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IDAHO PUBLIC UTILITIES COMMISSION

p 208-673-5335 / f 208-673-6200 / e atc@atcnet.net / a 225 W North St Albion, ID 83311

October 10, 2013

Ms. Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, ID 83720

GNR-T-13-01

RE: State Certification of Albion Telephone Company in Idaho for Federal Universal Service Support

Dear Ms. Jewell,

Albion Telephone Company, Inc. ("the Company" or "Albion") hereby requests certification by Idaho Public Utilities Commission ("Commission") to the Federal Communications Commission ("FCC") and the Universal Service Administrative Corporation ("USAC") for universal service support, in accordance with 47 U.S.C. 254(e). Albion, Study Area Code 472213, is a rural incumbent local exchange carrier (ILEC) as designated by the FCC, and is eligible to receive federal universal service high-cost support pursuant to the Code of Federal Regulations ("CFR"), Title 47, Sections 54.301, 54.305, and Part 36, sub-part F.

In accordance with the PUC's order No. 29841 in case No. WST-T-05-1, Albion submits the following information in support of this request.

Eligible Telecommunications Carrier Information

Company Name: Albion Telephone Company, Inc.

Address: P.O. Box 98
Albion, ID 83311

Contact Person: Rich Redman, General Manager
Telephone Number: 208.673.5335
Email Address: rich@atcnet.net

Service Area code (SAC): 472213

Equal Access

Albion is the only ETC in its service territory, and provides equal access to 100% of its customers so they have access to several long distance service providers.

The federal high-cost support Albion will receive in 2014 and 2015 will continue to be used "only for the provision, maintenance and upgrading of facilities and services for which such support is intended" as

outlined in 47 USC 254(e). Enclosed is an affidavit regarding Albion's use of universal service support funds. Enclosed is a copy of Albion's Form 481 Submitted to USAC.

I respectfully request that the Commission notify the FCC and USAC prior to December 16, 2013, that Albion is eligible to receive federal high-cost support for 2014.

Any questions or notifications of action taken on this matter should be directed to Richard L. Redman at (208) 673-5335, 225 W. North St., PO Box 98, Albion, ID, 83311.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rich Redman".

Rich Redman

Enclosure

cc: Aaron Sedler

State of Idaho) CERTIFICATION BY ELIGIBLE TELECOMMUNICATIONS CARRIER
County of Cassia) ss OF COMPLIANCE WITH SERVICE QUALITY AND CUSTOMER
PROTECTION, ABILITY TO REMAIN FUNCTIONAL IN EMERGENCIES,
AND USE OF FEDERAL HIGH-COST SUPPORT.

AFFIDAVIT OF BUSINESS OR CORPORATE OFFICER

The Idaho Public Utilities Commission Order No. 29841 requires that Eligible Telecommunications Carriers certify that it is compliant with applicable service quality standards and consumer protection rules; and ETCs must demonstrate the ability to remain functional in emergencies. In addition, the Commission must file an annual certification with the USAC and the FCC that all federal high-cost support provided to ETCs within the State of Idaho will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Accordingly, the undersigned states and verifies under oath the following:

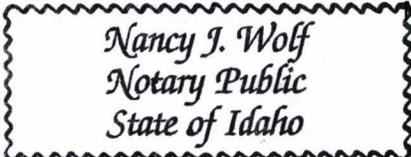
1. I am an officer of Albion Telephone Company, Inc., an eligible telecommunications carrier for receiving federal universal service support under section 214(e) of the Telecommunications Act of 1996 in the state of Idaho.
2. I am familiar with the Company's day-to-day operations in the state of Idaho and with the State's service quality standards and consumer protection rules as set forth in Commission Order No. 29841.
3. Albion Telephone Company, Inc. is complying with applicable service quality standards and consumer protection rules of the Federal Communications Commission and the Idaho Public Utilities Commission.
4. I certify to the Commission that the Company is able to remain functional in emergencies as set forth in Commission Order No. 29841 and in 47 C.F.R. § 54.201(a)(2).
5. I also certify that all federal universal service support funds received by Albion Telephone Company, Inc. during the current calendar year will be used in a manner consistent with section 254(e); that is, for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The company will continue to comply for the period of January 1, 2014, through December 31, 2014, to be eligible for federal universal service fund support.
6. This verification and affidavit is provided to be the Idaho Public Utilities Commission to enable the IPUC to certify to the FCC that federal universal service support received by the eligible carriers in the state will be used in a manner consistent with Section 254(e) of the Telecommunications Act.

