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IDAHO PUBLIC
UTILITIES COMMISSION

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July 1, 2014

Jean Jewell
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702
Email: jean.jewell@puc.idaho.gov

RE: Case No. GNR-T-14-01 – Informational Filing of Federal Communications Commission (FCC) Form 481 – Carrier Annual Report for Mud Lake Telephone Cooperative Association

Dear Ms. Jewell

Pursuant to Case No. GNR-T-14-01 Mud Lake Telephone Cooperative Association (Mud Lake) submits the attached compliance documents: 1) Federal Communications Commission (FCC) Form 481 (Attachment A); and 2) Notarized Officer Affidavit regarding federal high-cost support (Attachment B).

Please direct any questions to Andy Schein at 719.594.5820 or by email at aschein@gvnw.com.

Sincerely,

Andy Schein

AS/dc - Encls.

<010> Study Area Code	472227
<015> Study Area Name	MUD LAKE TEL COOP
<020> Program Year	2015
<030> Contact Name: Person USAC should contact with questions about this data	Randy Mead
<035> Contact Telephone Number: Number of the person identified in data line <030>	2083745401 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	Rmead@mudlake.net

ANNUAL REPORTING FOR ALL CARRIERS		54,313 Completion Required	54,422 Completion Required
<i>(check box when complete)</i>			
<100> Service Quality Improvement Reporting	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210>	<input checked="" type="checkbox"/> <-- check box if no outages to report	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> <i>(attach descriptive document)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> <i>(attach descriptive document)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed	0.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<450> Mobile	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 checked="" type="checkbox"/>
<510>	472227ID510.pdf <i>(attached descriptive document)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610>	472227ID610.pdf <i>(attached descriptive document)</i>	<input checked="" type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010>	472227ID1010.pdf <i>(attach descriptive document)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)?	<input checked="" type="radio"/> <input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>
<1110>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet			
<i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>			
<2000>	<i>(check to indicate certification)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>
Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet			
<3000>	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

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

<010> Study Area Code 472227
 <015> Study Area Name MUD LAKE TEL COOP
 <020> Program Year 2015
 <030> Contact Name - Person USAC should contact regarding this data Randy Mead
 <035> Contact Telephone Number - Number of person identified in data line <030> 208.374.5401 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> Rmead@mudlake.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 check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

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

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

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

<010>	Study Area Code	472227
<015>	Study Area Name	MUD LAKE TEL COOP
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Randy Head
<035>	Contact Telephone Number - Number of person identified in data line <030>	2083745601 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	Rhead@mudlake.net

<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 472227
 <015> Study Area Name MUD LAKE TEL COOP
 <020> Program Year 2015
 <030> Contact Name - Person USAC should contact regarding this data Randy Head
 <035> Contact Telephone Number - Number of person identified in data line <030> 2083745401 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> rhead@mudlake.net

472227ID1210.pdf

Name of Attached Document

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

<1220> Link to Public Website HTTP

"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 § 54.472(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 472227
 <015> Study Area Name MUD LAKE TEL COOP
 <020> Program Year 2015
 <030> Contact Name - Person USAC should contact regarding this data Randy Head
 <035> Contact Telephone Number - Number of person identified in data line <030> 2083745401 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> Rhead@mudlake.net

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

- Incremental Connect America Phase I reporting
 - <2010> 2nd Year Certification (47 CFR § 54.313(b)(1))
 - <2011> 3rd Year Certification (47 CFR § 54.313(b)(2))
- Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))
 - <2012> 2013 Frozen Support Certification
 - <2013> 2014 Frozen Support Certification
 - <2014> 2015 Frozen Support Certification
 - <2015> 2016 and future Frozen Support Certification
- Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))
 - <2016> Certification Support Used to Build Broadband
- Connect America Phase II Reporting (47 CFR § 54.313(e))
 - <2017> 3rd year Broadband Service Certification
 - <2018> 5th year Broadband Service Certification
 - <2019> Interim Progress Certification
 - <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

<2021> Interim Progress Community Anchor Institutions

[3000] Rate Of Return Carrier Additional Documentation Data Collection Form

FCC Form 481
OMB Control No. 3060-0985/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 472227
 <015> Study Area Name MUD LAKE TEL COOP
 <020> Program Year 2015
 <030> Contact Name - Person USAC should contact regarding this data Randy Mead
 <035> Contact Telephone Number - Number of person identified in data line <030> 2083745401 ext.
 <039> Contact Email Address - Email Address of person identified in data line <030> rmead@msu1.sbc.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))

Name of Attached Document Listing Required Information

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

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

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROB Carrier (47 CFR § 54.313(f)(2))

Name of Attached Document Listing Required Information (Yes/No) (Yes/No)

(3014) If yes, does your company file the RUS annual report

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

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

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

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

Name of Attached Document Listing Required Information

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

Name of Attached Document Listing Required Information (Yes/No)

(3019) 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

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

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

(3022) 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:

(3023) 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.

(3024) Underlying information subjected to a review by an independent certified public accountant

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

Name of Attached Document Listing Required Information
472227D3026.ppt

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

2014 FCC Form 481 Carrier Annual Reporting – Other Attachments

FIVE YEAR SERVICE QUALITY IMPROVEMENT PLAN**PREAMBLE**

Mud Lake Telephone Cooperative Association ("Mud Lake") has carefully developed its improvement plan, concentrating on the delivery and continuation of a robust network which provides, at a minimum, the federally required voice and broadband connectivity as stipulated by regulatory rule.

Mud Lake advises that this improvement plan has been carefully crafted, matching measured network deployment, improvement and quality service levels with known financial implications of the FCC's USF/ICC Transformation Order upon the Company's support cash-flows. The uncertainty of such cash flows being received in later years as a result of current and potential regulatory action on rural rate-of-return carriers has resulted in the Company taking a balanced, yet realistic, approach.

The environment in which the Company operates remains dynamic, not static. As a result, Mud Lake reserves the opportunity to modify its plan in response to changing market demands as well as future regulatory decisions, and their impacts upon the Company's financial viability in providing quality services.

Mud Lake will re-evaluate this plan on an annual basis. Action, however, may also be taken abruptly on the presented plan for both current and later years in the event of evolving regulatory conditions and/or changes in technology (vendor)-driven support. All adjustments to the improvement plan in this document will be reflected and explained in subsequent annual reports.

OVERVIEW

Mud Lake is an Eligible Telecommunications Carrier (ETC) providing Universal Service supported services to approximately 1200 customers in two counties covering approximately 3500 square miles.

Consistent with Commission requirements, this Service Quality Improvement Plan addresses only Mud Lake's regulated ETC operations.¹ A detailed description of Mud Lake's plans for the provision of the supported services in the five (5) year period starting with Year 2015 through 2019 is provided herein.

