to replace the current system. The estimated cost of NSTC labor and material will be \$4,000.

This Long Hollow project has been delayed due to the upgrade of the switch cards.

DC Rectifier and Battery Upgrades: NSTC's policy is to upgrade emergency and backup power generation capabilities on a rotating basis. Battery life and years in service are evaluated each year and replacements are completed as necessary. Generators and batteries at the Central office and batteries at each DLC or remote are all considered. Rectifiers and inverters are also included. In 2015, assuming support becomes more predictable and continuing to upgrade remains economically viable NSTC has planned on replacing batteries in the Central Office. The budgeted amount is \$50,000.

Vehicles: In 2015 the Company planned to replace one service truck. Because the Company's service area is so large, by necessity significant miles (an average of 30,000 annually) are put on service trucks in order to serve subscribers. To ensure the safety of employees as well as

ensuring serviceable vehicles, the Company replaces most fleet vehicles every six years. The vehicle to be replaced in 2015 is expected to cost \$35,000.

This expenditure has been delayed due to the upgrade of the switch cards and virtualization of the network.

Upgrade Switch and Network: The switch cards allow for more functionality, ease of software upgrades and increased capacity. The virtualization of the network allows for increased service quality. In the event of an emergency, staff technicians can access the network from anywhere to resolve the issue quickly. The estimated total cost of these improvements is \$111,000 and is expected to be completed by July, 2015. This expenditure has been delayed due to the upgrade of the switch cards and virtualization of the network.

General Expenditures: NSTC expects to spend \$12,000 in miscellaneous additions.



**NETWORK IMPROVEMENT PROJECTS-PROGRESS REPORT  
AS OF 2015 ANNUAL REPORT SUBMISSION - JULY 1, 2015**

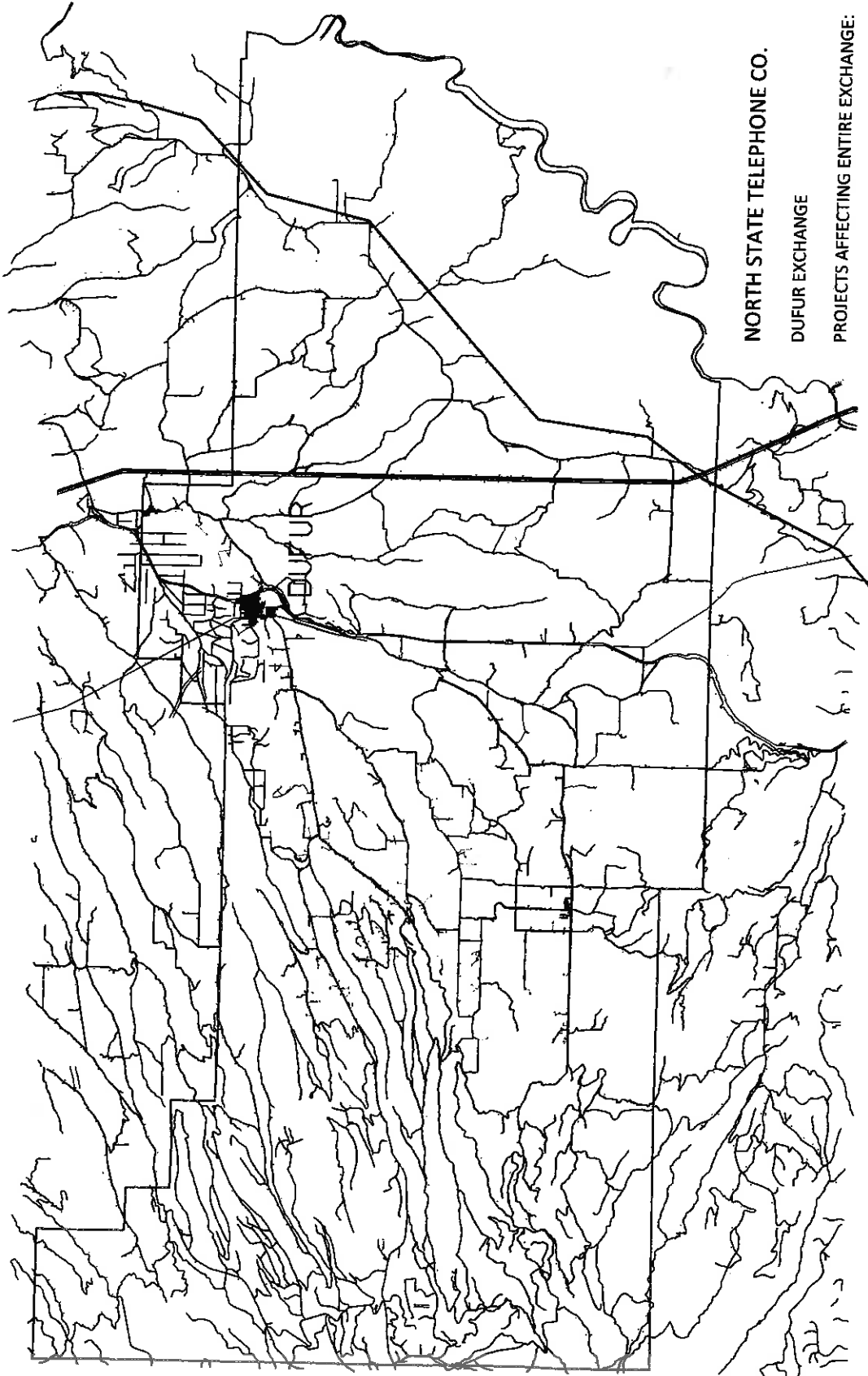
0112301TABLE FOR 2015 (Work-Sheet #4) NETWORK UPGRADE DETAILS - #162015