Paul R. ...
Name/Title

10/10/2013
Date

SUBSCRIBED AND SWORN to before me this 10th day of August October 2013

Nancy J. Wolf
Notary Public for Idaho, residing at Cassia County
My Commission expires 12/14/2015



FCC Form 481 - Carrier Annual 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	472213
<015> Study Area Name	ALBION TEL CO-ATC
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Julie Laumb
<035> Contact Telephone Number: Number of the person identified in data line <030>	208-673-5335
<039> Contact Email Address: Email of the person identified in data line <030>	jlaumb@atccomm.com

ANNUAL REPORTING FOR ALL CARRIERS	54.313 Completion Required	54.422 Completion Required
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			(check box when complete)	
<100>	Service Quality Improvement Reporting (complete attached worksheet)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<200>	Outage Reporting (voice) (complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210>	<input checked="" type="checkbox"/> <-- check box if no outages to report			
<300>	Unfulfilled Service Requests (voice) (attach descriptive document)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310>	Detail on Attempts (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320>	Unfulfilled Service Requests (broadband) (attach descriptive document)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<330>	Detail on Attempts (broadband)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<400>	Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410>	Fixed (attach descriptive document)	2.8368794E-4		
<420>	Mobile			
<430>	Number of Complaints per 1,000 customers (broadband)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<440>	Fixed			
<450>	Mobile			
<500>	Service Quality Standards & Consumer Protection Rules Compliance (check to indicate certification)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510>	472213id510 (attached descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600>	Functionality in Emergency Situations (check to indicate certification)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610>	472213id600 (attached descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700>	Company Price Offerings (voice) (complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710>	Company Price Offerings (broadband) (complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800>	Operating Companies and Affiliates (complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900>	Tribal Land Offerings (Y/N)? (if yes, complete attached worksheet)	○ ●	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000>	Voice Services Rate Comparability (check to indicate certification)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1010>	(attach descriptive document)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1100>	Terrestrial Backhaul (Y/N)? (if not, check to indicate certification)	● ○	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1200>	Terms and Condition for Lifeline Customers (complete attached worksheet)		<input checked="" 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>	(check to indicate certification)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)		<input type="checkbox"/>	<input checked="" type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" 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 472213

<015> Study Area Name ALBION TEL CO-NYC

<020> Program Year 2014

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

<035> Contact Telephone Number - Number of person identified in data line <030> 208-673-5335

<039> Contact Email Address - Email Address of person identified in data line <030> j.laumb@atccomm.com

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

<111> 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 (.pdf)

Please check these boxes below to confirm that the attached PDF, 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.

<input type="checkbox"/>	<input type="checkbox"/>

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

**(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	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	208-673-5335
<039>	Contact Email Address - Email Address of person identified in data line <030>	j.laumb@tccomm.com

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

<920> Tribal Government Engagement Obligation

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

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

Select (Yes, No, NA)

Name of Attached Document (.pdf)

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

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

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	208-673-5335
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

**(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form**

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

<010> Study Area Code 472213
 <015> Study Area Name ALBION TEL CO-ATC
 <020> Program Year 2014
 <030> Contact Name - Person USAC should contact regarding this data Julie Laumb
 <035> Contact Telephone Number - Number of person identified in data line <030> 208-673-5335
 <039> Contact Email Address - Email Address of person identified in data line <030> jlaumb@atccomm.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of attached document (.pdf)

<1220> Link to Public Website

HTTP www.atcnet.net

"Please check these boxes below to confirm that the attached PDF, 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.

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

(2000) Price Cap Carrier Additional Documentation
Data Collection Form
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<010> Study Area Code 472213
 <015> Study Area Name ALBION TEL CO-ATC
 <020> Program Year 2014
 <030> Contact Name - Person USAC should contact regarding this data Julie Laumb
 <035> Contact Telephone Number - Number of person identified in data line <030> 208-673-5335
 <039> Contact Email Address - Email Address of person identified in data line <030> jlaumb@atccomm.com

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

Incremental Connect America Phase I reporting

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

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

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

<2012> 2013 Frozen Support Certification

<2013> 2014 Frozen Support Certification

<2014> 2015 Frozen Support Certification

<2015> 2016 and future Frozen Support Certification

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

<2016> Certification Support Used to Build Broadband

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

<2017> 3rd year Broadband Service Certification

<2018> 5th year Broadband Service Certification

<2019> Interim Progress Certification

<2020>

Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021> Interim Progress Community Anchor Institutions _____ Name of Attached Document Listing Required Information _____