Per the Universal Service Administrative Company (USAC), during the calendar year 2013, Mud Lake received a total of \$343,233 in USF support funds. The breakdown of the funding for the year was:

- \$128,913 High Cost Loop Support
- \$ -41,922 Local Switching Support
- \$ 12,702 Connect America Fund-Intercarrier Compensation Support
- \$243,540 Interstate Common Line Support
- \$ -0- Safety Net Additive

All funds were used in 2013 to: (1) maintain, upgrade, and improve the Company's network; and (2) cover its operating expenses as necessary to permit it to offer a high level of service for both voice and broadband throughout its service area.

¹Per 47 C.F.R. § 54.314, federal USF support, "will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended." If investments or expenses are for service areas larger than the supported service areas, then allocations of the expenditures are required.

Mud Lake Telephone Company started in 1952 to provide regulated telephone services to residential and business customers. It is a local exchange carrier currently employing 7 individuals and providing telecommunications services with five exchanges covering all of Clark County and about 25% of Jefferson County.

In addition to serving residents and businesses in the area, Mud Lake also serves the local anchor institutions which consists of 2 schools, 1 library, 2 city and county offices, 1 health clinic and 1 fire station. The schools and library currently receive 10Mbps/1Mbps broadband service with the other anchor institutions receiving from 1.5Mbps/1Mbps to 5 Mbps/1 Mbps. By the end of 2015 fiber will be installed to all remote cabinets, thereby providing easier access to higher speeds.

The Company has a long history of providing reliable quality service with no outages or downtime. Service requests and changes for telephone service and broadband are typically met within 24 hours. Build-out and maintenance project budgets and deadlines are also consistently met. Wireless services of AT&T, Verizon Wireless and T-Mobile provide the only competition in the area.

DEMOGRAPHICS

Mud Lake's Idaho serving area includes Clark County and approximately 25% of Jefferson County. Their serving area consists of farmlands, desert and mountains. This variety of geography includes Natural hot springs with 120° water temperatures and crystal clear water of 32° used by a water bottling plant. It has an elevation of 5,000 to 6,500 feet with peaks up to 10,000 feet. All outside plant facilities are buried underground to maintain the beauty of the area, to comply with strict environmental standards and to withstand the vagaries of nature. The lava rock, which cover 60% of the area, presents difficult construction challenges for the underground installation and of course, the harsh winters prevent any construction at all.

There is a calcium mine in the area, but Mud Lake's serving area primarily consists of agricultural lands where important subsistence crops are grown, such as potatoes, barley and alfalfa. Mud Lake has 1200 access lines serving the scattered population of approximately 7,595. 399 customers also receive broadband services.

According to the U.S. Census Bureau the 2012 median household income for Clark County is \$35,833 and for Jefferson County, \$52,980. Clark per capita income is approximately \$18,906, Jefferson is \$19,712. Person below the poverty level in Clark is 14.2% and in Jefferson, 11%. Mud Lake has a total of 36 Lifeline subscribers.

Mud Lake's serving area covers approximately 3500 square miles with over 9,761 route miles of copper and fiber cable. The company is currently serving about 1200 subscribers at year end 2013. This approximates a subscriber density (average of access lines per square mile) of 0.34 subscribers per square mile. The Company also served 399 broadband customers as of 12/31/2013. Mud Lake is able to provide broadband service to 100% of its serving area if provided with a reasonable request. DSL speeds are offered at 10 Mbps down/1 Mbps up. By the end of 2015, all of the remote cabinet nodes in the Company's network will be fiber fed. Mud Lake also provides a fixed wireless broadband solution to the remote locations in the serving area. Mud Lake participates in the Syringa state wide ring which provides redundancy and also provides access to the internet and the outside world.

Mud Lake' subscribers have taken advantage of the broadband offerings. Currently 317 customers are subscribing to Asymmetrical DSL speeds of less than 1.5 Mbps down and 1.5 Mbps up; 70 subscribe to speeds of 1.5 to 2 Mbps down and 1.5 Mbps up; and 12 subscribe to speeds of 3 to 4 Mbps down and 1.5 Mbps up.

In the last couple of years, the emphasis has been on expanding the reach of fiber throughout the network. Nearly all remote cabinet nodes are fiber fed. By the end of 2015, all nodes will be fed by fiber. Fiber has been extended to the main large business, Larson Farms and to all the schools in the area. New Calix equipment has been installed as well as Cisco routers. Mud Lake is committed to serving its entire area with the latest technology and highest speeds.

IMPROVEMENT PLANS BY YEAR (2015-2019 inclusive)

Summary descriptions of network improvements planned for the next five (5) years in accordance with Part 54.202(a)(1)(ii) and Part 54.313(a)(1) by year and by exchange are presented below. Detailed expenditures are summarized in the attached Excel worksheet (Attachment 1). Where available, area and subscribers impacted by the improvements are identified in the worksheet. Costs are broken out by voice and broadband service.

SUMMARY DISCUSSION OF PLANS BY YEAR

2015

TERRATON EXCHANGE

The Company intends to use internal cash flows to replace existing copper with approximately four miles of fiber to connect the Oldham Road remote cabinet to the Mud Lake network in the 2nd quarter of 2015. The project is estimated to cost \$30,000 and will impact an area of approximately 100 square miles and a population of 120.

HAMER EXCHANGE

The Company intends to use internal cash flows to replace existing copper with approximately three miles of fiber to connect the Black Road remote cabinet to the Mud Lake network in the 3rd quarter of 2015. The project is estimated to cost \$25,000 and will impact an area of approximately 100 square miles a population of around 120. The Place Road remote cabinet will be upgraded with new access equipment and approximately three miles of fiber connecting it to Mud Lake's network in the 3rd quarter for an estimated combined cost of \$65,000. This upgrade will impact an area of approximately 100 square miles and a population of 120.

DUBOIS EXCHANGE

The Company intends to use internal cash flows to replace existing copper with approximately one-half mile of fiber to connect the Silver Sage remote cabinet to the Mud Lake network in the 2nd quarter of 2015. The project is estimated to cost \$20,000 and will impact a population of 120 within a 100 square mile area. Phase one of the FTTH project will be completed in the 4th quarter for an estimated cost of \$25,000. Approximately 800 people will be impacted by this new project in a 4 square mile area. The Company will also install one-half mile of fiber to connect two schools to the network for an estimated cost of \$20,000. The schools have a combined student and teacher population of approximately 700 over a 1 mile area.

