

DOCKET NO. UM 1768

**Cover Sheet for Submission of
2016 Annual ETC Certification Reports**

Name of Eligible Telecommunications Carrier: Eagle Telephone System, Inc.

Filing date: July 1, 2016

Is this: Original submission? X
OR
Revised submission? _____

Person to contact for questions:

Name Rusti A. Lattin

Phone number 541-893-6111

E-mail address comco@eagletelephone.com

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

- CAF/ICC Support (47 CFR § 54.304)
- Rate Floor Data (47 CFR § 54.313(h)) – if separate from Form 481
- X Form 481 (High-cost per 47 CFR § 54.313, Low-income per 54.422)¹
- Form 690 (Mobility Fund per 47 CFR § 54.1009)
- X 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, 2016. The CAF/ICC support data are due the same day as the ETC's interstate access tariff filing.

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

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



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

CONFIRMATION

Congratulations. Your filing has been successfully certified.

Filing 1 was successfully certified on Fri 1 Jul 16 05:04:51 PM EDT by mike@eagletelephone.com .

SAC : 532369

498 ID : 143002617

Carrier Name : EAGLE TEL SYSTEMS

Program Year : 2017

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.

Please take this quick survey and give us your thoughts! Your feedback will help improve the filing process. [Take Survey](#)

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

Mike Lattin

From: Form481@usac.org
Sent: Friday, July 01, 2016 2:32 PM
To: mike@eagletelephone.com
Subject: Form 481 Certification Confirmation



Form 481 Certification Confirmation

Congratulations. Your filing has been successfully certified.

Filing Number: 1

Certification Date and Time: Fri Jul 01 17:32:19 EDT 2016

Filing Created By: mike@eagletelephone.com

SAC: 532369

498 ID: 143002617

Carrier: EAGLE TEL SYSTEMS

Program Year: 2017

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**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2017
<030> Contact Name: Person USAC should contact with questions about this data	Rusti A. Lattin
<035> Contact Telephone Number: Number of the person identified in data line <030>	5418936111 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	rusti@eagletelephone.com
Form Type	54.313 and 54.422

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Rusti A. Lattin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

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

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)

If your answer to Line <111> is yes, please 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.

EagleNarrative2016buildoutupdatesigned.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

(200) Service Outage Reporting (Voice) Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code 532369

<015> Study Area Name EAGLE TEL SYSTEMS

<020> Program Year 2017

<030> Contact Name - Person USAC should contact regarding this data Rusti A. Lattin

<035> Contact Telephone Number - Number of person identified in data line <030> 5418936111 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> rusti@eagletelephone.com

<210> For the prior calendar year, were there any reportable voice service outages? No

<220>	<a>	<b1>	<b2>	<b3>	<b4>	<c1>	<c2>	<d>	<e>	<f>	<g>	<h>
NORS Reference Number	Outage Start Date	Outage Start Time	Outage End Date	Outage End Time	Number of Customers Affected	Total Number of Customers	911 Facilities Affected (Yes / No)	Service Outage Description (Check all that apply)	Did This Outage Affect Multiple Study Areas (Yes / No)	Service Outage Resolution	Preventative Procedures	

(300) Unfulfilled Service Request Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	532369
<015> Study Area Name	ENGLE TEL SYSTEMS
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Rusti A. Zattin
<035> Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti1@engletelephone.com
<300> Unfulfilled service request (voice)	<input type="text" value="0"/>
<310> Detail on attempts (voice)	<hr/> <p style="text-align: center;">Name of Attached Document</p>
<320> Unfulfilled service request (broadband)	<input type="text" value="0"/>
<330> Detail on attempts (broadband)	<hr/> <p style="text-align: center;">Name of Attached Document</p>

(400) Number of Complaints per 1,000 customers
Data Collection Form

FCC Form 481
OMB Control No. 3060-0886/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Rusti A. Lattin
<035>	Contact Telephone Number - Number of person identified in data line	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line	rusti@eagletelephone.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

**(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection Form**

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

<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Ruati A. Laccin
<035> Contact Telephone Number - Number of person identified in data line <030>	5419336111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	ruati@eaqteltelephone.com
<500> Certify compliance with applicable service quality standards and consumer protection rules	Yes
53236911ne510-001.pdf	
<510> Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	

**(600) Functionality in Emergency Situations
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Rusti A. Lettin
<035> Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com
<600> Certify compliance regarding ability to function in emergency situations	Yes
<610> Descriptive document for Functionality in Emergency Situations	5323691ine610-001.pdf

<010> Study Area Code 532369

<015> Study Area Name EAGLE TEL SYSTEMS

<020> Program Year 2017

<030> Contact Name - Person USAC should contact regarding this data Rusti A. Lattin

<035> Contact Telephone Number - Number of person identified in data line <030> 5418936111 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> rusti@eagletelephone.com

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
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 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code 532369
<015> Study Area Name EAGLE TEL SYSTEMS
<020> Program Year 2017
<030> Contact Name - Person USAC should contact regarding this data Rusti A. Lattin
<035> Contact Telephone Number - Number of person identified in data line <030> 5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030> rusti@eagletelephone.com

<810> Reporting Carrier Eagle Telephone Systems, Inc.
<811> Holding Company Eagle Telephone Systems, Inc.
<812> Operating Company Eagle Telephone System, Inc.

<813>	<a1>	<a2>	<a3>
	Affiliates	SAC	Doing Business As Company or Brand Designation

(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	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Rusti A. Lattin
<035> Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

<900> Does the filing entity offer tribal land services? (Y/N) No

<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

(1000) Voice and Broadband Service Rate Comparability Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Rusti A. Lattin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

<1000>	Voice services rate comparability certification	Yes
<1010>	Attach detailed description for voice services rate comparability compliance	532369ORVoiceServicesComparabilityReportLine1010.2016

		Name of Attached Document
<1020>	Broadband comparability certification	Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau
<1030>	Attach detailed description for broadband comparability compliance	_____
		Name of Attached Document

(1100) No Terrestrial Backhaul Reporting Data Collection Form	FCC Form 481 OMB Control No: 3060-0986/OMB Control No: 3060-0819 July 2013
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<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Rusti A. Lattin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

<1100> Certify whether terrestrial backhaul options exist (Y/N)

<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 Lifeline Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Rusti A. Lattin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans



Name of Attached Document

<1220> Link to Public Website

HTTP www.eagletelephone.com

"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 Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0818 July 2013
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<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Rusti A. Lattin
<035> Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental 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) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support	<input style="width: 100px; height: 20px;" type="text"/>	
<2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support	<input style="width: 100px; height: 20px;" type="text"/>	
<2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.	<input style="width: 100px; height: 20px;" type="text"/>	
<2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.	<input style="width: 100px; height: 20px;" type="text"/>	
<2024A> Round 2 Recipient of Incremental Support?	<input style="width: 100px; height: 20px;" type="text"/>	<input style="width: 100%; height: 40px;" type="text"/>
<2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.	Name of Attached Document Listing Required Information	<input style="width: 100%; height: 40px;" type="text"/>
<2025A> Round 1 or Round 2 Recipient of Incremental Support?	<input style="width: 100px; height: 20px;" type="text"/>	
<2025B> Attach geocoded Information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-	Name of Attached Document Listing Required Information	<input style="width: 100%; height: 40px;" type="text"/>
<2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)	<input style="width: 100px; height: 20px;" type="text"/>	

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)}

<2017A> Connect America Fund Phase II recipient?

<2017B> Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price

Name of Attached Document Listing Required Information

cap carrier used for capital expenditures in 2015.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)

Name of Attached Document Listing Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)

<2020> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)

<2021> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)

<2026> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)

<2027> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)

<010> Study Area Code 532369
 <015> Study Area Name EAGLE TEL SYSTEMS
 <020> Program Year 2017
 <030> Contact Name - Person USAC should contact regarding this data Rusti A. Lattin
 <035> Contact Telephone Number - Number of person identified in data line <030> 5418936111 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> rusti@eagletelephone.com

Complete the items below to note compliance with 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.

Progress Report on 5 Year Plan
 (3009) Carrier certifies to 54.313(f)(1)(iii)

(3010A) Milestone Certification {47 CFR § 54.313(f)(1)(ii)} Yes - Attach Certification

(3010B) Please Provide Attachment Name of Attached Document Listing Required Information

(3012A) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)} Not Applicable - No Attachment Required

(3012B) Please Provide Attachment Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) (Yes/No)

(3014) If yes, does your company file the RUS annual report (Yes/No)

Please check these boxes to confirm that the attached PDF, 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) with 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

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

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

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

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

(3021) Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.
 If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

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

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

(3024) Underlying information subjected to an officer certification.

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

(3026) Attach the worksheet listing required information Name of Attached Document Listing Required information

(3005) Rate Of Return Carrier Additional Documentation (Continued)	FCC Form 485
Data Collection Form:	OMB Control No. 3060-0066/OMB Control No. 3050-0619
	July 2013

<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Rusti A. Lartin
<035> Contact Telephone Number - Number of person identified in data line <030>	5418930111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

Financial Data Summary

(3027) Revenue	3836366
(3028) Operating Expenses	3371576
(3029) Net Income	464790
(3030) Telephone Plant In Service(TPIS)	7482420
(3031) Total Assets	7640144
(3032) Total Debt	999760
(3033) Total Equity	5969333
(3034) Dividends	0

Name of Attached Document Listing Required Information

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Rusti A. Lattin
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<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 25-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year. Name of Attached Document Listing Required Information _____

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481. Name of Attached Document Listing Required Information _____

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area. Name of Attached Document Listing Required Information _____

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

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

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	EAGLE TEL SYSTEMS
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:	532369
Filing Due Date for this form:	07/01/2016
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**Certification - Agent / Carrier
Data Collection Form**

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

<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Rusti A. Lattin
<035> Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

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

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

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent Firm:	
Signature of Authorized Agent or Employee of Agent:	Date:
Name of Authorized Agent Employee:	
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



**EAGLE TELEPHONE
SYSTEM**

P.O. Box 178

Richland, OR 97870

Study Area Code: 532369

June 24, 2016

Voice Services Comparability Report

Pursuant to 47 C.F.R. § 54.313 (a) (10) Eagle Telephone System, Inc.; is in compliance with the requirement that voice services is no more than two standard deviations above the national average urban rate for voice service of \$47.48 as specified in Public Notice DA 15-470 issued on April 16, 2015. Eagle Telephone System, Inc.; current total local end-user rate¹ of \$18.00 (which includes a local fee of \$16.60, mandated state fees of \$1.35 and mandatory extended area service charges of \$0) is not above the standard deviation as specified in the USF/ICC Transformation Order.²

¹ Local End User Rate as defined in USF/ICC Transformation Order 26 FCC Rcd at 17751, Para. 238

² USF/ICC Transformation Order, 26 FCC Rcd at 17694, Para. 84 (footnote included) "The standard deviation is a measure of dispersion. The sample standard deviation is the square root of the sample variance. The sample variance is calculated as the sum of the squared deviations of the individual observations in the sample of data from the sample average divided by the total number of observations in the sample minus one. In a normal distribution, about 68 percent of the observations lie within one standard deviation above and below the average and about 95 percent of the observations lie within two standard deviations above and below the average."



**EAGLE TELEPHONE
SYSTEM**

P.O. Box 178

Richland, OR 97870

Study Area Code: 532369

June 24, 2016

Milestone Certification

Pursuant to 47 C.F.R. § 54.202(a) Eagle Telephone System, Inc.; provides this certification that it is taking reasonable steps to provide upon reasonable request broadband speeds of at least 4 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to offerings in urban areas as determined in an annual survey as specified in Public Notice DA 15-470, and that requests for such service are met within a reasonable amount of time. Details for how Eagle Telephone System, Inc.; is meeting its obligations for broadband goals and required obligations are specified within the FCC Form 481 annual filing.

AFFIDAVIT CERTIFYING EMERGENCY FUNCTIONALITY
54.313(a)(5) AND 54.313(a)(6)

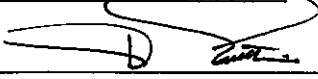
I, Mike Lattin, being of lawful age and duly sworn, on my oath, state that I am the President of **Eagle Telephone System, Inc.** and that I am authorized to execute this Affidavit on behalf of the Company, and the facts set forth in this Affidavit are true and accurate to the best of my knowledge, information, and belief.

