

DOCKET NO. UM 1726

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

Name of Eligible Telecommunications Carrier: Oregon Telephone Corp-MTE

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))

X 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.

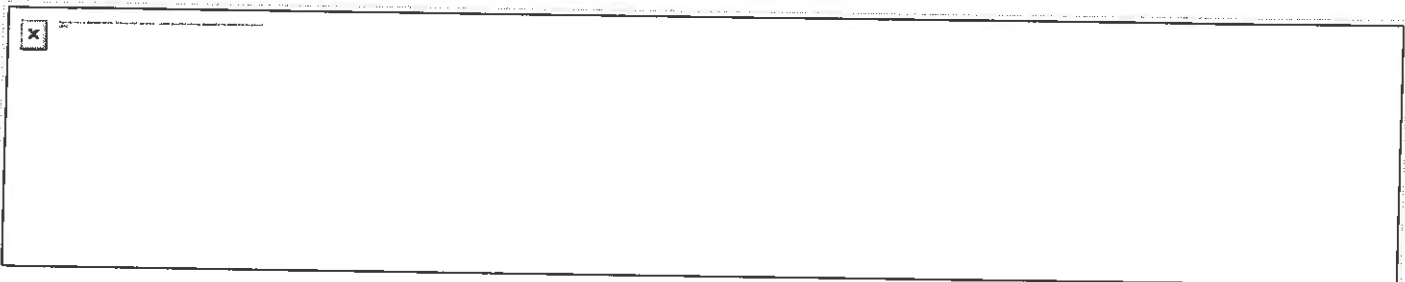
If revisions to an original submission are filed with the FCC or USAC, a copy of the revisions must be filed with the Oregon Commission no later than five business days following submission to the FCC or USAC.

<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:** Thursday, June 25, 2015 10:38 AM  
**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: Thu Jun 25 13:37:37 EDT 2015**

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

**SAC: 532389**

**SPIN: 143002630**

**Carrier: OREGON TEL CORP**

**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 07:59:42 PM EDT by dkluser@ortelco.net

SAC : 532389

SPIN : 143002630

Carrier Name : OREGON TEL CORP

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	532389
<015> Study Area Name	OREGON TEL CORP
<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

**ANNUAL REPORTING FOR ALL CARRIERS**

	54.913 Completion Required	54.422 Completion Required
--	----------------------------------	----------------------------------

	54.913 Completion Required	54.422 Completion Required
<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)		
<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)		
<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="532389or510.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="532389or610.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 checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability Certification <i>(if yes, complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010> <input type="text" value="Yes"/> <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**

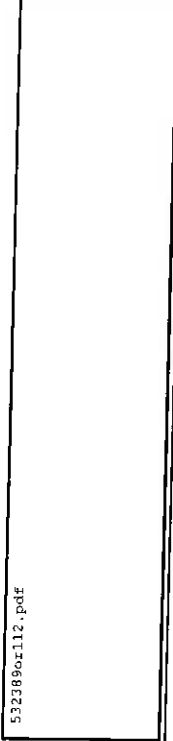
FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code 532389  
 <015> Study Area Name OREGON TEL CORP  
 <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?  (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, 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	Not Applicable
<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













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

FCC Form 481  
OMB Control No. 30CC-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	532389
<015>	Study Area Name	OREGON TEL CORP
<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

<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**  
**Lifeline**  
**Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3047-0819  
July 2013

<010> Study Area Code 532389

<015> Study Area Name OREGON TEL CORP

<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> dk.luser@ortelco.net

532389or1222.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/rspE/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.



(300) Data of Return Carrier Additional Documentation  
 Data Collection Form  
 FCE Form 481  
 CMB Control No. 3070-0000/0468 Control No. 1060-0159  
 July 2013

<010> Study Area Code 532389  
 <015> Study Area Name OREGON TEL CORP  
 <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))

532389or3010.pdf  
 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.