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

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

<010> Study Area Code 472213
 <015> Study Area Name ALBION TEL CO-ATC
 <020> Program Year 2014
 <030> Contact Name - Person USAC should contact regarding this data Julie Latumb
 <035> Contact Telephone Number - Number of person identified in data line <030> 208-673-5335
 <039> Contact Email Address - Email Address of person identified in data line <030> jlatumb@tccomm.com

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

Progress Report on 5 Year Plan

- (3010) Milestone Certification (47 CFR § 54.313(f)(1)(i))
 Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. Name of Attached Document Listing Required Information
- (3011) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))
 Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))
 If yes, does your company file the RUS annual report
 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:
 Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) (Yes/No)
 PDF of Balance Sheet, Income Statement and Statement of Cash Flows (Yes/No)
- (3012) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation 422131d3017
- (3013) If the response is no on line 3014, is your company audited? (Yes/No)
- (3014) 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 PDF of Balance Sheet, Income Statement and Statement of Cash Flows
 Management letter issued by the independent certified public accountant that performed the company's financial audit.
 If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:
 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,
 Underlying information subjected to a review by an independent certified public accountant
 Underlying information subjected to an officer certification.
 PDF of Balance Sheet, Income Statement and Statement of Cash Flows
 Attach the worksheet listing required information Name of Attached Document Listing Required Information

**Certification - Reporting Carrier
Data Collection Form**

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

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	208-673-5335
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.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:	ALBION TEL CO-ATC	
Signature of Authorized Officer:	CERTIFIED ONLINE	Date 10/10/2013
Printed name of Authorized Officer:	Rich Redman	
Title or position of Authorized Officer:	Vice President	
Telephone number of Authorized Officer:	208-673-5335	
Study Area Code of Reporting Carrier:	472213	Filing Due Date for this form: 10/15/2013

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
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<010> Study Area Code	472213
<015> Study Area Name	ALBION TEL CO-ATC
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035> Contact Telephone Number - Number of person identified in data line <030>	208-673-5335
<039> Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.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: _____
<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>	

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: _____
<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>	

Item 510

Albion Telephone Company, Inc. understands and complies with the Idaho Public Utilities Commission's *Telephone Customer Relations Rules*, IDAPA 31.41.01, adopted under the general legal authority of the Public Utilities Law, Chapters 1 through 7, Title 61, Idaho Code, and the Telecommunications Act of 1988, Chapter 6, Title 62, Idaho Code, with regards to service. These telephone customer relations rules provide a set of fair, just, reasonable, and non-discriminatory rules regarding deposits, guarantees, billing, application for service, denial of service, termination of service, complaints to telephone companies, billing for interrupted service, and provisions of certain information about customer to authorities. We conduct an annual CPNI and Red Flag Training session that every employee must attend and certify to the training. We send out a pamphlet to all our customers annually that explain the Public Utilities Commission's Telephone Customer Relations Rules and at this same time all our of Customer Service Representative read and go over the pamphlet at a training session.

Item 610

Pursuant to 47 C.F.R. § 54.313(a)(6) and/or 47 C.F.R § 54.422(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Albion Telephone Company (ATC) meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to ATC's central offices by use of fixed generator and batteries that provide it with 24 hours of emergency power service. In addition, ATC's field electronics have 8 hours of back-up power by use of fixed/mobile generators and batteries. ATC also has two separate networks, ETHERNET and SONET technology in its network that allows for self-healing network should an equipment failure occur in its core network and will automatically reroute traffic. ATC is capable of managing traffic spikes resulting from emergency situations.

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

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i>	
	BORROWER NAME Albion Telephone Company (Prepared with Audited Data)	
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2012	BORROWER DESIGNATION ID0504
CERTIFICATION We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES. DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)		
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.		
<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report		
Richard Redman	3/12/2013	
DATE		