The Company hereby certifies to the **Oregon Public Utility Commission, Federal Communications Commission**, and the **Universal Service Administrative Company** pursuant to the requirements under 47 C.F.R. 54.313(a)(5) and 54.313(a)(6) that in the provisioning of wireline voice services:

- 1) Eagle Telephone System, Inc., is able to remain functional in emergency situations including a reasonable amount of back-up power to ensure functionality without an external power source, the ability to re-route traffic around damaged facilities, and the capability to manage traffic spikes resulting from emergency situations.
- 2) All of Eagle Telephone System, Inc. Remote AFC cabinets are equipped with generators and battery backup systems. These systems immediately kick on if the main power to the cabinets has failed. The Central Office/Switch is also equipped with a generator and battery backup system that kicks on in the event of a power failure. Any time that there is an emergency situation such as a power failure we are able to provide service to our customers.
- 3) Our main customer service office is also equipped with a generator system so that if the power is down we are still able to remain open to service customer inquiries, answer our landline phones, and take care of any other customer service issues; during normal operating hours.

DATED this 28th day of June, 2016.

Eagle Telephone System, Inc.

By: 
Mike Lattin
President

SUBSCRIBED AND SWORN to before me this 28th day of June, 2016.

Brandi A Sangster
Notary Public in and for the State of Oregon

My Commission Expires: July 26, 2016



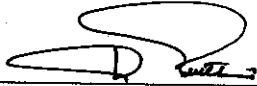
AFFIDAVIT CERTIFYING USE OF UNIVERSAL SERVICE FUNDS

I, Mike L. Lattin being of lawful age and duly sworn, on my oath, state that I am the President of Eagle Telephone System, Inc.; and that I am authorized to execute this Affidavit on behalf of the Company, and the facts set forth in this Affidavit are true to the best of my knowledge, information and belief.

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

I attest that all federal high-cost support provided to Eagle Telephone System, Inc.; in Oregon was used in the preceding calendar year (2015) and will be used in the coming calendar year (2017) only for the provision, maintenance and upgrading of facilities and services for which the support is intended.

DATED this 28th day of June, 2016.

By:  (Officer's Name)

Its: PRESIDENT (Officer's Title)

SUBSCRIBED AND SWORN to before me this 28th day of June, 2016.

Brandi A Sangster

Notary public in and for the State of Oregon

My Commission Expires: July 26, 2016



AFFIDAVIT CERTIFYING COMPLIANCE WITH SERVICE
QUALITY AND CONSUMER PROTECTION MEASURES 54.313(a)(5) AND 54.313(a)(6)

I, Mike Lattin, being of lawful age and duly sworn, on my oath, state that I am the President of Eagle Telephone System, Inc. and that I am authorized to execute this Affidavit on behalf of the Company, and the facts set forth in this Affidavit are true and accurate to the best of my knowledge, information, and belief.

The Company hereby certifies to the **Oregon Public Utility Commission, Federal Communications Commission, and the Universal Service Administrative Company** pursuant to the requirements under 47 C.F.R. 54.313(a)(5) and 54.313(a)(6) that in the provisioning of wireline voice services:

- 1) Eagle Telephone System, Inc., has established operating procedures designed to facilitate compliance with applicable consumer protection rules.
- 2) Eagle Telephone System, Inc., has established operating procedures designed to facilitate compliance with service quality standards which may include customer remedies and improvement plans.
- 3) Eagle Telephone System, Inc., discloses all of our rates and terms of service to the customer, in the form of plan pamphlets and information on our website. We provide contract terms to customers and confirm changes in service. We allow a 30 day trial period for all new service connects. We provide specific disclosures in our advertising. We separately identify carrier charges from state and federal taxes on our billing statements and we also disclose said taxes on our website and plan pamphlets. We provide the customer the right to terminate service for changes to contract terms. We provide ready access to customer service with our telephone number and customer service contact information on our website and billing statements. We respond to customer inquiries and complaints from government agencies within 30 days of receiving complaints from any such agency. We abide by federal CPNI laws regarding customer privacy.

DATED this 28th day of June, 2016.

Eagle Telephone System, Inc.

By: _____

Mike Lattin
President

SUBSCRIBED AND SWORN to before me this 28th day of June, 2016.

Brandi A Sangster
Notary Public in and for the State of Oregon

My Commission Expires: July 26, 2016



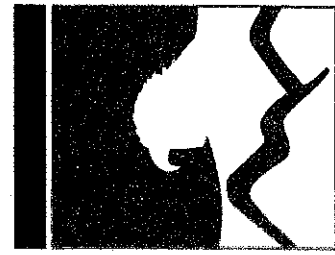
Eagle Telephone System is a community telecommunications service provider who offers basic and enhanced services at reasonable rates within its serving areas. Basic services are offered at the following rates:

Single Party Residence Service	\$16.60	Caller ID	\$5.00
*Plus Additional taxes		Call Forwarding	\$0.50
Single Party Business Service	\$18.95	Call Waiting	\$0.50
Federal Subscriber Line Charge: Single Line	\$6.50	Three-Way Calling	\$0.50
(Residential & Business)		Voice Messaging, Basic	\$2.50
*FCC Access Recovery Charge	\$2.50	Emergency 911 Services	\$0.75
Federal Subscriber Line Charge: Multi-Line	\$9.20		
(Business)			
*FCC Access Recovery Charge	\$3.00		

Eagle Telephone is a participant in the Oregon Telephone Assistance Program (OTAP), which can provide low-income households discounts of up to \$12.75 off our basic service rate. To find out if you qualify, visit www.puc.state.or.us

Basic services are offered to all consumers in the Eagle Telephone System territories at the rates, terms and conditions specified in the Company's tariffs. If you have any questions regarding the Company's services, please call us at 541-893-6111 for further information.

www.eagletelephone.com



**EAGLE TELEPHONE
SYSTEM**



**EAGLE TELEPHONE
SYSTEM**

Report of Independent Auditors and
Consolidated Financial Statements

Eagle Telephone System, Inc.