NETWORK WIDE IMPROVEMENTS

The Company plans to upgrade and expand its network by first designing and engineering then installing remote cabinets and fiber backbone facilities throughout the service area. The completion date for the first phase is estimated to be in the 4th quarter or 2015 for an estimated cost of \$25,000. When complete, this upgrade will provide access to more efficient service and higher speeds to the service area's population of 7,595 impact within an area of about 3500 square miles. In 2015 Mud Lake expects to spend \$5,000 on miscellaneous improvements

2016

TERRATON EXCHANGE

The Company will begin a FTTH project in the Terraton and Mud Lake areas for an estimated cost of \$25,000. This project will provide fiber service to approximately 750 people within a 12 square mile area and will be completed in the 4th quarter.

DUBOIS EXCHANGE

The Company will continue the FTTH project for an estimated cost of \$100,000 and will impact a population of approximately 120 within a 100 square mile area.

NETWORK WIDE IMPROVEMENTS

The Company will continue its plans to upgrade and expand its network by installing remote cabinets and fiber backbone facilities throughout the service area. The completion date for the fiber installation is estimated to be in the 3rd quarter for 2016 for an estimated cost of \$100,000. When complete, this upgrade will provide access to more efficient service and higher speeds to the service area's population of 7,595 impact within an area of about 3500 square miles. In 2016 Mud Lake expects to spend \$5,000 on miscellaneous improvements

2017

DUBOIS EXCHANGE

The Company will complete the FTTH project for an estimated cost of \$100,000 and will impact a population of approximately 120 within a 100 square mile area.

NETWORK WIDE IMPROVEMENTS

The Company will purchase a service truck in the 2nd quarter for \$40,000. The truck will provide service to the entire 3500 square mile area and impact the total population of 7,595. The Company will continue its plans to upgrade and expand its network by installing remote cabinets throughout the service area. The completion date for the cabinet installation is estimated to be in the 4th quarter of 2017 for an estimated cost of \$160,000. When complete, this upgrade will provide access to more efficient service and higher speeds to the service area's population of 7,595 impact within an area of about 3500 square miles. In 2017 Mud Lake expects to spend \$5,000 on miscellaneous improvements

2018

TERRATON EXCHANGE

The Company will continue its FTTH project in the Terraton and Mud Lake areas for an estimated cost of \$150,000. This project will provide fiber service to approximately 750 people within a 12 square mile area and will be completed in the 3rd quarter.

472227ID112

Mud Lake Telephone Company

NETWORK WIDE IMPROVEMENTS

The Company will complete its current plans to upgrade and expand its network by installing additional remote cabinets throughout the service area. The completion date for the cabinet installation is estimated to be in the 4th quarter for 2018 for an estimated cost of \$160,000. When complete, this upgrade will provide access to more efficient service and higher speeds to the service area's population of 7,595 impact within an area of about 3500 square miles. In 2018 Mud Lake expects to spend \$5,000 on miscellaneous improvements

2019

TERRATON EXCHANGE

The Company will complete its FTTH project in the Terraton and Mud Lake areas for an estimated cost of \$150,000. This project will provide fiber service to approximately 750 people within a 12 square mile area and will be completed in the 3rd quarter.

NETWORK WIDE IMPROVEMENTS

In 2019 Mud Lake expects to spend \$5,000 on miscellaneous improvements

4722271D112

**MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION
NETWORK IMPROVEMENT PROJECTS
AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014**

WIRE CENTER NAME & CLLI	DESCRIPTION of IMPROVEMENT	COST ESTIMATE	REGULATED % ALLOCATION	AMOUNT IN US\$ SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED	POPULATION IMPACTED	TARGET COMPLETION DATE
2016									
TRTN Terraton Wire Center									
	FTH Project	\$25,000	100%	\$25,000	50%	50%	12 sq mi	750	4th QTR
DUBS Dubois Wire Center									
	FTH Project	\$100,000	100%	\$100,000	50%	50%	4 sq mi	1,200	4th QTR
All Wire Centers									
	Installation fiber backbone facilities	\$150,000	100%	\$150,000	50%	50%	3500 sq mi	7,595	3rd QTR
	Miscellaneous Improvements	\$5,000	100%	\$5,000	50%	50%			
	2016 TOTAL PROJECTS	\$280,000		\$280,000					

4722271D510

Service Quality Standards & Consumer Protection Rules Compliance:

Consumer Protection

Voice and Broadband

Mud Lake complies with the requirements of 47CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag Rules to prevent identity threat. A manual for each of those programs is in place and is part of the employees' handbook. Employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

Service Quality Standards

Voice

Mud Lake complies with the service standards as required by the state regulatory commission. Mud Lake is committed to providing the highest quality service to its customers.

Broadband

Mud Lake complies with the service standards as established by state regulatory commission. Mud Lake follows the service standards noted in NECA Tariff #5 and is committed to provide the highest quality service to its broadband customers.

Description of Functionality in Emergency Situations

Back-up Power for Both Voice and Broadband Services

Mud Lake Telephone prides itself on updating and maintaining all its plant and equipment to prevent outages before they happen. If outages do happen, the Company has 24-hour on call staff and alarm reporting systems in place that send notifications to the 24 hour personnel monitoring these systems. The Company certifies that it follows best practices that are designed to allow them to remain functional in an emergency situation through the use of back-up power to ensure functionality in the event of a limited commercial power failure.

Mud Lake utilizes battery back-up systems and standby generators in its central offices. This enables Mud Lake to maintain power during an outage of at least 4 to 8 hours with battery back-up, and for 48 hours utilizing stored fuel. Mud Lake also uses its portable gas powered generator to support the remote cabinets in the network in the event of an extended power outage.

The Company performs exercises to test disaster preparedness on each site's back-up power systems which are tested weekly. Major transport facilities are also tested periodically to ensure failover reliability.

Ability to reroute traffic/data around damaged facilities

Mud Lake Telephone has a folded ring architecture, so it has some redundancy in rerouting exchange traffic between its five exchanges in case of damaged CWF facilities. The five year improvement plan incorporates additional fiber improvements that will make this a full fiber ring architecture/network with complete redundancy in between its exchanges.

The Company is also a partner of the Idaho Syringa Network, which provides a fiber ring throughout southern Idaho and Mud Lake's study area. Being on the Syringa ring network provides the Company the capability of re-routing interexchange traffic and providing continuous service in emergency situations due to damaged facilities.