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	2,007,186	2,269,110	25. Accounts Payable	314,739	262,610
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	264,000	284,000
a. Telecom, Accounts Receivable			28. Customer Deposits	7,517	5,790
b. Other Accounts Receivable			29. Current Mat. L/T Debt	568,700	600,503
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases	304,473	5,292
a. Telecom, Accounts Receivable	471,612	482,557	32. Income Taxes Accrued		
b. Other Accounts Receivable	731,290	565,143	33. Other Taxes Accrued	49,567	43,518
c. Notes Receivable	29,159	17,787	34. Other Current Liabilities	593,147	588,772
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	2,102,143	1,790,485
6. Material-Regulated	467,717	655,295	LONG-TERM DEBT		
7. Material-Nonregulated	40,674	33,342	36. Funded Debt-RUS Notes	5,095,705	4,561,788
8. Prepayments	180,051	115,754	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	3,927,689	4,138,988	39. Funded Debt-Other	302,058	215,125
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development	3,217,150	3,786,933	43. Obligations Under Capital Lease	3,694	0
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development	333,367	277,937	45. Other Long-Term Debt		
b. Nonrural Development	31,793	32,308	46. Total Long-Term Debt (36 thru 45)	5,401,457	4,776,913
13. Nonregulated Investments	738,459	705,171	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities	132,330	22,918
15. Deferred Charges	749,999	843,092	48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	5,070,768	5,645,441	50. Total Other Liabilities and Deferred Credits (47 thru 49)	132,330	22,918
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	38,378,300	38,853,409	51. Cap. Stock Outstand. & Subscribed	40,200	40,200
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	95,555	47,620	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	29,494,663	30,526,844	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	8,979,192	8,374,185	56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	10,301,519	11,528,098
			58. Total Equity (51 thru 57)	10,341,719	11,568,298
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	17,977,649	18,158,614
	17,977,649	18,158,614			

Total Equity = 63.71% of Total Assets

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION ID0504
	PERIOD ENDING December, 2012
<i>INSTRUCTIONS- See RUS Bulletin 1744-2</i>	

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	1,575,703	1,498,806
2. Network Access Services Revenues	7,840,497	7,675,439
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	86,204	86,813
5. Miscellaneous Revenues	8,169	4,375
6. Uncollectible Revenues	3,198	14,290
7. Net Operating Revenues (1 thru 5 less 6)	9,507,375	9,251,143
8. Plant Specific Operations Expense	3,547,142	3,333,861
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	444,824	434,080
10. Depreciation Expense	2,448,764	2,066,843
11. Amortization Expense		
12. Customer Operations Expense	673,860	576,614
13. Corporate Operations Expense	1,502,534	1,170,333
14. Total Operating Expenses (8 thru 13)	8,617,124	7,581,731
15. Operating Income or Margins (7 less 14)	890,251	1,669,412
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes	117,815	92,517
20. Total Operating Taxes (17+18+19)	117,815	92,517
21. Net Operating Income or Margins (15+16-20)	772,436	1,576,895
22. Interest on Funded Debt	286,888	249,061
23. Interest Expense - Capital Leases	18,753	6,730
24. Other Interest Expense	71	76
25. Allowance for Funds Used During Construction	0	
26. Total Fixed Charges (22+23+24-25)	305,712	255,867
27. Nonoperating Net Income	545,083	756,083
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	421,643	333,479
31. Total Net Income or Margins (21+27+28+29+30-26)	1,433,450	2,410,590
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	9,730,576	10,301,519
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)	862,507	1,184,011
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	10,301,519	11,528,098
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)	0	0
44. Annual Debt Service Payments	1,582,563	844,858
45. Cash Ratio [(14+20-10-11) / 7]	0.6612	0.6061
46. Operating Accrual Ratio [(14+20+26) / 7]	0.9509	0.8572
47. TIER [(31+26) / 26]	5.6889	10.4213
48. DSCR [(31+26+10+11) / 44]	2.6463	5.6025

USDA-RUS		BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		ID0504
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2012
PART I – STATEMENT OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		2,007,186
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		2,410,590
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		2,066,843
4. Add: Amortization		0
5. Other (Explain) Change in Accrued Property Tax		(6,049)
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		155,202
7. Decrease/(Increase) in Materials and Inventory		(180,246)
8. Decrease/(Increase) in Prepayments and Deferred Charges		(28,796)
9. Decrease/(Increase) in Other Current Assets		0
10. Increase/(Decrease) in Accounts Payable		(52,129)
11. Increase/(Decrease) in Advance Billings & Payments		20,000
12. Increase/(Decrease) in Other Current Liabilities		(4,375)
13. Net Cash Provided/(Used) by Operations		4,381,040
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Decrease/(Increase) in Notes Receivable		11,372
15. Increase/(Decrease) in Notes Payable		0
16. Increase/(Decrease) in Customer Deposits		(1,727)
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		(891,922)
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		(109,412)
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		0
20. Less: Payment of Dividends		(1,184,011)
21. Less: Patronage Capital Credits Retired		0
22. Other (Explain)		
23. Net Cash Provided/(Used) by Financing Activities		(2,175,700)
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		(427,174)
25. Other Long-Term Investments		(481,580)
26. Other Noncurrent Assets & Jurisdictional Differences		0
27. Other (Explain) Net Retirement of Assets		(1,034,662)
28. Net Cash Provided/(Used) by Investing Activities		(1,943,416)
29. Net Increase/(Decrease) in Cash		261,924
30. Ending Cash		2,269,110

Revision Date 2010

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Directors
Albion Telephone Company, Inc.