December 31, 2015 and 2014

CONTENTS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Eagle Telephone System, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Eagle Telephone System, Inc. and subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income and retained earnings and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Eagle Telephone System, Inc. and subsidiary as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2016 on our consideration of the Company's 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Miss Adams CPA

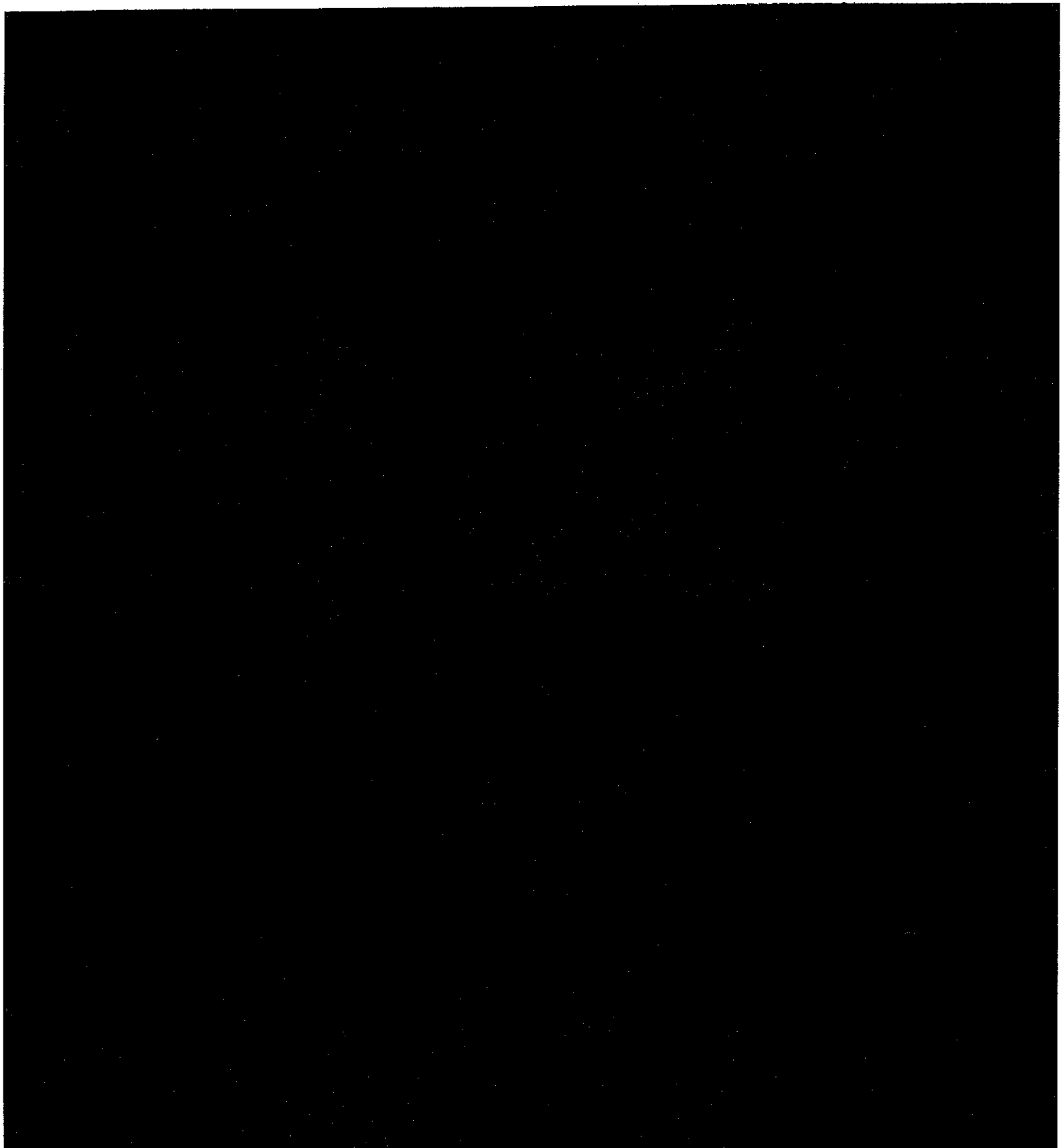
Stockton, California

April 1, 2016

CONSOLIDATED FINANCIAL STATEMENTS

EAGLE TELEPHONE SYSTEM, INC.
CONSOLIDATED BALANCE SHEETS

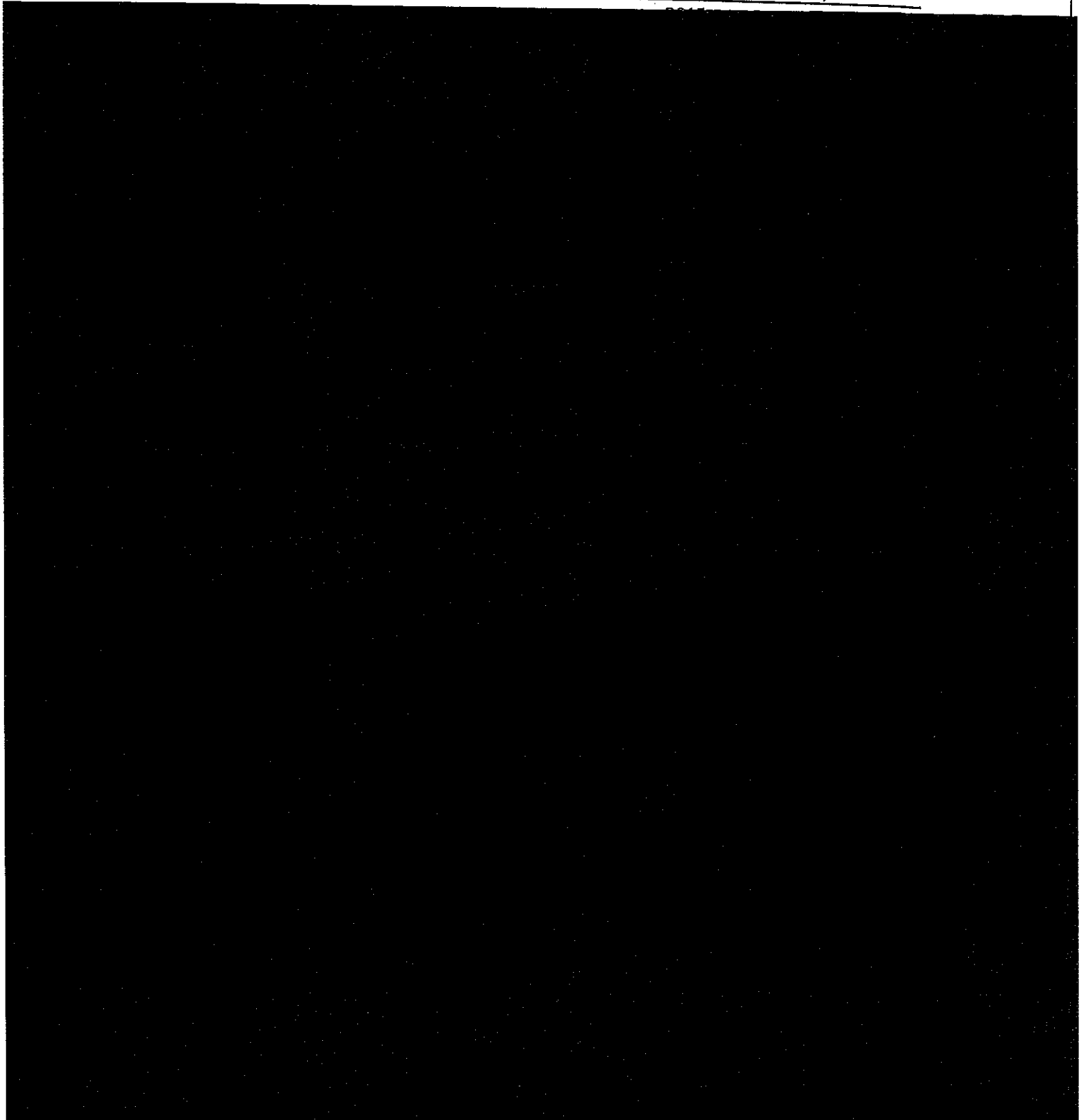
ASSETS



EAGLE TELEPHONE SYSTEM, INC.
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

DECEMBER 31,

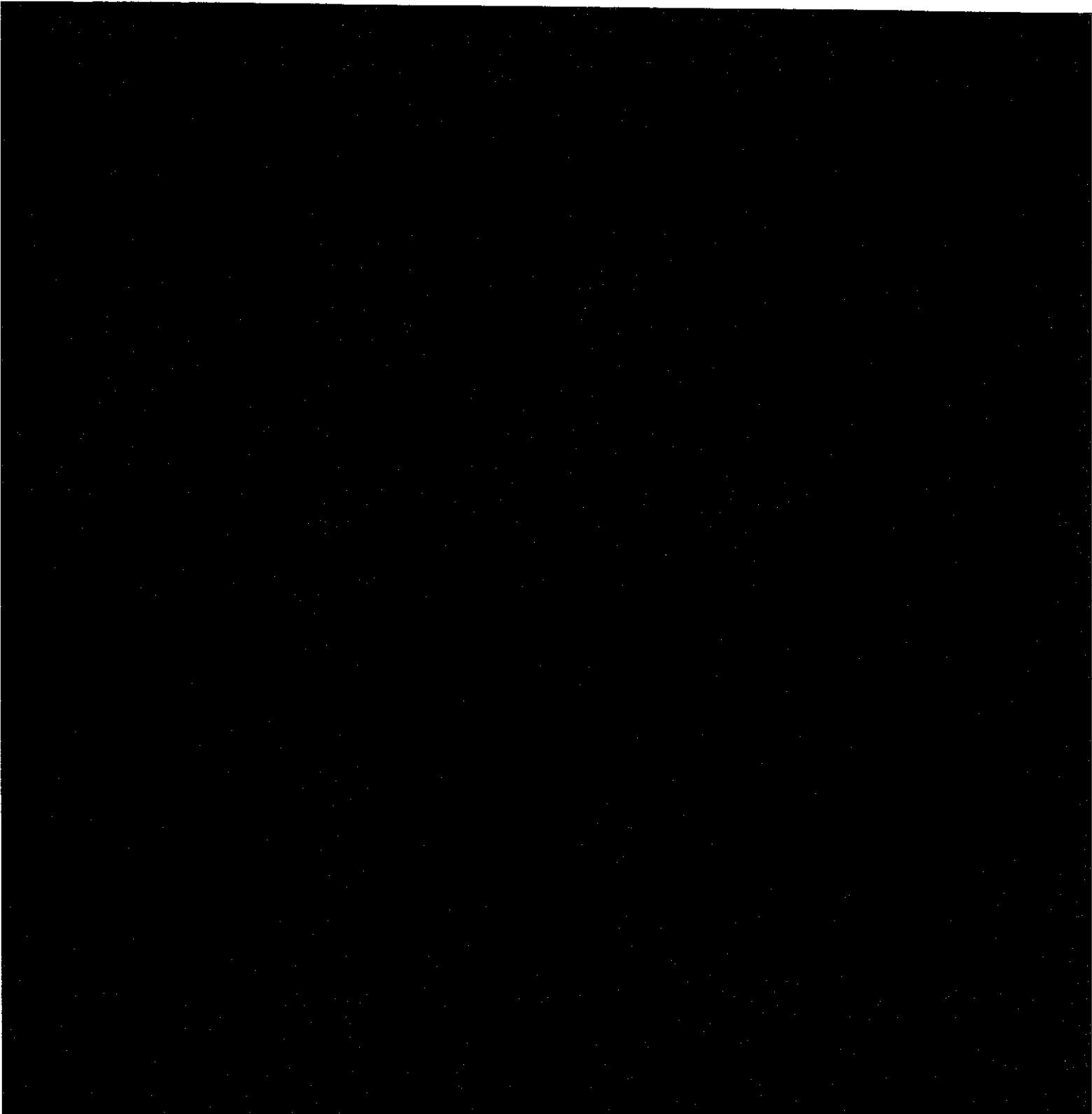


EAGLE TELEPHONE SYSTEM, INC.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