532389or3012.docx  
 Name of Attached Document Listing Required Information (Yes/No) (Yes/No)

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

(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) (Yes/No)

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:  
 Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)   
 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

(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

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

(3021) Management letter and 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  
 Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation (continued)  
 Data Collection Form

FCC Form 311  
 OMB Control No. 0500-0137 JK-3 Control No. 3010-0139  
 July 2013

<010> Study Area Code 532389  
 <015> Study Area Name OREGON TEL CORP  
 <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> dk.luser@telco.net

Financial Data Summary

(3027) Revenue	6977315
(3028) Operating Expenses	2514105
(3029) Net Income	1603218
(3030) Telephone Plant In Service(TPIS)	30330271
(3031) Total Assets	28211287
(3032) Total Debt	19599357
(3033) Total Equity	7671828
(3034) Dividends	0

<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0985/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	532389
<015>	Study Area Name	OREGON TEL CORP
<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:	OREGON TEL CORP
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:	532389
	Filing Due Date for this form: 07/01/2015
<small>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.</small>	



<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0188 / OMB Control No. 3060-0819 July 2013
---	--

<010>	Study Area Code	532389
<015>	<b>Study Area Name</b>	OREGON TEL CORP
<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





(710) Broadband Price Offer Form  
Data Collection Form

<010> Study Area Code 532389  
 <015> Study Area Name OREGON TEL CORP  
 <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

State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance When Limit Reached (select)
OR	446	29.95	0.0	29.95	0.512	0.256	999999.0	Other, Unlimited
OR	446	39.95	0.0	39.95	1.5	0.756	999999.0	Other, Unlimited
OR	446	49.95	0.0	49.95	3.0	1.5	999999.0	Other, Unlimited
OR	446	59.95	0.0	59.95	6.0	3.0	999999.0	Other, Unlimited
OR	446	69.95	0.0	69.95	10.0	5.0	999999.0	Other, Unlimited
OR	446	79.95	0.0	79.95	20.0	10.0	999999.0	Other, Unlimited
OR	446	89.95	0.0	89.95	30.0	15.0	999999.0	Other, Unlimited
OR	448	29.95	0.0	29.95	0.512	0.256	999999.0	Other, Unlimited
OR	448	39.95	0.0	39.95	1.5	0.756	999999.0	Other, Unlimited
OR	448	49.95	0.0	49.95	3.0	1.5	999999.0	Other, Unlimited
OR	448	59.95	0.0	59.95	6.0	3.0	999999.0	Other, Unlimited
OR	448	69.95	0.0	69.95	10.0	5.0	999999.0	Other, Unlimited
OR	448	79.95	0.0	79.95	20.0	10.0	999999.0	Other, Unlimited
OR	448	89.95	0.0	89.95	30.0	15.0	999999.0	Other, Unlimited
OR	820	29.95	0.0	29.95	0.512	0.256	999999.0	Other, Unlimited
OR	820	39.95	0.0	39.95	1.5	0.756	999999.0	Other, Unlimited
OR	820	49.95	0.0	49.95	3.0	1.5	999999.0	Other, Unlimited
OR	820	59.95	0.0	59.95	6.0	3.0	999999.0	Other, Unlimited
OR	820	69.95	0.0	69.95	10.0	5.0	999999.0	Other, Unlimited
OR	820	79.95	0.0	79.95	20.0	10.0	999999.0	Other, Unlimited
OR	820	89.95	0.0	89.95	30.0	15.0	999999.0	Other, Unlimited







P. O. Box 609 • Mt. Vernon, Oregon 97865 • (541) 932-4411 • FAX (541) 932-4498

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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"**

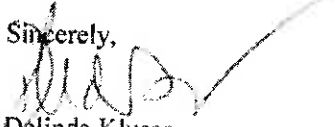
Dear Ms Dortch:

In compliance with the filing requirements associated with, and attached to Form 481, we wish to advise the Commission that Oregon Telephone Corporation 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]





**Oregon Telephone Corporation**  
**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.

Oregon Telephone Corporation (OTC) 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, OTC has received a total of \$1,535,124 to date for 2015 (as of 06/04/15). The breakdown of the funding for the year is:

- \$763,152 High Cost Loop Support
- \$378,936 Connect America Fund-Intercarrier Compensation Support
- \$380,488 Interstate Common Line Support
- \$ 12,548 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 \$129,804 (9%); for OPEX \$1,391,266 (91%).

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

Happy Valley Fiber Upgrade: For 2015, OTC intends to use unencumbered RUS loan funds as well as operating cash flow to deploy mainline fiber in the Happy Valley area of its MT Vernon exchange.

The Happy Valley Fiber Project cost is estimated at \$140,000. The project involves placement of approximately 5 route miles of fiber to 18 subscribers currently served over copper. When complete, these 18 subscribers will have a minimum of 1 MB upload and 6 MB download broadband speeds available. The area currently has 8 broadband subscribers. Many of the existing customers have dial-up internet or satellite internet. OTC expects an increase in broadband services as a result of this project based on past experience with fiber upgrades to existing remotes. 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.