MAP REF.	WIRE CENTER NAME & CLI A	DESCRIPTION OF IMPROVEMENT B	PURPOSE C	COST ESTIMATE C	ACTUAL COST D	REGULATED % ALLOCATION E	AMOUNT IN USE F-C&E	% VOICE ***	% BROADBAND ***	AREA IMPACTED ***	POPULATION IMPACTED ***	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
												DATE ***	DATE ***	
	<b>2015</b> Wire Center Name & CLI Dufur, DUFRORAD50	Long Hollow Fiber Build Upgrade Long Hollow Node Replace Backup Power Service Truck General Support Expenditures Upgrade Switch PIC Cards Upgrade Virtualization Network	Service Quality and Capacity Service Quality and Capacity Service Quality General General Service Quality and Capacity Service Quality and Capacity	\$125,000 \$4,000 \$50,000 \$25,000 \$12,000 \$100,000 \$11,000	\$69,146 \$11,549	100% 100% 100% 100% 100% 100% 100%	\$125,000 \$4,000 \$50,000 \$35,000 \$12,000 \$100,000 \$11,000	50% 50% 50% 50% 50% 50% 50%	50% 50% 50% 50% 50% 50% 50%	325 sq miles 325 sq miles 325 sq miles 325 sq miles 325 sq miles 325 sq miles 325 sq miles	391 391 391 391 391 391 391	10/1/2015 10/1/2015 10/1/2015 4/1/2015 11/1/2015	6/1/2015 2/1/2015	1 1 1 1 1 1 1

2015 TOTAL PROJECTS \$337,000

NOTES 2015 TOTAL PROJECTS

1. Project moved to 2016 as result of acceleration of above projects



NORTH STATE TELEPHONE CO.

DUFUR EXCHANGE

PROJECTS AFFECTING ENTIRE EXCHANGE:

BACKUP POWER REPLACEMENT

UPGRADE SWITCH PIC CARDS

UPGRADE VIRTUALIZATION NETWORK

SCALE: 1 INCH = 4 MILES

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

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER NAME

North-State Telephone Co.