Capability to manage traffic/data spikes resulting from emergency situations

Mud Lake's trunk routes are monitored by Central Office equipment for usage utilization and management. Mud Lake Telephone takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

472227ID1010

Voice Services Rate Comparability

As evidenced by the data provided in line 700 of this Form 481, Mud Lakes's voice service pricing is no more than 2 standard deviations above the national average urban rate (\$46.96) as announced by the Wireline Competition Bureau on March 20, 2014 (DA 14-384)

472227ID1210

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION LIFELINE ASSISTANCE PROGRAM

The Lifeline Telephone Assistance Program provides for a discount off of Mud Lake's regular recurring monthly rate and services for the provision of local residential service for certain low-income customers

The Lifeline Telephone Assistance Program discount is only available to low-income customers who meet eligibility requirements established by the Federal Communications Commission.

The Federal Communications Commission national eligibility criteria include subscribers with a household income of 135 percent of the federal poverty level or participation in one of the following programs: Supplemental Nutrition Assistance Program, Medicaid, Temporary Aid to Needy Families, Supplemental Security Income, Low Income Home Energy Assistance Program, National Free Lunch or Federal Public Housing Assistance.

Eligible Lifeline customers will receive a monthly discount of \$9.25 through the Federal Communications Commission's Lifeline Program and a \$2.50 monthly discount through the Idaho Telephone Service Assistance Program on the regular Company rates for residential service. Only one telephone number per household is eligible for a Lifeline discount.

A Lifeline customer may not be disconnected from local service solely for non-payment of toll charges, but the Lifeline customer must continue to pay the local service rates and charges.

Toll blocking is available at no charge to a qualifying Lifeline customers. If a qualifying Lifeline customer voluntarily elects toll blocking service from the Company, where that service is available, the customer will not be required to pay a deposit, if otherwise applicable, to initiate service.

TO APPLY: Potential Lifeline customers must contact a Community Action Partnership office or an Idaho Department of Health and Welfare Regional Office to determine their eligibility to participate in the program.

472227ID3026

 **OLSEN THIELEN & CO., LTD.**
Certified Public Accountants & Consultants

MUD LAKE TELEPHONE COOPERATIVE
ASSOCIATION, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2013

Depend on our people. Count on our advice.™

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mud Lake Telephone Cooperative Association, Inc. and Subsidiary
Dubois, Idaho

We have audited the accompanying financial statements of Mud Lake Telephone Cooperative Association, Inc. and Subsidiary, which comprise the balance sheet as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mud Lake Telephone Cooperative Association, Inc. and Subsidiary as of December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Olsen Thielen & Co., Ltd.

St. Paul, Minnesota
June 25, 2014

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2013 AND 2012

ASSETS		
	2013	2012
CURRENT ASSETS:		
Cash	\$ 1,815,328	\$ 1,907,596
Certificates of Deposit	513,296	1,452,199
Investment Securities	181,384	-
Due from Customers, Less Allowance of \$7,614	217,046	146,947
Other Accounts Receivable	193,671	287,901
Income Taxes Receivable	25,087	24,990
Materials and Supplies	91,839	82,801
Propane Inventory	48,492	59,119
Prepaid Expenses	-	15,820
Total Current Assets	<u>3,086,143</u>	<u>3,977,373</u>
INVESTMENTS AND OTHER ASSETS:		
Certificates of Deposit	655,663	331,000
Investment Securities	1,542,775	1,096,872
Other Investments	3,838,579	3,035,186
Deferred Charges	391,089	391,089
Total Investments and Other Assets	<u>6,428,106</u>	<u>4,854,147</u>
PROPERTY, PLANT AND EQUIPMENT:		
In Service	9,903,966	9,233,260
Plant Under Construction	27,524	38,375
Total Property, Plant and Equipment	<u>9,931,490</u>	<u>9,271,635</u>
Less Accumulated Depreciation	<u>6,501,964</u>	<u>6,142,480</u>
Net Property, Plant and Equipment	<u>3,429,526</u>	<u>3,129,155</u>
TOTAL ASSETS	<u>\$ 12,943,775</u>	<u>\$ 11,960,675</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Accounts Payable	\$ 399,991	\$ 395,553
Advance Billings and Payments	100,426	115,799
Total Current Liabilities	<u>500,417</u>	<u>511,352</u>
MEMBERS' EQUITY:		
Patronage Capital	14,025,274	13,304,944
Other Equity (Deficit)	(1,688,043)	(2,035,168)
Accumulated Other Comprehensive Income	106,127	179,547
Total Members' Equity	<u>12,443,358</u>	<u>11,449,323</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 12,943,775</u>	<u>\$ 11,960,675</u>

The accompanying notes are an integral part of the consolidated financial statements.

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Local Network	\$ 204,022	\$ 154,932
Network Access	1,053,324	1,029,194
Internet Services	272,459	266,776
Propane Sales	973,592	941,436
Rent Revenue	89,048	80,079
Other Services	43,731	29,508
Miscellaneous	10,162	17,694
Uncollectibles, Net	14,892	(8,723)
Total Operating Revenues	<u>2,661,230</u>	<u>2,510,896</u>
OPERATING EXPENSES:		
Plant, Maintenance and Access	512,424	555,058
Depreciation	359,633	378,252
Customer	112,657	142,488
Corporate	235,572	224,354
Other Taxes	77,352	36,900
Costs of Good Sold - Propane	683,633	636,871
Other Operating - Propane	261,138	249,212
Total Operating Expenses	<u>2,242,409</u>	<u>2,223,135</u>
OPERATING MARGIN	<u>418,821</u>	<u>287,761</u>
OTHER INCOME AND EXPENSES:		
Interest, Dividends and Securities Sales	50,878	65,048
Equity in Investment Earnings	1,597,027	1,381,807
Miscellaneous	(2,875)	(5,250)
Net Other Income and Expenses	<u>1,645,030</u>	<u>1,441,605</u>
NET MARGINS BEFORE INCOME TAX EXPENSE	2,063,851	1,729,366
INCOME TAX EXPENSE	-	3,524
NET MARGINS	<u>\$ 2,063,851</u>	<u>\$ 1,725,842</u>

The accompanying notes are an integral part of the consolidated financial statements.

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

STATEMENT OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
NET MARGINS	\$ 2,063,851	\$ 1,725,842
OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized Gain (Loss) on Available-for-Sale Securities	(73,733)	14,518
Reclassification Adjustment for Losses		
Recognized in Net Margin	313	3,983
Other Comprehensive Income (Loss)	<u>(73,420)</u>	<u>18,501</u>
COMPREHENSIVE INCOME	<u>\$ 1,990,431</u>	<u>\$ 1,744,343</u>

The accompanying notes are an integral part of the consolidated financial statements.