YEARS ENDED DECEMBER 31,

2015

2014



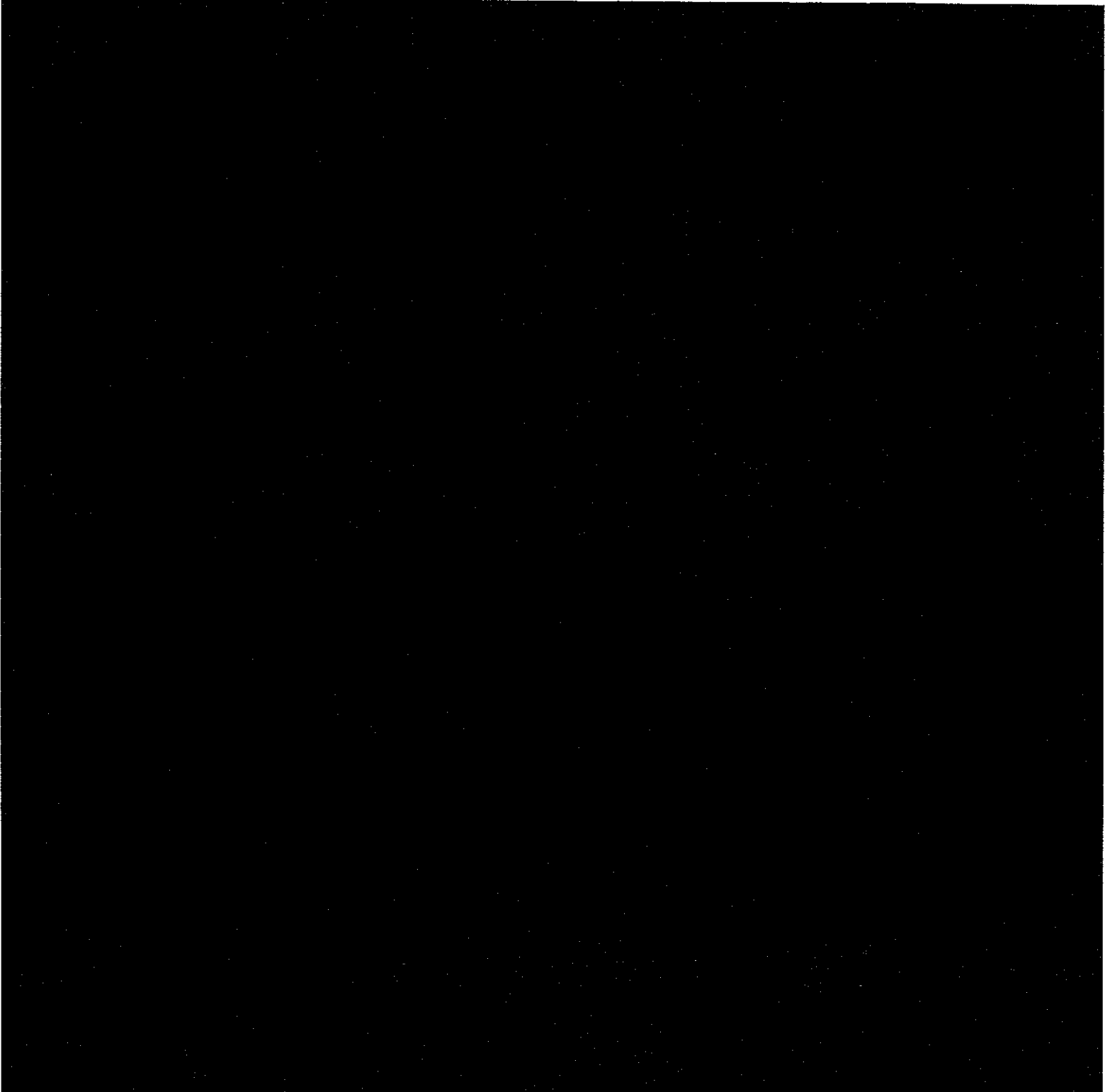
EAGLE TELEPHONE SYSTEM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, _____

2015

2014

CASH FLOWS FROM OPERATING ACTIVITIES



EAGLE TELEPHONE SYSTEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and description of operations - Eagle Telephone System, Inc. (ETS) was incorporated on September 1, 1981 as an Oregon telephone utility corporation subject to the rules and regulations of the Oregon Public Utility Commission (OPUC) and the Federal Communications Commission (FCC). The Company provides telephone service in its franchised territory of Richland, Sparta, New Bridge, and Conner Creek, Oregon.

Snake River PCS (PCS), a wholly-owned subsidiary of ETS, was incorporated in 2001 to provide wireless communication services to subscribers in Baker and Union counties in Oregon.

Accounting policies - The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to regulated public utilities. Such accounting principles are consistent in all material respects with accounting prescribed by the FCC.

Consolidation policy - The accompanying consolidated financial statements include the accounts of Eagle Telephone System, Inc. and its wholly-owned subsidiary. All material intercompany transactions and balances have been eliminated in consolidation.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts receivable - The Company generally does not require collateral or other security to support accounts receivable. Credit risk associated with receivables is periodically reviewed by management and, if required, an allowance for doubtful accounts is established. An allowance for doubtful accounts of \$4,571 was recorded at December 31, 2015 and 2014. Past due status is based on the terms of each sale. Amounts due in excess of 90 days are immaterial. Interest is not charged on past due balances for ETS customers. PCS charges 1.5% interest per month on outstanding balances to its customers who are more than 60 days past due. Uncollectible receivables are charged off when deemed uncollectible. Recoveries of previously charged off accounts are recorded when received.

Material and supplies - Material and supplies inventory consists of material and supplies used for construction. Material and supplies also consists of handsets and related accessories that are purchased for resale. Material and supplies used for construction are stated at the lower of cost or market. Cost is determined by the average cost method. Material and supplies purchased for resale are carried at the lower of cost or market. Market is determined using replacement cost in accordance with industry standards.

EAGLE TELEPHONE SYSTEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Property, plant, and equipment – Property, plant, and equipment are stated at original cost. The cost of additions and substantial betterments of property, plant, and equipment is capitalized. The cost of maintenance and repairs is charged to operating expenses. The Company records income as an allowance for funds used during construction (AFUDC) and capitalizes as a cost of construction the cost of financing large construction projects spanning a period greater than two months. The Company uses a weighted-average interest rate based on total Company long-term debt.

Regulated property, plant, and equipment is depreciated using straight-line methods in accordance with rates as prescribed by regulators. In accordance with composite group depreciation methodology, when a portion of the Company's depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation.

Nonregulated property, plant, and equipment is depreciated using straight-line methods over the estimated useful lives of the assets. Upon retirement, sale, or other disposition of nonregulated plant, the cost and related accumulated depreciation are removed from the related accounts and the resulting gains or losses are included in the consolidated statement of income.

Revenue recognition – Monthly service plan revenues derived from local service, Internet, and basic monthly wireless services are billed and recognized in the month that service is provided.