We have audited the consolidated financial statements of Albion Telephone Company, Inc. and its subsidiary for the year ended December 31, 2012, and have issued our report thereon dated March 9, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and 7 CFR 1773, *Policy on Audits of Rural Utilities Service (RUS) Borrowers*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In planning and performing our audit of the consolidated financial statements of Albion Telephone Company, Inc. for the year ended December 31, 2012, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER
(continued)

7 CFR 1773.33 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the consolidated financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control over financial reporting, of compliance with specific RUS loan and security instrument provisions, and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR 1773.33(e)(2) and related party transactions and investments. In addition, our audit of the consolidated financial statements also included the procedures specified in 7 CFR 1773.38-.45. Our objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports (other than our independent auditor's report, and our independent auditor's report on internal control over financial reporting and on compliance and other matters, all dated March 9, 2013) or summary of recommendations (other than the audit fieldwork exit memo) related to our audit have been furnished to management.

Our comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by 7 CFR 1773.33 are presented below.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters regarding Albion Telephone Company, Inc.'s internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

- The accounting procedures and records;
- The process for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts; and
- The materials control.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER
(continued)

COMMENTS ON COMPLIANCE WITH SPECIFIC RUS LOAN AND SECURITY INSTRUMENT PROVISIONS

At your request, we have performed the procedures listed below with respect to compliance with certain provisions of laws, regulations, contracts, and grants. The procedures we performed are summarized as follows:

- Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract, agreement, or lease between the borrower and an affiliate for the year ended December 31, 2012, of Albion Telephone Company, Inc.;
 - Obtained and read a borrower-prepared schedule of new written contracts, agreements, or leases between the borrower and an affiliate as defined in 7 CFR 1773.33(e)(2)(i).
 - Reviewed Board of Directors' minutes to ascertain whether Board-approved written contracts are included in the borrower-prepared schedule.
 - Noted the existence of written RUS approval of each contract listed by the borrower.
- Procedures performed with respect to the requirement to submit the operating report for telecommunications borrowers to the RUS;
 - Agreed amounts reported in the operating report for telecommunications borrowers to Albion Telephone Company, Inc.'s records.

The results of our tests indicate that, with respect to the items tested, Albion Telephone Company, Inc. complied, in all material respects, with the specific RUS loan and security instruments provisions referred to below. The specific provisions tested, as well as any exceptions noted, include the requirements that:

- The borrower has obtained written approval of the RUS to enter into any contract, agreement, or lease with an affiliate as defined in 7 CFR 1773.33(e)(2)(i); and
- The borrower has submitted the operating report for telecommunications borrowers to the RUS and the operating report for telecommunications borrowers, as of December 31, 2012, represented by the borrower as having been submitted to the RUS is in agreement with Albion Telephone Company, Inc.'s audited records, in all material respects, and appears reasonable based on the audit procedures performed.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER
(continued)

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the consolidated financial statements of Albion Telephone Company, Inc., nothing came to our attention that caused us to believe the Company failed to comply with respect to:

- The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR 1773.33(c)(1);
- The clearing of construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR 1773.33(c)(2);
- The retirement of plant addressed at 7 CFR 1773.33(c)(3) and (4);
- The approval of the sale, lease, or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap addressed at 7 CFR 1773.33(c)(5);
- The disclosure of material related party transactions, for the year ended December 31, 2012, in the consolidated financial statements referenced in the first paragraph of this report addressed at 7 CFR 1773.33(e); and
- The detailed schedule of investments.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The detailed schedule of investments in affiliated companies required by 7 CFR 1773.33(j), and attached to this letter, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as whole.

See attached RUS schedule of investments.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, and the RUS and supplementary lenders and is not intended to be, and should not be used by anyone other than these specified parties.

MOSS ADAMS LLP

Moss Adams LLP

Spokane, Washington
March 9, 2013