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2013 AND 2012

	Patronage Capital	Other Equity (Deficit)	Accumulated Other Comprehensive Income	Total
BALANCE on December 31, 2011	\$ 12,382,266	\$ (2,085,249)	\$ 161,046	\$ 10,458,063
Net Margins	1,725,842			1,725,842
Other Comprehensive Income			18,501	18,501
Retirement of Patronage Capital	(803,164)			(803,164)
Change in Unclaimed Capital Credits	<u> </u>	<u>50,081</u>	<u> </u>	<u>50,081</u>
BALANCE on December 31, 2012	13,304,944	(2,035,168)	179,547	11,449,323
Net Margins	2,063,851			2,063,851
Adjustment of Prior Year Margin Allocation	(301,997)	301,997		-
Miscellaneous		180		180
Other Comprehensive Loss			(73,420)	(73,420)
Retirement of Patronage Capital	(1,041,524)			(1,041,524)
Change in Unclaimed Capital Credits	<u> </u>	<u>44,948</u>	<u> </u>	<u>44,948</u>
BALANCE on December 31, 2013	<u>\$ 14,025,274</u>	<u>\$ (1,688,043)</u>	<u>\$ 106,127</u>	<u>\$ 12,443,358</u>

The accompanying notes are an integral part of the consolidated financial statements.

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Margins	\$ 2,063,851	\$ 1,725,842
Adjustments to Reconcile Net Margins to Net Cash Provided By Operating Activities:		
Depreciation	359,633	378,252
Equity in Investment Earnings	(1,597,027)	(1,381,807)
Distributions from Stock and LLC Investments	795,911	1,023,325
Loss on Sale of Investment Securities	313	3,983
Changes in Assets and Liabilities:		
Due from Customers	(70,099)	80,897
Other Accounts Receivable	94,230	68,719
Income Taxes Receivable	(97)	100,310
Propane Inventory	10,627	(7,553)
Prepaid Expenses	15,820	(2,114)
Accounts Payable	4,438	(148,736)
Advance Billings and Payments	(15,373)	894
Net Cash Provided By Operating Activities	<u>1,662,227</u>	<u>1,842,012</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property, Plant and Equipment	(660,004)	(421,357)
(Increase) Decrease in Materials and Supplies	(9,038)	14,969
Purchase of Certificates of Deposits	(476,097)	(421,005)
Sale of Certificates of Deposits	1,090,337	981,400
Purchase of Investment Securities	(801,020)	(100,860)
Sale of Investment Securities	100,000	200,000
Purchase of Other Investments	(2,277)	(2,375)
Net Cash Provided By (Used In) Investing Activities	<u>(758,099)</u>	<u>250,772</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in Other Equity	45,128	50,081
Retirements of Patronage Capital	(1,041,524)	(803,164)
Net Cash Used In Financing Activities	<u>(996,396)</u>	<u>(753,083)</u>
NET CHANGE IN CASH	(92,268)	1,339,701
CASH at Beginning of Year	<u>1,907,596</u>	<u>567,895</u>
CASH at End of Year	<u>\$ 1,815,328</u>	<u>\$ 1,907,596</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Net Cash Payments (Refunded) for Income Taxes	\$ 97	\$ (96,786)
Increase in Other Accounts Receivable for Property, Plant and Equipment	-	88,000

The accompanying notes are an integral part of the consolidated financial statements.

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company's principal line of business is providing local telephone service and access to long-distance telephone service through its local exchange network. The revenues reported on the statement of operations reflect the relative importance of each type of service. The principal market for these services are local residential and business customers residing in the exchanges the Company serves in Idaho. The Company also provides internet services. The subsidiary of the Company provides propane distribution services in Clark and Jefferson Counties of Idaho.

Basis of Accounting

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America including certain accounting practices prescribed by the Federal Communications Commission (FCC) and the state regulatory commission in Idaho.

Accounting Estimates

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

Subsequent Events

In preparing these financial statements, the Company has evaluated for recognition or disclosure the events or transactions that occurred through June 25, 2014, the date the financial statements were available to be issued. Subsequent to year-end, the Company sold a portion of its 700 Mhz spectrum (included in deferred charges) for \$420,000. The gain on the portion sold will be recognized in 2014.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, High Plains Propane, LLC (HPP). All significant intercompany transactions and accounts have been eliminated.

Certificates of Deposit

Short-term interest bearing investments are generally those with maturities of less than one year but greater than three months when purchased. Certificates with maturity dates beyond one year are classified as noncurrent assets. These investments are readily convertible to cash and are stated at cost, which approximates fair value.

Receivables

Receivables are stated at the amount the Company expects to collect from outstanding balances. The Company provides for probable uncollectible amounts through a charge to earnings and credits to the valuation allowances based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Company has used reasonable collection efforts are written off through charges to the valuation allowance and credits to receivable accounts. Changes in the valuation allowance have not been material to the financial statements.

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Materials and supplies are recorded at average cost. Propane inventory is valued at lower of cost or market.

Investment Securities

Readily marketable investments in debt securities are classified as available-for-sale and are reported at fair value with unrealized gains and losses recorded in other comprehensive income. Unrealized losses are charged against earnings when a decline in fair value below the cost basis is determined to be other-than-temporary. Realized gains and losses on dispositions are based on the net proceeds and the adjusted book value of the securities sold, using the specific identification method.

Other Investments

The Company follows the equity method of accounting for holdings of 20% to 50% of the voting stock of other operating companies. The equity method is also used for limited liability company interests of greater than 3%. Under the equity method, the Company's investment reflects the original cost and recognition of the Company's share of undistributed earnings or losses of the entity. Other long-term investments are accounted for under the cost method of accounting. This method requires the Company to periodically evaluate whether non-temporary decreases in values of the investments have occurred, and if so, to write the investments down to net realizable values. As the Company is exempt from disclosing estimated fair values, the Company does not estimate fair values for cost method investments if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair values.

Property and Depreciation

Property and equipment are recorded at original cost. Additions, improvements or major renewals are capitalized. If the assets are sold, retired or otherwise disposed of in the ordinary course of business, the cost net of removal costs and salvage is charged to accumulated depreciation, and the original cost is removed from the asset accounts.

Depreciation is computed using the straight-line method based on estimated service or remaining useful lives of the various classes of depreciable assets. The composite depreciation rates are as follows:

	<u>2013</u>	<u>2012</u>
Telecommunications Plant	3.1%	3.6%
Nonregulated Equipment	6.4	6.9
Propane Plant	7.3	7.4

Patronage Capital

Revenues in excess of operating costs and expenses from the furnishing of communications services, amounts earned from patronage sourced investments, and income (loss) from the Company's propane distribution operations are assigned to patrons on a patronage basis. Patronage losses are carried forward to future years to offset future patronage allocations. All other amounts received from interest income and other nonpatronage sourced operations in excess of costs and expenses that are not needed to offset current or prior losses may be allocated to patrons or set aside as an unallocated reserve. The amount of any potential patronage margins is allocated and communicated to the membership upon approval by the Board of Directors and completion of the annual income tax return filing.