Usage sensitive revenues such as access (revenues earned from originating/terminating long distance calls) and wireless roaming and airtime are generally billed as a per minute charge. Although these revenues are billed in arrears, an estimate of unbilled revenues is accrued in the month the service is provided.

Interstate access revenues also include settlements based on the Company's participation in the revenue pools administered by the National Exchange Carrier Association (NECA). Settlement revenues are determined by annually prepared separations and interstate access cost studies. These studies are prepared subsequent to year end and, therefore, the related revenues are recorded on the books based on an estimate of NECA pool earnings and on other assumptions related to information utilized in the preparation of the Company's cost study. Revenues for the current year are based on estimates prior to the submission of the cost study reporting actual results of operations. The studies are subject to a 24-month pool adjustment period and review by NECA. There was an insignificant revenue impact in 2015 and 2014 for adjustments related to prior year differences between the recorded estimates and actual revenues. Management does not anticipate significant adjustments to recorded revenues for the years ended December 31, 2015 and 2014 in future years.

Internet revenues are derived from providing end user customer's connection to the public Internet. Additionally, interstate access revenues include settlements from NECA that compensate the Company for the DSL transport related to Internet traffic.

EAGLE TELEPHONE SYSTEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Revenue recognition (continued) – The Company's wireline and wireless universal service support revenue is intended to compensate the Company for the high cost of providing rural telephone service. Universal service support revenue includes funds received for high cost loop support (HCLS), interstate common line support (ICLS), Connect America Fund (CAF), and other miscellaneous programs. HCLS and ICLS are based on the Company's current relative level of operating expense and plant investment. Support from the CAF is based on a historical frozen amount related to 2011 investment and expenses associated with the switching function and certain 2011 intrastate access revenues, which together make up the CAF base. The CAF base will be reduced by 5% each year in determining CAF support.

Wireless support revenues were frozen based on amounts of wireless support received in 2011 and will be phased out over a five-year period.

The Company received \$1.9 million or 49% and \$1.7 million or 46% of total operating revenue from the Federal Universal Service programs in 2015 and 2014, respectively.

Regulation – The Company's services are subject to rate regulation as follows:

- Local telephone and intrastate access revenues are regulated by the OPUC. The FCC also has assumed preemptive authority to regulate intrastate telecommunications services, including intrastate terminating access rates.
- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Federal universal service revenues are administered by the Universal Service Administrative Company (USAC) based on rules established by the FCC.
- State universal service revenues are based on rules established by the OPUC.

Other sources of revenues are not rate regulated and include wireless services, internet, billing and collection services, rents, directory, equipment sales, and other incidental services.

Wireless expenses and nonregulated plant are directly attributable to nonregulated services.

All other operating expenses and property, plant, and equipment are related primarily to regulated revenues. However, some of these costs jointly relate to regulated and nonregulated services. For settlement, universal service support, rate case, and other regulatory purposes, the portion of these costs related to nonregulated activities are removed from these accounts in accordance with Part 64 of the FCC rules in order to ensure that regulated revenues are based on costs of providing regulated services.

EAGLE TELEPHONE SYSTEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income taxes – The stockholders of the Company have elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Therefore, all earnings and losses of the Company are included on the individual tax returns of the stockholders. Accordingly, no provision has been made for federal and state income taxes and previously recorded deferred taxes have been eliminated.

The Company records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. As of December 31, 2015 and 2014, the Company had no accrued amounts related to uncertain tax positions. Interest and penalties, if any, are recorded as interest expense and other expense, respectively. The Company is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2012.

Taxes imposed by governmental authorities – The Company's customers are subject to taxes assessed by various governmental authorities on many different types of revenue transactions with the Company. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

Concentrations of credit risk – Throughout the year, cash balances with local institutions exceeded federally insured limits. A possible loss exists when cash balances with one financial institution is in excess of \$250,000. The Company minimizes this risk by utilizing several financial institutions for deposits of cash funds.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date, but before financial statements are issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet, but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through April 1, 2016, which is the date the financial statements are available to be issued.

EAGLE TELEPHONE SYSTEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - INTANGIBLE ASSETS

Intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment tests. Other intangible assets are amortized over their useful lives.

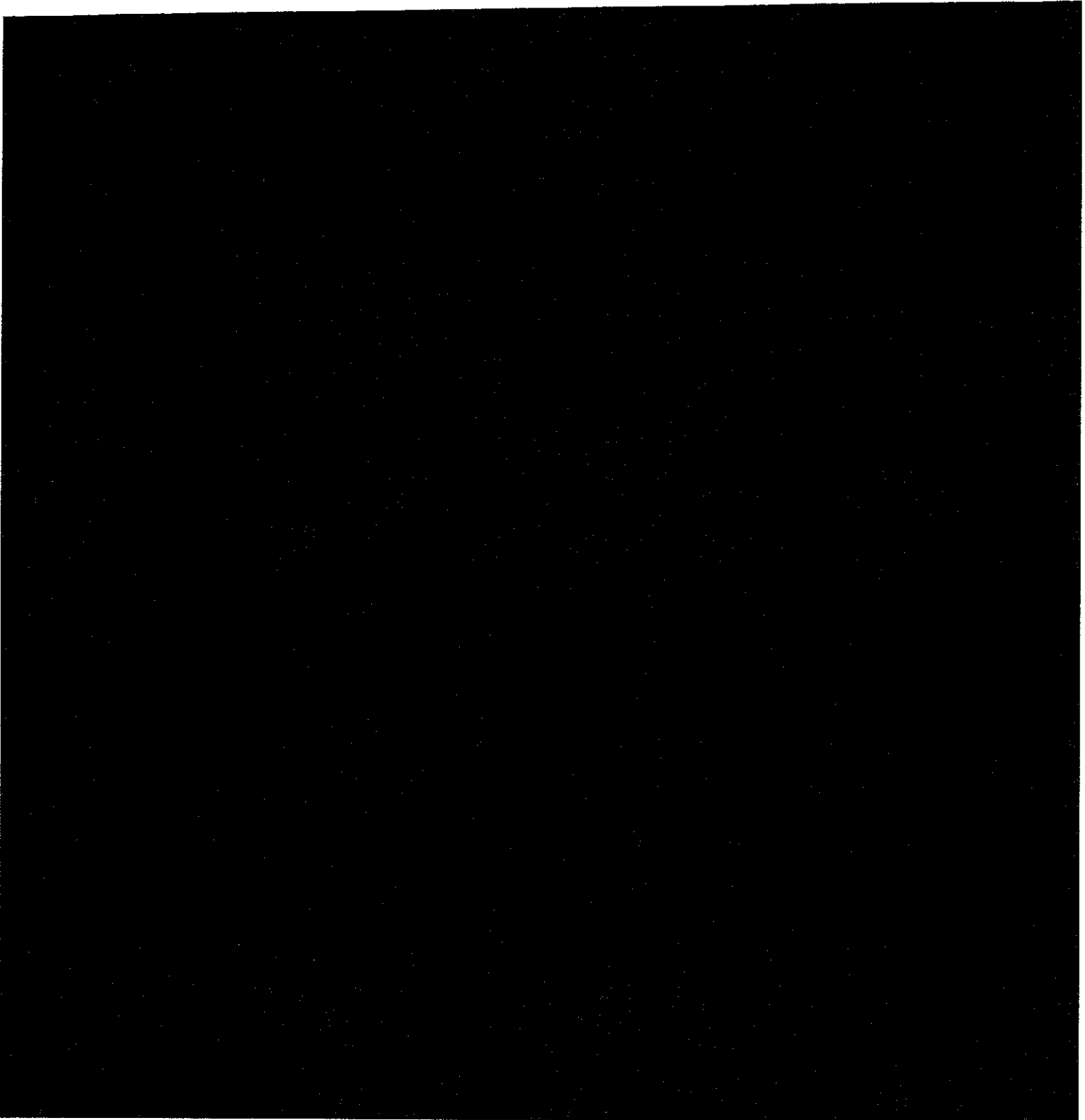
Amortizable intangible assets consist of a customer list acquired in 2010 for \$40,000 that is amortized over an estimated useful life of seven years using the straight-line method. Amortization expense for both 2015 and 2014 was \$6,667 and estimated annual amortization expense is \$3,333 for 2016.