(Prepared with Audited Data)

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period or detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING

December, 2014

BORROWER DESIGNATION

OR0532

**CERTIFICATION**

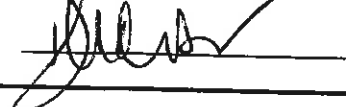
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**  
(Check one of the following)

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

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



3/28/15  
DATE

**PART A. BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	2,772,121	4,049,618	25. Accounts Payable	311,062	100,211
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	30,060	30,060
a. Telecom, Accounts Receivable	42,187	35,104	28. Customer Deposits	675	1,365
b. Other Accounts Receivable	9,812	0	29. Current Mat. L/T Debt	405,402	472,584
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable	130,030	116,918	33. Other Taxes Accrued		92,960
c. Notes Receivable	98,940	0	34. Other Current Liabilities		
5. Interest and Dividends Receivable	9,976	0	35. Total Current Liabilities (25 thru 34)	747,199	697,180
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	317	369	36. Funded Debt-RUS Notes	7,177,903	6,759,380
8. Prepayments	151,796	104,180	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
<b>Total Current Assets (1 Thru 9)</b>	<b>3,215,179</b>	<b>4,306,189</b>	39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development	1,399,550	6,519,687	42. Reacquired Debt		
b. Nonrural Development	111,357		43. Obligations Under Capital Lease	116,984	104,348
Other Investments			44. Adv. From Affiliated Companies		2,603,798
a. Rural Development			45. Other Long-Term Debt	460,584	4,174,010
b. Nonrural Development	11,000	11,000	46. Total Long-Term Debt (36 thru 45)	7,755,471	13,641,536
Nonregulated Investments		85,016	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
Other Noncurrent Assets			47. Other Long-Term Liabilities	547	42,839
Deferred Charges			48. Other Deferred Credits	1,285,051	1,372,390
Jurisdictional Differences			49. Other Jurisdictional Differences		
<b>Total Noncurrent Assets (11 thru 16)</b>	<b>1,521,907</b>	<b>6,615,703</b>	50. Total Other Liabilities and Deferred Credits (47 thru 49)	1,285,598	1,415,229
<b>INT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
Telecom, Plant-in-Service	11,887,986	12,059,962	51. Cap. Stock Outstand. & Subscribed	1,349,950	1,251,010
Property Held for Future Use			52. Additional Paid-in-Capital	2,150	2,150
Plant Under Construction			53. Treasury Stock	(1,347,850)	(1,347,850)
Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
Less Accumulated Depreciation	3,923,977	4,259,219	55. Other Capital		
<b>Net Plant (18 thru 21 less 22)</b>	<b>7,964,009</b>	<b>7,800,743</b>	56. Patronage Capital Credits		
<b>TOTAL ASSETS (10+17+23)</b>	<b>12,701,095</b>	<b>18,722,635</b>	57. Retained Earnings or Margins	2,908,577	3,063,380
			58. Total Equity (51 thru 57)	2,912,827	2,968,690
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	12,701,095	18,722,635