This project will also require the addition of a new remote cabinet to replace the current Go Digital system. The estimated cost of OTC labor and material will be \$15,000.

MT Vernon West to Happy Valley- Drops: OTC intends to use \$40,000 in general funds in 2015 for the installation of fiber drops west of MT Vernon along Hwy26. This will provide 26 subscribers with fiber to the home enabling speeds of a minimum of 5 MB upload and 10 MB download. These customers are currently served with copper with maximum speeds of 1 MB upload and 3 MB download.

These projects have been delayed due to the continuation of the Redundant Fiber Build in the Unity exchange. Permitting delays and rocky plowing conditions caused this project to be delayed in 2014. This fiber route will be complete in 2015.

DC Rectifier and Battery Upgrades: OTC'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 each Central

Office and batteries at each DLC or remote are all considered. Rectifiers and inverters are also included. OTC has planned on replacing batteries in DLC's during 2015. The budgeted amount is \$5,000. These are all scheduled to be in service by the end of 2015. Each of these upgrades will be installed by OTC employees.

Vehicles: In 2015 the Company plans 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 five to six years. The vehicle to be replaced in 2015 is expected to cost \$45,000.

General Expenditures: OTC expects to spend \$22,500 in miscellaneous additions.

Hereford-Black Mountain Fiber Build: With the purchase of Pine Telephone System Inc late in 2014, management's goal was to utilize plant and employees as efficiently as possible. This fiber build will allow us to accomplish this goal in saving costs for internet backbone, switching and toll services. This project is dependent on a permit from the Forest Service and could potentially be delayed until 2016. The cost of this project is estimated to be \$323,500.

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

611232015A.MAI FOR 20150701C-481 NETWORK UPGRADE DETAILS-REV 2015

MAP REF.	WIRE CENTER NAME & CLLI		DESCRIPTION OF IMPROVEMENT	PURPOSE	COST		ACTUAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA F=ONE	% VOICE	% BROADBAND	AREA IMPACTED	POPULATION IMPACTED	TARGET COMPLETION	ACTUAL COMPLETION	Notes
	A	B			C	D								DATE	DATE	
	<b>2015</b>															
	Wire Center Name & CLLI															
	MT Vernon, MTYRORR01D50		Happy Valley Fiber Upgrade Happy Valley Fiber Electronics Upgrade MT Vernon-Happy Valley Fiber Drops Backup Power Upgrades Vehicle General Support Assets	Service Quality & Capacity Service Quality & Capacity Service Quality & Capacity Service Quality Service Quality Service Quality	\$140,000 \$15,000 \$40,000 \$5,000 \$45,000 \$22,500		100% 100% 100% 100% 100% 100%	\$140,000 \$15,000 \$40,000 \$5,000 \$45,000 \$22,500	50% 50% 50% 50% 50% 50%	50% 50% 50% 50% 50% 50%	30 sq miles 30 sq miles 30 sq miles 300 sq miles 1341 sq miles 1341 sq miles	10 10 10 479 1,397 1,397	10/1/2015 10/1/2015 10/1/2015 8/1/2015 12/1/2015 10/1/2015		2 2 2	
	Unity, HRFRRORR01R50		Redundant Fiber Build Hereford-Black Mtn Fiber Build	Service Quality & Capacity Service Quality & Capacity	\$311,000 \$323,500		100% 100%	\$311,000 \$323,500	50% 50%	50% 50%	1341 sq miles 294 sq miles	1,397 66	8/1/2015 11/1/2015		1	
					\$902,000											

2015 TOTAL PROJECTS

- 1. Continuation of Project delayed due to permitting issues with Forest Service in 2014
- 2. Project moved due to permitting issues on Redundant Fiber Build



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

The Board of Directors  
Oregon Telephone Corporation  
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 Oregon Telephone Corporation and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of revenue, comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 6, 2015. In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2015, on our consideration of Oregon Telephone Corporation 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 Oregon Telephone Corporation 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 Oregon Telephone Corporation 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 Oregon Telephone Corporation and Subsidiaries' accounting and records to indicate that Oregon Telephone Corporation 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 for related parties in generally accepted accounting principles;

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

Comply with the requirements for the detailed schedule of investments in affiliated companies.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The detailed schedule of investments in affiliated companies, which is 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 consolidated financial statements. This information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the 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  
April 6, 2015