Nonamortizable indefinite lived intangible assets consist of PCS and Hi-Output cellular licenses. Management has determined that its intangible assets were not impaired as of December 31, 2015.

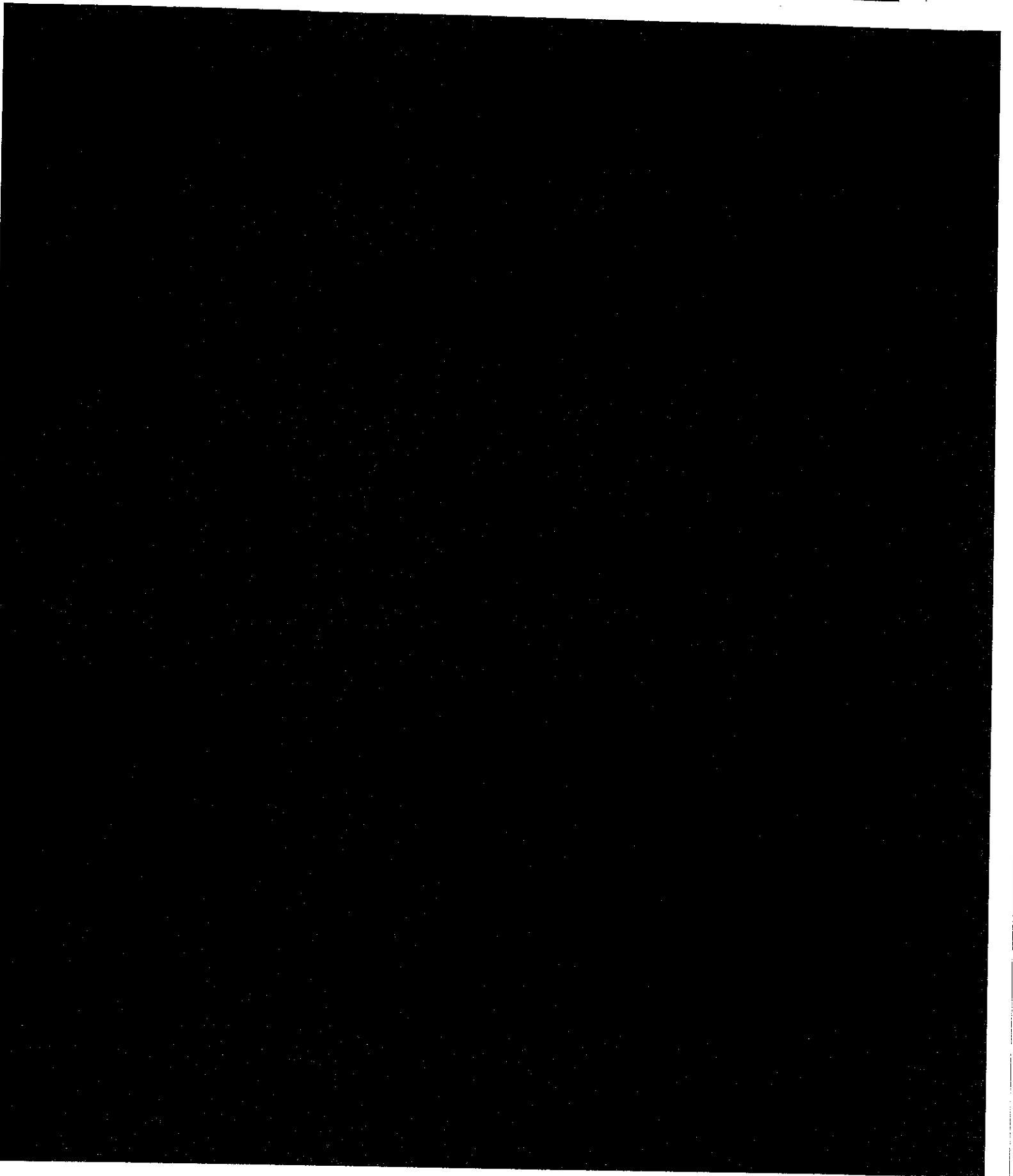
EAGLE TELEPHONE SYSTEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment balances, together with accumulated depreciation, consist of the following at December 31:



EAGLE TELEPHONE SYSTEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



EAGLE TELEPHONE SYSTEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