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenues are recognized when earned. Local service and originating intrastate access services are based on tariffs filed with the state regulatory commission and retained by the Company. Interstate and terminating intrastate access revenues are billed based on tariffs filed with the FCC, reported to the National Exchange Carrier Association, and distributed based on average schedule settlements which include eligible funds governed by the Universal Service Administrative Company. Non-regulated revenue for broadband, customer premise equipment, and other miscellaneous services is highly competitive and based on open market conditions. Revenue on sales of propane is recognized when propane is delivered to their customers.

Presentation of Taxes Collected From Customers

Sales, excise, and other taxes are imposed on most of the Company's sales to nonexempt customers. The Company collects the taxes from customers and remits the entire amounts to the governmental authorities. The Company's accounting policy is to exclude the taxes collected and remitted from revenues and expenses.

Income Taxes

The Company is a cooperative organized and operated on a nonprofit basis, but files income tax returns as a taxable cooperative as explained in Note 6.

The provision for income taxes consists of an amount for taxes currently payable and a provision for tax consequences deferred to future periods. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized.

The Company reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the position. The Company has identified no income tax uncertainties.

The Company's federal and state income tax returns are open to examination for tax years 2010 through 2012.

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Under generally accepted accounting principles fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and,

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Company uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The Company holds certain assets that are required to be measured at fair value on a recurring basis. The fair value of the Company's investment securities were determined based on Level 2 inputs. The fair value of these investment securities is estimated as the present value of expected future cash inflows, taking into account (1) the type of security, its terms, and any underlying collateral, (2) the seniority level of the debt security, and (3) quotes received from brokers and pricing services. In applying the valuation model, significant inputs include the probability of default for debt securities, the estimated prepayment rate, and the projected yield based on estimated future market rates for similar securities.

NOTE 2 - INVESTMENT SECURITIES AND ACCUMULATED OTHER COMPREHENSIVE INCOME

The cost and fair value of investment securities available-for-sale at December 31, 2013 and 2012 were:

Description	2013			Fair Value
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Government Securities	\$ 807,960	\$ 117,924	\$ -	\$ 925,884
Municipal Bonds	810,072	-	(11,797)	798,275
Total	<u>\$ 1,618,032</u>	<u>\$ 117,924</u>	<u>\$ (11,797)</u>	<u>\$ 1,724,159</u>

Description	2012			Fair Value
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Government Securities	\$ 917,325	\$ 179,547	\$ -	\$ 1,096,872

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - INVESTMENT SECURITIES AND ACCUMULATED OTHER COMPREHENSIVE INCOME (Continued)

Proceeds from sales and maturities of investment securities available-for-sale during 2013 and 2012 were \$100,000 and \$200,000, respectively. Losses of \$313 and \$3,983 on available-for-sale securities were recorded in 2013 and 2012.

The contractual maturities of the debt securities as of December 31, 2013 are as follows: 0-5 years - \$1,343,767; 6-10 years - \$224,279; and over 10 years - \$156,113.

NOTE 3 - OTHER INVESTMENTS

Other investments are recorded at cost or cost plus equity in undistributed earnings and losses and consist of the following:

	<u>Cost</u>	<u>Prior Cumulative Income</u>	<u>2012 Income</u>	<u>2013 Income</u>	<u>Less Cumulative Distributions</u>	<u>Total 2013</u>	<u>Total 2012</u>
Equity Method:							
Teton Cellular, Inc. - 24.59%	\$ 49	\$ 7,051,772	\$ 1,126,603	\$ 1,340,507	\$ (7,444,371)	\$ 2,074,560	\$ 1,497,484
Syringa Networks, LLC - 4.48%	430,574	987,136	255,204	256,520	(301,148)	1,628,286	1,404,246
Cost Method:							
Patronage Capital	55,667	-	-	-	-	55,667	53,390
Other	80,066	-	-	-	-	80,066	80,066
Total	\$ 566,356	\$ 8,038,908	\$ 1,381,807	\$ 1,597,027	\$ (7,745,519)	\$ 3,838,579	\$ 3,035,186

Teton Cellular, Inc. is a 51% owner of Teton Cellular of Idaho, Limited Partnership (LP). Teton Cellular of Idaho LP is a 43.11% owner of Idaho 6-Clark LP which provides wireless phone service in Idaho. Teton Cellular of Idaho LP was a 66.67% owner of Idaho 6-Clark LP in 2011, but the ownership percentage was diluted in 2012 when an Alltel operating unit that was previously reported separately was merged into Idaho 6-Clark LP in 2012.

Syringa Networks, LLC provides fiberoptic broadband in Idaho and into adjoining states. In 2012, Syringa Networks, LLC purchased 100% of Syringa Wireless, LLC. Syringa Wireless, LLC is a wholly owned subsidiary of Syringa Networks, LLC that provides wireless personal communications services in southern and eastern Idaho. The summarized financial information below for 2012 includes the operations of Syringa Wireless, LLC from the date of purchase through December 31, 2012.

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - OTHER INVESTMENTS (Continued)

Summarized audited financial information for Idaho 6-Clark LP and Syringa Networks, LLC as of December 31, 2013 and 2012 and the years then ended is as follows:

	Idaho 6 Clark LP		Syringa Networks, LLC	
	2013	2012	2013	2012
Revenues	\$ 164,447,000	\$ 151,915,000	\$ 54,067,678	\$ 45,003,533
Operating Income	38,312,000	33,693,000	4,779,339	4,818,953
Net Income	38,355,000	33,732,000	5,833,810	5,706,463
Assets	58,716,000	56,627,000	82,272,432	71,468,475
Liabilities	10,167,000	9,833,000	45,704,131	39,973,885
Equity	48,549,000	46,794,000	36,568,301	31,494,590

The Company leases fiber, capacity, and equipment to Syringa Networks, LLC under month-to-month agreements. The charges are based on contract rates. Rent revenue for these leases were \$89,049 in 2013 and \$80,079 in 2012.