Total Equity = 15.86% of Total Assets

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

OR0532

PERIOD ENDING

December, 2014

INSTRUCTIONS- See RUS Bulletin 1744-2

**PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	112,452	104,842
2. Network Access Services Revenues	1,861,984	1,716,916
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	9,637	9,396
5. Miscellaneous Revenues	30,402	30,634
6. Uncollectible Revenues	1,583	485
<b>7. Net Operating Revenues (1 thru 5 less 6)</b>	<b>2,012,892</b>	<b>1,861,303</b>
8. Plant Specific Operations Expense	270,609	205,252
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	89,472	66,094
10. Depreciation Expense	428,290	448,250
11. Amortization Expense		
12. Customer Operations Expense	33,966	34,390
13. Corporate Operations Expense	308,626	377,181
<b>14. Total Operating Expenses (8 thru 13)</b>	<b>1,130,963</b>	<b>1,131,167</b>
15. Operating Income or Margins (7 less 14)	881,929	730,136
16. Other Operating Income and Expenses	1,054	1,006
17. State and Local Taxes	15,167	6,934
* 18. Federal Income Taxes	176,469	98,995
19. Other Taxes	134,613	144,057
<b>20. Total Operating Taxes (17+18+19)</b>	<b>326,249</b>	<b>249,986</b>
21. Net Operating Income or Margins (15+16-20)	556,734	481,156
22. Interest on Funded Debt	388,629	452,683
23. Interest Expense - Capital Leases		
24. Other Interest Expense	2	1
25. Allowance for Funds Used During Construction		
<b>26. Total Fixed Charges (22+23+24-25)</b>	<b>388,631</b>	<b>452,684</b>
27. Nonoperating Net Income	261,156	190,796
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
<b>31. Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>(145,584)</b>	<b>(64,464)</b>
32. Total Taxes Based on Income	283,675	154,804
33. Retained Earnings or Margins Beginning-of-Year	195,825	109,797
34. Miscellaneous Credits Year-to-Date	2,953,606	2,908,577
35. Dividends Declared (Common)	5	
36. Dividends Declared (Preferred)	328,709	
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		1
<b>39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>	<b>2,908,577</b>	<b>3,063,380</b>
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
<b>43. Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>
4. Annual Debt Service Payments	775,281	870,993
5. Cash Ratio [(14+20-10-11) / 7]	0.5112	0.5012
6. Operating Accrual Ratio [(14+20+26) / 7]	0.9170	0.9852
7. TIER [(31+26) / 26]	1.7299	1.3420
8. DSCR [(31+26+10+11) / 44]	1.4196	1.2121

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

OR0532

PERIOD ENDED

December, 2014

INSTRUCTIONS - See RUS Bulletin 1744-2

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Dufur	17.40	12.45	66	300	366	320.22	178.64
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			66	300	366	320.22	178.64
No. Exchanges	1						

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

OR0532

PERIOD ENDED

December, 2014

INSTRUCTIONS - See RUS Bulletin 1744-2

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

**4. BROADBAND SERVICE**

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Details on Least Expensive Broadband Service					
			Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Dufur	366	251	68	512	256	29.95	StandAlone	Fiber to the Home
Total	366	251						

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION OR0532  PERIOD ENDING December, 2014
INSTRUCTIONS- See RUS Bulletin 1744-2	

PART D. SYSTEM DATA				
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile
1		323	1.13	1.14

PART E. TOLL DATA	
1. Study Area ID Code(s)  a. _____ b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one)  Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis  Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis

PART F. FUNDS INVESTED IN PLANT DURING YEAR	
1. RUS, RTB, & FFB Loan Funds Expended	
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	284,984
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	284,984

PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS  (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development	5,096,796	(36,414)	6,423,589	96,098	6,519,687
2. Investment in Affiliated Companies - Nonrural Development					

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

OR0532

PERIOD ENDING

December, 2014

**PART H. CURRENT DEPRECIATION RATES**

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

YES

NO

**EQUIPMENT CATEGORY**

**DEPRECIATION RATE**

1. Land and support assets - Motor Vehicles	10.00%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	7.50%
5. Land and support assets - Buildings	3.10%
6. Land and support assets - Furniture and Office equipment	6.30%
7. Land and support assets - General purpose computers	14.30%
8. Central Office Switching - Digital	12.30%
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	9.10%
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	5.60%
19. Cable and wire facilities - Aerial cable - Metal	6.00%
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	4.60%
25. Cable and wire facilities - Conduit systems	4.80%
26. Cable and wire facilities - Other	2.10%



USDA-RUS

BORROWER DESIGNATION

OR0532

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

PERIOD ENDED

December, 2014

INSTRUCTIONS – See help in the online application.