The Company also leases fiber, capacity, and equipment from Syringa Networks, LLC under month-to-month agreements. Rental expense for these leases were \$154,909 in 2013 and \$165,937 in 2012.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Investment in property, plant and equipment is as follows:

	Service Life (Years)	2013	2012
Telecommunications Plant:			
In Service	5.0 to 21.0	\$ 8,199,966	\$ 7,616,326
Plant Under Construction		27,524	38,375
Accumulated Depreciation		(5,868,389)	(5,623,039)
Net		2,359,101	2,031,662
Nonregulated Telecommunications Equipment:			
In Service	5.0 to 15.0	567,610	508,018
Accumulated Depreciation		(360,804)	(327,981)
Net		206,806	180,037
Propane Plant:			
In Service	5.0 to 30.0	1,136,390	1,108,916
Accumulated Depreciation		(272,771)	(191,460)
Net		863,619	917,456
Totals:			
In Service		9,903,966	9,233,260
Plant Under Construction		27,524	38,375
Accumulated Depreciation		(6,501,964)	(6,142,480)
Net		\$ 3,429,526	\$ 3,129,155

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - PATRONAGE CAPITAL

Patronage capital consists of:

	2013	2012
Assignable	\$ 2,063,851	\$ 1,725,842
Assigned to Date	27,362,020	25,938,175
Total	29,425,871	27,664,017
Less Retired to Date	15,400,597	14,359,073
Balance at End of Year	\$ 14,025,274	\$ 13,304,944

NOTE 6 - INCOME TAXES

The Company's tax status is determined by whether or not 85% or more of its revenues are membership sourced as outlined by IRS rules. If the Company meets the 85% requirement, it is a tax-exempt cooperative, and the Company is subject to income tax only on net unrelated business income. Otherwise, as a non-exempt cooperative, income tax is paid on taxable income from non-patronage sources such as investment income. The Company generally will not pay income tax on net margins from patronage sources, provided the margins are allocated to members as capital credits on a timely basis. In certain circumstances, the Alternative Minimum Tax may be applied to patronage sources of income. For 2013 and 2012, the Company was a non-exempt cooperative. The subsidiary, High Plains Propane, LLC is considered a disregarded entity for tax return purposes.

The provision for income tax expense includes the following components:

	2013	2012
Current Expense	\$ —	\$ 3,524

The difference between the federal statutory rate of 34% and the effective rate reflected in the income tax provision is primarily the result of non-taxable, patronage sourced income and losses in 2013 and 2012.

The components of deferred income taxes at December 31, 2013 and 2012 are as follows:

	2013	2012
Deferred Tax Assets:		
Net Operating Loss	\$ 52,395	\$ 54,448
Idaho Investment Tax Credit	128,068	125,350
Idaho Broadband Equipment Investment Tax Credit	22,296	11,532
Less Valuation Allowance	(202,759)	(191,330)
Net Deferred Tax Assets	\$ —	\$ —

The valuation allowance has been recorded due to the uncertainty of realization of the benefits associated with its deferred tax assets in future tax returns. Future events and changes in circumstances could cause this valuation allowance to change.

Federal and state income tax return operating loss carryovers as of December 31, 2013 were approximately \$272,000 and \$180,000 and will begin to expire in 2026.

Idaho Investment Tax Credits and Idaho Broadband Equipment Investment Tax Credits are available to off-set Idaho income tax liability. These credits do not have an expiration date.

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - UNCLAIMED CAPITAL CREDITS

Included in cash is \$20,000 of restricted cash as required by State of Idaho unclaimed property statute. The Board of Directors has designated this amount for funding scholarships to local students.

NOTE 8 - RETIREMENT PLAN

The Company has a 401(k) savings plan with National Telephone Cooperative Association available for all full-time employees. The Company contributes 5% of the base salary of each employee, and \$79.17 per pay period to the savings plan. Employees are required to contribute a minimum of 3% to the plans. 401(k) expense was \$22,847 in 2013 and \$22,982 in 2012.

The Company's subsidiary HPP has a 401(k) matching plan. HPP contributes 3% match of the base salary of each employee. Employees are required to contribute a minimum of 3% to the plans. Pension expense was \$3,633 in 2013 and \$3,297 in 2012.

NOTE 9 - CONCENTRATIONS

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash, certificates of deposit and trade receivables. The Company places its cash and certificates of deposit with high credit quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the Company's large number of customers. The Company had a credit risk concentration as a result of depositing \$893,267 of interest bearing accounts in excess of FDIC coverage limitations of \$250,000 within a single local credit union at December 31, 2013.

In October 2011, the FCC approved an Order on Intercarrier Compensation and Universal Service Fund (USF) reform and announced the issuance of a Further Notice of Proposed Rulemaking on long-term USF reform and transition toward a National Broadband Plan. The Order required the transition of carrier access rates to zero over a nine year transition period; however in an attempt to ease the transition the access revenue was frozen based on 2011 revenue and will be reduced by approximately five percent annually during the transition period. The Order also addresses local service rates by establishing benchmarks for high cost support eligibility to prevent USF from supporting artificially low end user rates. Additional reporting and oversight requirements continue to be implemented on an annual basis. In 2013 and 2012, the Company received 41% and 40% of its revenues from network access, including assistance provided by the Federal Universal Service Fund.

A significant portion of the Company's revenues are collected from long distance carriers in the telephone industry, and consequently, the Company is directly affected by the financial well being of the industry. The continued decline of access rates and elimination of wireless access based on enacted regulation have reduced the amount of disputes between the Company and the long distance carriers resulting in a significant reduction in credit risk. Also, the credit risk associated with accounts receivable is minimized due to the large number of long distance carriers, and historically, credit losses have not been significant.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Mud Lake Telephone Cooperative Association, Inc. and Subsidiary
Dubois, Idaho

We have audited the consolidated financial statements of Mud Lake Telephone Cooperative Association, Inc. and subsidiary, as of and for the years ended December 31, 2013 and 2012, and our report thereon dated June 25, 2014, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating information on pages 16 and 17 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Olson Threlken + Co., LTD

St. Paul, Minnesota
June 25, 2014

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET INFORMATION
YEAR ENDED DECEMBER 31, 2013