**PART I – STATEMENT OF CASH FLOWS**

<b>1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)</b>	2,772,121
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>2. Net Income</b>	154,804
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
<b>3. Add: Depreciation</b>	448,250
<b>4. Add: Amortization</b>	0
<b>5. Other (Explain)</b> Interest Receivable	9,976
<i>Changes in Operating Assets and Liabilities</i>	
<b>6. Decrease/(Increase) in Accounts Receivable</b>	30,007
<b>7. Decrease/(Increase) in Materials and Inventory</b>	(52)
<b>8. Decrease/(Increase) in Prepayments and Deferred Charges</b>	47,616
<b>9. Decrease/(Increase) in Other Current Assets</b>	0
<b>10. Increase/(Decrease) in Accounts Payable</b>	(210,851)
<b>11. Increase/(Decrease) in Advance Billings &amp; Payments</b>	0
<b>12. Increase/(Decrease) in Other Current Liabilities</b>	92,960
<b>13. Net Cash Provided/(Used) by Operations</b>	572,710
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>14. Decrease/(Increase) in Notes Receivable</b>	98,940
<b>15. Increase/(Decrease) in Notes Payable</b>	0
<b>16. Increase/(Decrease) in Customer Deposits</b>	690
<b>17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)</b>	5,953,247
<b>18. Increase/(Decrease) in Other Liabilities &amp; Deferred Credits</b>	129,631
<b>19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates &amp; Other Capital</b>	(98,940)
<b>20. Less: Payment of Dividends</b>	0
<b>21. Less: Patronage Capital Credits Retired</b>	0
<b>22. Other (Explain)</b>	
<b>23. Net Cash Provided/(Used) by Financing Activities</b>	6,083,568
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>24. Net Capital Expenditures (Property, Plant &amp; Equipment)</b>	(171,976)
<b>25. Other Long-Term Investments</b>	(5,093,796)
<b>26. Other Noncurrent Assets &amp; Jurisdictional Differences</b>	0
<b>27. Other (Explain)</b> Accum Depr-Retired Assets	(113,009)
<b>28. Net Cash Provided/(Used) by Investing Activities</b>	(5,378,781)
<b>29. Net Increase/(Decrease) in Cash</b>	1,277,497
<b>30. Ending Cash</b>	4,049,618

Revision Date 2010

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>OR0532</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2014</p>
<p><b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ASPECTS OF  
CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS FOR  
TELEPHONE BORROWERS

Board of Directors  
North State Telephone Company and Subsidiaries  
Mt. Vernon, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of North State Telephone Company and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2014 and 2013, and the related consolidated statements of revenue, comprehensive income, stockholders' equity and changes in cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2015. In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2015, on our consideration of North State Telephone Company and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above related to our audit have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that North State Telephone Company and Subsidiaries failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding North State Telephone Company and Subsidiaries' noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding North State Telephone Company and Subsidiaries' accounting and records to indicate that North State Telephone Company and Subsidiaries did not:

Maintain adequate and effective accounting procedures;

Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;

Reconcile continuing property records to the controlling general ledger plant accounts;

Clear construction accounts and accrue depreciation on completed construction;

Record and properly price the retirement of plant;

Seek approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;

Maintain adequate control over materials and supplies;

Prepare accurate and timely Financial and Operating Reports;

Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the telephone system;

Disclose material related party transactions in the financial statements, in accordance with requirements of related parties in generally accepted accounting principles;

Record depreciation in accordance with RUS requirements (See RUS Bulletin 183-1, Depreciation Rates and Procedures) and

Comply with the requirements for the detailed schedule of investments.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of investments in affiliated companies required by 7 CFR 1733.33(i), and attached to this letter, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

See Schedule of Investments in Affiliated Companies.

This report is intended solely for the information and use of the board of directors, management, and the RUS and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Wiggins & Co., PC*

Brigham City, Utah  
March 26, 2015