ASSETS				
	<u>Consolidated</u>	Eliminations and Reclassifications	Mud Lake Telephone Cooperative Association	High Plains Propane, LLC
CURRENT ASSETS:				
Cash	\$ 1,815,328	\$ (83,147)	\$ 1,898,475	\$
Certificates of Deposit	513,296		513,296	,
Investment Securities	181,384		181,384	
Due from Customers	217,046		75,320	141,726
Other Accounts Receivable	193,671		193,671	
Income Taxes Receivable	25,087		25,087	
Materials and Supplies	91,839		91,839	
Propane Inventory	48,492			48,492
Total Current Assets	<u>3,086,143</u>	<u>(83,147)</u>	<u>2,979,072</u>	<u>190,218</u>
INVESTMENTS AND OTHER ASSETS:				
Certificates of Deposit	655,663		655,663	
Investment Securities	1,542,775		1,542,775	
Other Investments	3,838,579	(1,011,969)	4,770,483	80,065
Deferred Charges	391,089		391,089	
Total Investments and Other Assets	<u>6,428,106</u>	<u>(1,011,969)</u>	<u>7,360,010</u>	<u>80,065</u>
PROPERTY, PLANT AND EQUIPMENT:				
In Service	9,903,966		8,767,576	1,136,390
Under Construction	27,524		27,524	
Less Accumulated Depreciation	6,501,964		6,229,193	272,771
Net Property, Plant and Equipment	<u>3,429,526</u>	<u>-</u>	<u>2,565,907</u>	<u>863,619</u>
TOTAL ASSETS	<u>\$ 12,943,775</u>	<u>\$ (1,095,116)</u>	<u>\$ 12,904,989</u>	<u>\$ 1,133,902</u>
LIABILITIES AND MEMBERS' EQUITY				
CURRENT LIABILITIES:				
Checks in Excess of Available Cash Balance	\$ -	\$ (83,147)	\$	\$ 83,147
Accounts Payable	399,991		379,514	20,477
Advance Billings and Payments	100,426		82,117	18,309
Total Current Liabilities	<u>500,417</u>	<u>(83,147)</u>	<u>461,631</u>	<u>121,933</u>
MEMBERS' EQUITY:				
Contributed Capital	-	(1,473,950)		1,473,950
Accumulated Deficit	-	461,981		(461,981)
Patronage Capital	14,025,274		14,025,274	
Other Equity (Deficit)	(1,688,043)		(1,688,043)	
Accumulated Other Comprehensive Income	106,127		106,127	
Total Members' Equity	<u>12,443,358</u>	<u>(1,011,969)</u>	<u>12,443,358</u>	<u>1,011,969</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 12,943,775</u>	<u>\$ (1,095,116)</u>	<u>\$ 12,904,989</u>	<u>\$ 1,133,902</u>

MUD LAKE TELEPHONE COOPERATIVE ASSOCIATION, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION
YEAR ENDED DECEMBER 31, 2013

	<u>Consolidated</u>	<u>Eliminations</u>	<u>Mud Lake Telephone Cooperative Association</u>	<u>High Plains Propane, LLC</u>
OPERATING REVENUES:				
Local Network	\$ 204,022	\$	\$ 204,022	\$
Network Access	1,053,324		1,053,324	
Internet Services	272,459		272,459	
Propane Sales	973,592			973,592
Rent Revenue	89,048		89,048	
Other Services	43,731		43,731	
Miscellaneous	10,162		10,162	
Uncollectibles, Net	14,892		14,892	
Total Operating Revenues	<u>2,661,230</u>	<u>-</u>	<u>1,687,638</u>	<u>973,592</u>
OPERATING EXPENSES:				
Plant, Maintenance and Access	512,424		512,424	
Depreciation	359,633		278,322	81,311
Customer	112,657		112,657	
Corporate	235,572		235,572	
Other Taxes	77,352		77,352	
Costs of Good Sold - Propane	683,633			683,633
Other Operating - Propane	261,138			261,138
Total Operating Expenses	<u>2,242,409</u>	<u>-</u>	<u>1,216,327</u>	<u>1,026,082</u>
OPERATING MARGIN (LOSS)	<u>418,821</u>	<u>-</u>	<u>471,311</u>	<u>(52,490)</u>
OTHER INCOME AND EXPENSES:				
Interest, Dividends and Securities Sales	50,878		48,994	1,884
Equity in Investment Earnings	1,597,027		1,597,027	
Equity in Loss of Subsidiary	-	50,606	(50,606)	
Miscellaneous	(2,875)		(2,875)	
Net Other Income and Expenses	<u>1,645,030</u>	<u>50,606</u>	<u>1,592,540</u>	<u>1,884</u>
NET MARGINS (LOSS) BEFORE INCOME TAX	<u>2,063,851</u>	<u>50,606</u>	<u>2,063,851</u>	<u>(50,606)</u>
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MARGINS (LOSS)	<u>\$ 2,063,851</u>	<u>\$ 50,606</u>	<u>\$ 2,063,851</u>	<u>\$ (50,606)</u>



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CONFIRMATION

Congratulations. Your filing has been successfully certified.

Filing 1 was successfully certified on Thu 26 Jun 14 11:28:16 AM EDT by rmead@mudlake.net.

SAC : 472227

SPIN : 143002519

Carrier Name : MUD LAKE TEL COOP

Program Year : 2015

[Return to 481 Search](#)

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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<010> Study Area Code	472227
<015> Study Area Name	MUD LAKE TEL COOP
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Randy Mead
<035> Contact Telephone Number - Number of person identified in data line <030>	2083745401 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	Rmead@mudlake.net

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:	MUD LAKE TEL COOP
Signature of Authorized Officer:	CERTIFIED ONLINE Date 06/26/2014
Printed name of Authorized Officer:	Randy Mead
Title or position of Authorized Officer:	General Manager
Telephone number of Authorized Officer:	2083745401 ext.
Study Area Code of Reporting Carrier:	472227 Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	472227
<015> Study Area Name	MJD LAKE TEL COOP
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Randy Mead
<035> Contact Telephone Number - Number of person identified in data line <030>	2083745401 ext .
<039> Contact Email Address - Email Address of person identified in data line <030>	Rmead@mudlake.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.	

Idaho)
) ss
Wahkiakum of Jefferson

CERTIFICATION BY ELIGIBLE TELECOMMUNICATIONS CARRIER
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:

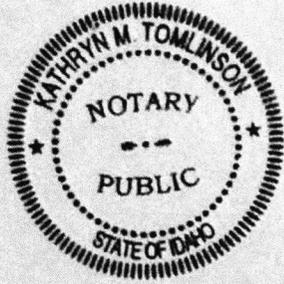
1. I am an officer of Mud Lake Telephone Cooperative Association, an eligible telecommunications carrier for receiving federal universal service support under section 214(e) of the Telecommunications Act of 1996 in the state of Idaho.
2. I am familiar with the Company's day-to-day operations in the state of Idaho and with the State's service quality standards and consumer protection rules as set forth in Commission Order No. 29841.
3. Mud Lake Telephone Cooperative Association 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 Mud Lake Telephone Cooperative Association 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, 2015, through December 31, 2015, to be eligible for federal universal service fund support.
6. This verification and affidavit is provided to 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.

Justin Petersen
Name/Title

Justin Petersen President

7/30/14
Date

SUBSCRIBED AND SWORN to before me this 30 day of June 2014



Kathryn M. Tomlinson

Notary Public for Idaho, residing at Territon, ID

My Commission expires 9-4-15